

**Pension Investment Committee
Province of Newfoundland and Labrador
Pooled Pension Fund**

2025 Annual Report

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PENSION INVESTMENT COMMITTEE
PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED
PENSION FUND

June 12, 2026

Honourable Craig Pardy
President of Treasury Board
Government of Newfoundland and Labrador
Confederation Building
St. John's, NL A1B 4J6

Dear Minister Pardy:

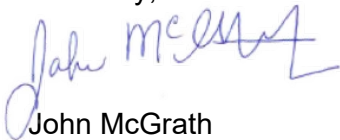
Pursuant to the **Transparency and Accountability Act**, the Pension Investment Committee (PIC) is classified as a category three government entity and is required to prepare an annual activity report outlining its activities for the previous year. This report was prepared under the direction of the PIC, which is accountable for the information and results presented herein. This report represents the third and final year of the PIC's 2023–2025 Activity Plan.

Since its establishment in 1981, the PIC has been responsible for the management of the Province of Newfoundland and Labrador Pooled Pension Fund. The fund's sustained strong investment performance over time has contributed to moderating the growth of unfunded liabilities within government-sponsored participating pension plans.

In 2025, both Canadian and global equity markets experienced strong performance. The fund recorded an overall return of 15.1 per cent, exceeding its benchmark and supporting the PIC's long-term investment objectives.

As Chair of the committee, I am pleased to submit the 2025 Annual Report for the PIC.

Sincerely,



John McGrath
Chair

1.0 OVERVIEW

Established pursuant to section 14 of the **Pensions Funding Act**, the Pension Investment Committee (PIC) provides advice to the President of Treasury Board, in their capacity as Trustee, on the management and investment of the Province of Newfoundland and Labrador Pooled Pension Fund. The fund is comprised of assets from the Uniformed Services Pension Plan (USPP), the Members of the House of Assembly Pension Plan (MHAPP), and the Provincial Court Judges' Pension Plan (PCJPP).

The PIC is responsible for overseeing the fund's financial activities, establishing and assessing investment objectives and strategies, and recommending the appointment of investment consultants, a custodian, and investment managers as required.

The PIC considers member and beneficiary diversity in its governance and decision-making processes, as appropriate.

Pension Investment Committee (As of December 31, 2025)	
Government Representatives:	
Andrea McKenna, Chair*	Secretary to the Treasury Board, Treasury Board Secretariat
David Drover	Deputy Minister, Department of Finance
Lisa Curran	Assistant Deputy Minister, Treasury Board Secretariat
Employee Representatives:	
Bert Blundon	Newfoundland and Labrador Association of Public and Private Employees
Wanda Lee Mercer	House of Assembly
Scott Harris	Royal Newfoundland Constabulary Association

*Note: The Chair transitioned to John McGrath in January 2026

2.0 KEY STATISTICS

As of December 31, 2025, total fund assets were \$212.6 million, and the total unfunded liability was \$384.9 million. This compares to assets of \$208.3 million and an unfunded liability of \$384.5 million as of December 31, 2024.

As detailed in the following table, fund participation was 1,868 members as of December 31, 2025.

Fund Participation as of December 31, 2025				
	Uniformed Services Pension Plan	Members of the House of Assembly Pension Plan	Provincial Court Judges' Pension Plan	Total
Active Members	703	40	21	764
Deferred Members	51	5	0	56
Pensioners	967	71	10	1,048
Total	1,721	116	31	1,868

The following table illustrates contributions to and payments from the fund for the year ended December 31, 2025.

2025 Contributions and Payments				
	Uniformed Services Pension Plan (000s)	Members of the House of Assembly Pension Plan (000s)	Provincial Court Judges' Pension Plan (000s)	Total
Contributions:				
Contributions from Active Members	\$6,026	\$414	\$466	\$6,906
Regular Employer Contributions	\$5,678	\$0	\$0	\$5,678
Total Contributions:	\$11,704	\$414	\$466	\$12,584
Payments:				
Pension Benefit Payments	\$32,393	\$1,882	\$471	\$34,746
Refunds to Members	\$1,395	(\$301)	\$0	\$1,094
Administrative Expenses	\$943	\$325	\$156	\$1,424
Total Payments:	\$34,731	\$1,906	\$627	\$37,264

3.0 HIGHLIGHTS AND PARTNERSHIPS

The fund was established to invest employee and employer pension contributions in the capital markets with the long-term objective of generating returns sufficient to meet pension benefit obligations as they become due. Because the participating pension plans are not fully funded,

any returns earned in excess of required amounts help to moderate the growth of unfunded liabilities.

3.1 Discount Rate

As of December 31, 2025, the Province’s actuary valued its long-term pension obligations using discount rates ranging from 5.85 per cent to 5.95 per cent annually. These rates reflect the expected real rate of return on the fund’s assets, based on the current asset mix and an assumed long-term inflation rate. In projecting cash flow requirements over the valuation period, the actuary assumes that actual asset returns will be consistent with these expectations. The PIC is responsible for designing and implementing an investment strategy that ensures the delivery of promised pension benefits while maintaining sustainable costs for both the Government and plan members. The current long-term target rate of return is set at 4.25 per cent plus the Consumer Price Index (CPI) after investment management fees.

3.2 Asset Mix

The PIC has established an asset mix policy and engaged an investment manager to achieve annual returns that outperform relevant capital market indices. This approach aims to generate long-term returns exceeding the actuarial discount rate.

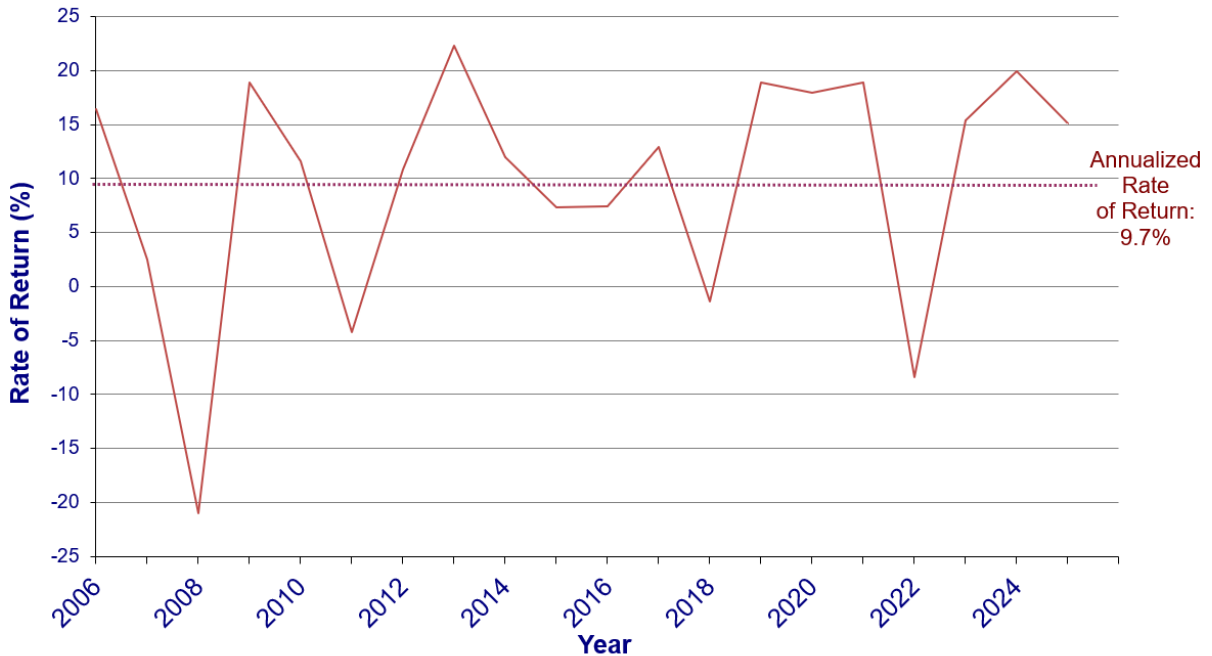
The table below outlines the asset mix as of December 31, 2025.

Asset Mix	Actual (%)		Policy (%)	
	2025	2024	Target	Range
Canadian Equities	19	18	18	13-23
Global Equities	42	42	42	37-47
Canadian Bonds	29	30	30	25-35
Global Infrastructure	10	10	10	8-12

3.3 Annual Rates of Return

As of December 31, 2025, the asset mix strategy of 60 per cent equities, 30 per cent fixed income, and 10 per cent global infrastructure, was adopted in consideration of the plans’ going-concern and solvency funded ratios, as well as the need to manage the growth of unfunded liabilities. While returns in excess of the discount rate are not expected every year, the fund has achieved an annualized rate of return of 9.7 per cent over the past 20 years, exceeding the discount rate range of 5.85 per cent to 5.95 per cent used in the most recent actuarial valuations. Over the past 10 years, the fund generated an annualized return of 11.7 per cent compared to the policy benchmark of 10.4 per cent, and over the past five years, the fund returned 12.2 per cent versus the policy benchmark of 11.2 per cent. The following graph illustrates the variability in annual rates of return over the past 20 years.

Annual Rates of Return (2006 – 2025)



3.4 2025 Performance

Strong performance in global equity markets, along with favourable returns in Canadian equities and bonds, contributed to a solid overall rate of return for the fund. In 2025, the fund achieved a total return of 15.1 per cent, exceeding the benchmark return of 14.9 per cent by 0.2 per centage points. This outperformance relative to the policy benchmark was driven primarily by effective security selection by the investment manager appointed by the PIC.

Canadian equities also delivered strong results, generating a return of 30.4 per cent, though modestly underperforming the benchmark by 1.3 per centage points. Global equities recorded a return of 17.3 per cent for the year, outperforming the benchmark return of 16.6 per cent. Canadian bonds returned 3.3 per cent, exceeding their benchmark index of 2.6 per centage points. The global infrastructure allocation achieved an annual return of 15.4 per cent, underperforming its benchmark by 1.9 per centage points. The fund’s annual investment results for the five-year period from December 31, 2021, to 2025 are presented in the following table:

Investment Performance	Annual Returns (%)				
	2025	2024	2023	2022	2021
Total Fund	15.1	19.9	15.2	-8.4	18.9
Policy Benchmark Return*	14.9	20.7	14.7	-9.9	15.7
Canadian Equities	30.4	21.8	9.9	-4.1	27.3
S&P/TSX Composite Index	31.7	21.7	11.8	-5.8	25.1
Global Equities	17.3	25.9	20.7	-9.5	23.3
MSCI All Country World Index	16.6	29.4	20.5	-12.0	18.0
Canadian Bonds	3.3	4.8	7.0	-11.5	-2.0
FTSE Canada Bond Universe Index	2.6	4.2	6.7	-11.7	-2.5
Global Infrastructure Pool	15.4	2.1	N/A	N/A	N/A
S&P Global Infrastructure Index**	17.3	3.5	N/A	N/A	N/A

* Policy Benchmark Return is defined as the rate of return which would have been earned had the fund been invested in securities identical to the various indices.

4.0 2025 OBJECTIVE AND RESULTS

The Pooled Pension Fund was created to invest employee and employer pension contributions that are not immediately needed for benefit payments, aiming to generate long-term returns sufficient to meet pension obligations. Since the fund's assets do not fully cover its obligations, the investment strategy prioritizes achieving excess returns while managing risk appropriately. Any excess returns will help slow the growth of the unfunded liability.

As part of its mandate, the PIC is responsible for formulating an active investment strategy designed to achieve long-term returns that exceed those of passive or index-based investments across multiple financial market sectors. To execute this strategy, the committee selected an investment manager with strategies aimed at delivering returns above the relevant market indices over a four-year period.

In its 2023-2025 activity plan, the PIC developed an annual objective focused on the long-term goal of slowing the growth in the plan's unfunded liability. The following objective and indicators have been identified as the annual priority commitment of the PIC:

Objective:

By December 31, 2025, the PIC will have prudently managed the Newfoundland and Labrador Pooled Pension Fund.

Indicators:

- **Developed, reviewed, and/or implemented fund objectives and investment strategies to earn annual returns above the market index.**

The fund's objectives are long-term and undergo continuous review. Throughout the year, the secretariat engaged in discussions with Russell Investments (plan investment consultant) to assess market conditions, investment strategy, and performance, including monitoring the implementation of changes to the fund's asset mix approved by the PIC in 2024. No further adjustments were recommended for 2025.

- **Reviewed the financial activities of the fund and advised the responsible Minister as appropriate.**

The financial activities of the fund were reviewed by the PIC in 2025. As a result of this review, the PIC began the process of engaging with stakeholders to address the ongoing funding challenges with the USPP. Reform options aimed at improving the Plan's financial sustainability along with measures to strengthen the USPP's financial position were initiated this year with work continuing into 2026.

- **Recommended appointments of investment consultants, a custodian, and investment managers, as required.**

No new appointments to professional service providers were required in 2025. The contract with the investment consultant, Russells Investments, was extended for an additional term of five years as per the contract provisions.

5.0 OPPORTUNITIES AND CHALLENGES

Current geopolitical tensions and economic uncertainty may impact future investment performance. The committee will continue to monitor investment performance, as well as economic issues such as inflationary pressures, and potential changes to the investment strategy and asset mix should it be determined that investment risk level of the fund needs to be addressed further as deemed appropriate.

As USPP reform options are evaluated, the potential impact to operations and administration of the Members of the House of Assembly Pension Plan and the Provincial Court Judges' Pension Plan will be considered throughout the reform process. The PIC will monitor reform option activities and make recommendations to the Trustee, as required.

6.0 CONTACT INFORMATION

Pension Investment Committee

c/o Treasury Board Secretariat
Executive Council
Main Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, NL
A1B 4J6

Telephone: 1 (709) 729-3931

Fax: 1 (709) 729-6790

Pensions Inquiries Email: pensions@gov.nl.ca

Websites: <https://www.gov.nl.ca/exec/tbs/>
<https://www.gov.nl.ca/exec/tbs/pensions/>

7.0 AUDITED FINANCIAL STATEMENTS

**PROVINCE OF NEWFOUNDLAND AND
LABRADOR POOLED PENSION FUND**

**FINANCIAL
STATEMENTS**

DECEMBER 31, 2025



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Trustee
Province of Newfoundland and Labrador
Pooled Pension Fund
St. John's, Newfoundland and Labrador

Opinion

I have audited the financial statements of the Province of Newfoundland and Labrador Pooled Pension Fund (the Fund), which comprise the statement of financial position as at December 31, 2025, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2025 and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon.

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

Independent Auditor's Report (cont.)

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent Auditor's Report (cont.)

- 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 my 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 Fund'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 Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund 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.

I 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 I identify during my audit.



SANDRA RUSSELL, CPA
Deputy Auditor General

June 11, 2026
St. John's, Newfoundland and Labrador


**PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
STATEMENT OF FINANCIAL POSITION**

As at December 31

	2025 (000's)	2024 (000's)
ASSETS		
Investments (Note 2)		
Short-term notes and deposits	\$ 2,085	\$ 1,737
Bonds and debentures	61,077	62,655
Equities - Canadian	41,133	37,876
- Foreign	106,678	106,361
	210,973	208,629
Receivables		
Employee contributions	317	273
Employer contributions	317	273
Accrued investment income	3,754	2,408
Accounts receivable	586	107
	4,974	3,061
Cash	2,657	2,563
	218,604	214,253
LIABILITIES		
Accounts payable and accrued liabilities	193	206
Due to the Province of Newfoundland and Labrador	1,486	2,921
Due to other Pension Plans	4,317	2,854
	5,996	5,981
NET ASSETS AVAILABLE FOR BENEFITS	\$ 212,608	\$ 208,272
ACCRUED BENEFITS OBLIGATION AND DEFICIT		
Accrued benefits obligation	\$ 597,534	\$ 592,808
Deficit	(384,926)	(384,536)
ACCRUED BENEFITS OBLIGATION AND DEFICIT	\$ 212,608	\$ 208,272

See accompanying notes

Signed on behalf of the Fund:


President of the Treasury Board
Trustee

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
STATEMENT OF CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended December 31

2025

2024

	Uniformed Services Pension Plan (000's)	Members of the House of Assembly Pension Plan (000's)	Provincial Court Judges' Pension Plan (000's)	Total (000's)	Total (000's)
(Decrease) increase in net assets from:					
Investments (Note 3)					
Investment income	\$ 6,919	\$ 3,274	\$ 1,604	\$ 11,797	\$ 10,354
Gain on sale of investments	4,080	1,931	946	6,957	14,995
Current period change in market value of investments	6,019	2,848	1,395	10,262	11,439
	17,018	8,053	3,945	29,016	36,788
Contributions (Note 12)					
Employee	6,026	414	466	6,906	6,934
Employer (Note 9)	5,678	-	-	5,678	5,941
	28,722	8,467	4,411	41,600	49,663
Other changes in net assets					
Pension payments	(32,393)	(1,892)	(471)	(34,746)	(34,789)
(Refund) recovery of contributions with interest	(1,395)	301	-	(1,094)	(2,070)
Administrative costs (Note 6)	(943)	(325)	(156)	(1,424)	(1,102)
	(34,731)	(1,906)	(627)	(37,264)	(37,961)
Total (decrease) increase in net assets	(6,009)	6,561	3,784	4,336	11,702
Net assets available for benefits, beginning of period	136,083	49,481	22,708	208,272	196,570
Net assets available for benefits, end of period	\$ 130,074	\$ 56,042	\$ 26,492	\$ 212,608	\$ 208,272

See accompanying notes

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
STATEMENT OF CHANGE IN PENSION OBLIGATIONS
For the Year Ended December 31

2025

2024

	Uniformed Services Pension Plan	Members of the House of Assembly Pension Plan	Provincial Court Judges' Pension Plan	Total	Total
	(000's)	(000's)	(000's)	(000's)	(000's)
Accrued benefits obligation, beginning of period	\$ 543,203	\$ 34,906	\$ 14,699	\$ 592,808	\$ 586,236
Increase (decrease) in accrued benefits obligation					
Interest on accrued benefits	31,144	1,987	859	33,990	33,863
Benefits accrued	12,137	894	943	13,974	13,695
Impact of changes in actuarial assumptions	(6,866)	(387)	(183)	(7,436)	3,715
Impact of experience gains and losses	-	38	-	38	(8,042)
Benefits paid	(33,788)	(1,581)	(471)	(35,840)	(36,859)
Total increase in accrued benefits obligation	2,627	951	1,148	4,726	6,572
Accrued benefits obligation, end of period	\$ 545,830	\$ 35,857	\$ 15,847	\$ 597,534	\$ 592,808

See accompanying notes

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Authority and description

The Province of Newfoundland and Labrador Pooled Pension Fund (the Fund) was created July 1, 1980, under the authority of the Pensions Funding Act (the Act) for the purpose of providing for the funding of pension plans sponsored solely by the Province. The affairs of the Fund are managed by the Minister Responsible for Treasury Board, as Trustee of the Fund. Section 9 of the Act states that where there are insufficient assets to meet the obligations of the Fund, or the equity apportioned to a plan is insufficient to meet the obligations of the plan, the Minister shall pay out of the Consolidated Revenue Fund sufficient monies as may be necessary to cover the deficiency.

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

The following pension plans participate in the Fund: Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan and the Provincial Court Judges' Pension Plan.

(a) Uniformed Services Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering members of the Royal Newfoundland Constabulary, warders at various Provincial correctional institutions, and some members of the St. John's Regional Fire Department.

The Plan is comprised of two components, a Registered Plan, 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. 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 Consolidated Revenue Fund.

(ii) Employee contributions

Employee contributions are equal to 9.95% of the Canada Pension Plan (CPP) basic exemption, plus 8.15% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 9.95% of the employee's salary in excess of the YMPE.

(iii) Accrued service pensions

A service pension is available based on the number of years of pensionable service times 2% of the member's best three years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best three years average salary up to average YMPE times years of pensionable service after April 1, 1967.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Authority and description (cont.)

(a) Uniformed Services Pension Plan (cont.)

(iii) Accrued service pensions (cont.)

Employees may retire with an unreduced pension with 25 years of pensionable service.

Vested employees who have reached age 55 may retire with an actuarially reduced pension.

(iv) Disability pensions

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

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service. For grandfathered members, who died before January 1, 1997, the survivor pension is 55% of the member's accrued service pension.

(vi) Pre-retirement death benefits

Where an employee with at least five years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

Where an employee with at least five years pensionable service dies before receiving a pension and there is no surviving principal beneficiary the commuted value of the employee's pension entitlement is paid to the employee's estate.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or the commuted value.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Authority and description (cont.)

(b) Members of the House of Assembly Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan for Members of the House of Assembly (MHAs). Members may elect not to participate in the Plan for their first term.

The Plan is comprised of two components, a Registered Plan, 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. 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 Consolidated Revenue Fund.

(ii) Member contributions

Members are required to pay 9% of their pensionable salary to the Registered Plan, up to the maximum allowed under the Income Tax Act (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan. Member contributions cease after seventeen years of service if elected before or during the 43rd General Assembly and after twenty years of service if elected since that time.

On December 22, 2009, the Province amended the Members of the House of Assembly Retiring Allowances Act. This amendment provided that for Members elected prior to January 1, 2010, their pensionable salary effective July 1, 2007, would be equal to 81.2% of the salary authorized to be paid to a MHA under section 11(1) of the House of Assembly Accountability, Integrity and Administration Act. The pensionable salary for Members elected after December 31, 2009, would be the salary authorized under subsection 11(1) of the House of Assembly Accountability, Integrity and Administration Act.

(iii) Calculation of allowances on retirement

A vested Member who is no longer a MHA or a minister may, on application and subject to eligibility criteria, receive an allowance as follows:

For Members elected for the first time before or during the 43rd General Assembly, the percentage is calculated at 5% for each of the first ten years, 4% for each of the next five years, 2.5% for each of the next two years and 2% for each year of other service. Ministers receive an additional allowance calculated similarly and based on service and salary as a Minister (excluding Member's salary).

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Authority and description (cont.)

(b) Members of the House of Assembly Pension Plan (cont.)

(iii) Calculation of allowances on retirement (cont.)

For Members elected for the first time after the 43rd General Assembly and prior to January 1, 2010, the percentage is 5% for each of the first ten years, 2.5% for each of the next ten years, and 2% for each year of other service.

On December 22, 2009, the Province amended the Members of the House of Assembly Retiring Allowances Act. These amendments provided for a new benefit accrual rate and new eligibility criteria for Members first elected to the House of Assembly after December 31, 2009 (and before November 30, 2015). The annual accrual benefit rate for the new Member would be 3.5% to a maximum of 20 years service. The new Member would have to reach age 55 before being eligible for an unreduced pension. A new Member who retires between the ages of 50 and 54 would be eligible for a pension that would be reduced by 6% for each year that the Member is under the age of 55.

On December 7, 2017, the Province amended the Members of the House of Assembly Retiring Allowances Act. These amendments provided for a new benefit accrual rate and new eligibility criteria for Members first elected to the House of Assembly on or after November 30, 2015. The annual accrual benefit rate for the new Member would be 2.5% to a maximum of 20 years of service. The new Member would have to reach age 60 before being eligible for an unreduced pension.

These allowances are paid as follows:

Under the Registered Plan the allowance is the product of 2% of MHA's and minister's salary for the best three calendar years. When a Member reaches age 65, the amount of the registered allowance is reduced by 0.6% of the Member's average YMPE times years of service between January 1, 1998, and December 31, 2004. The amount of the registered allowance shall not exceed the maximum allowable benefit as determined under the Income Tax Act (Canada).

Where the calculated allowance does exceed the maximum allowable benefit as determined under the Income Tax Act (Canada), a vested Member who is no longer a MHA or a minister can receive an allowance from the Supplementary Plan. The Member's supplementary allowance is reduced by the amount of his or her registered allowance. The annual allowance is based on a percentage of the average of the Member's pensionable salary for the best three calendar years. When a Member reaches age 65, the amount of the supplementary allowance is reduced by 0.6% of the Member's average YMPE times years of service after April 1, 1967 (service between January 1, 1998 and December 31, 2004 excluded).

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
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Authority and description (cont.)

(b) Members of the House of Assembly Pension Plan (cont.)

(iv) Disability allowance

A disability allowance equal to the amount of the registered allowance the Member would have been eligible to receive at 65 years of age is available if a Member becomes permanently disabled. Additional supplementary benefits are also available on disability.

(v) Survivor benefits

A survivor benefit equal to 60% of the Member's registered allowance that he or she would have received had he or she reached age 65 on the date of death is paid to the surviving principal beneficiary.

(vi) Pre-retirement death benefits

If a Member dies before receiving an allowance and a survivor benefit is payable, the surviving principal beneficiary may elect to receive the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the Member's entitlement. Where a survivor pension is not payable, the commuted value of the pension entitlement is paid to the deceased plan Member's estate.

(vii) Termination benefits

A Member who is no longer a MHA or a minister and who has been elected to only one general assembly or who has less than five years of service may elect to receive a refund of his or her contributions with interest.

A vested Member who is no longer a MHA or a minister may, subject to eligibility criteria, elect to transfer the commuted value of his or her entitlement under the Registered Plan to another approved retirement arrangement, or receive a deferred registered allowance. Also, the Member may receive a lump sum payment of his or her entitlement under the Supplementary Plan, or receive a deferred supplementary allowance.

(viii) Purchase of Service and Reciprocal Transfers

On December 7, 2017, the Province amended the Members of the House of Assembly Retiring Allowances Act. For members first elected on or after November 30, 2015, these amendments included the elimination of a member's ability to purchase pensionable service within the Members of the House of Assembly Pension Plan (MHAPP); or to transfer service to the MHAPP from any of the pension plans identified within the Act.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
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Authority and description (cont.)

(c) Provincial Court Judges' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering all Provincial Court judges appointed on or after April 1, 2002, and to a judge who elected on or before April 1, 2002, to join the Plan.

The Plan is comprised of two components, a Registered Plan, 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. 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 Consolidated Revenue Fund.

(ii) Judges' contributions

Judges are required to pay 9% of their pensionable salary to the Registered Plan, up to the maximum allowed under the Income Tax Act (Canada). The Employer is also required to pay into the Registered Plan an amount based on the recommendations of the Plans' actuary required to meet the cost benefits accruing to members, and allowable under the Income Tax Act (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan. Judges' contributions cease when they have accrued and paid contributions for twenty years of pensionable service.

(iii) Calculation of allowances on retirement

The annual amount of the allowance paid to a vested judge on normal retirement is the product of 3.33% of his or her annual salary immediately prior to ceasing to be a judge, multiplied by the number of years of service as a judge, to a maximum of 20 years.

The annual amount of the allowance paid from the Registered Plan to a vested judge on normal retirement is the product of 2% of his or her annual salary immediately prior to ceasing to be a judge, multiplied by the number of years of service as a judge, to a maximum of 20 years. The amount shall not exceed the maximum allowable benefit as determined under the Income Tax Act (Canada). The remaining allowance is paid from the Supplementary Plan.

Normal retirement date is the first day of the month following the judge's 65th birthday.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
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Authority and description (cont.)

(c) Provincial Court Judges' Pension Plan (cont.)

(iv) Survivor benefits

A survivor benefit equal to 60% of the pensioner's or judge's registered allowance that he or she would have received had he or she reached age 65 on the date of death is paid to the surviving principal beneficiary.

(v) Pre-retirement death benefits

If a judge dies before receiving an allowance and a survivor benefit is payable, the surviving principal beneficiary may elect to receive the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the judge's entitlement. Where a survivor pension is not payable, the commuted value of the entitlement is paid to the deceased judge's estate.

(vi) Termination benefits

A judge who has stopped serving as a judge and who has less than two years of judge's service may elect to receive a refund of his or her contributions with interest.

A judge who has at least two years of judge's service may, subject to eligibility criteria, elect to transfer the commuted value of his or her entitlement under the Registered Plan to another approved retirement arrangement, receive a lump sum payment of his or her entitlement under the Supplementary Plan, or receive a deferred allowance.

(vii) Indexing

Effective October 1, 2002, and each October 1 thereafter, the amount of the allowance or survivor benefit paid to an individual who has reached the age of 65 shall 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 allowance or survivor benefit.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
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1. Summary of significant accounting policies

Outlined below are the significant accounting policies followed.

(a) Basis of Presentation

The Fund's management prepares financial statements in accordance with the requirements of the Chartered Professional Accountants Canada (CPA Canada) Handbook Section 4600 - Pension Plans. This standard is the basis for Canadian accounting standards for pension plans. The recognition and measurement of the Fund's assets and liabilities are consistent with the requirement of CPA Canada Handbook Section 4600.

CPA Canada Handbook Section 4600 requires that in selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, a pension plan shall comply on a consistent basis with either International Financial Reporting Standards in Part I of the CPA Canada Handbook, or Accounting Standards for Private Enterprises in Part II of the CPA Canada Handbook, to the extent that those standards do not conflict with the requirements of Section 4600. The Fund has chosen to comply, on a consistent basis, with the Accounting Standards for Private Enterprises in Part II of the CPA Canada Handbook, hereafter referred to as "ASPEs".

(b) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the Fund's functional currency.

(c) Measurement uncertainty

The preparation of the financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and items reported on the statement of financial position and the statement of changes in net assets available for benefits at the date of the financial statements. The major estimates used by management in preparing the financial statements relate to the 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.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

1. Summary of significant accounting policies (cont.)

(d) Investments

The Fund's investments are held in pooled funds and consist of the following major assets classes: public equities, interest bearing investments such as treasury bills, bonds and mortgages.

Pooled funds are valued at the unit values supplied by the pooled fund administrator, which represent the Fund's proportionate share of underlying net assets at fair values determined using closing market prices.

Investments are classified as held-for-trading. All investment transactions are recorded at the point upon which the risks and rewards of ownership are transferred. Purchases and sales of publicly traded investments are recorded as of the trade date and are stated at fair value as at year-end. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Short-term notes and deposits are valued at book value which approximates market value.

Bonds and debentures are valued at the mean or the average price at the valuation date.

Publicly traded equities are valued at the last board lot trade for a given stock. In instances where the quoted stock has not been traded on the valuation date, the price of the last board lot traded price is quoted.

(e) Investment income

Investment income is allocated proportionately to the pension plans under the Fund based on the asset value held in the pension plan account.

Investment income is reflected in investment activities and includes the following:

- (i) Dividend income which is recognized as of the date of record for North American equities, and as of the date of receipt for non-North American equities.**
- (ii) Bank interest and interest on bonds and debentures, short-term notes and deposits.**
- (iii) Foreign exchange gains and losses.**
- (iv) Gains and losses that have been realized on disposal of investments.**

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

1. Summary of significant accounting policies (cont.)

(e) Investment income (cont.)

- (v) Unrealized gains and losses which reflect the change in fair value of investments held at the end of the year.

(f) Accrued pension benefits and accrued benefits obligation

The value of accrued pension benefits is based on a projected accrued benefits method actuarial valuation prepared triennially by an independent firm of actuaries. This accrued benefits obligation is measured in accordance with accepted actuarial methods, using actuarial assumptions and methods adopted by the Province for the purpose of establishing the long-term funding requirements. The actuarial valuation included in the financial statements is consistent with the valuation for funding purposes. In between valuations, the value of accrued benefits is extrapolated annually from these valuations.

(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 market value of the investment.

(h) Surplus/deficit

For financial statement reporting, the surplus/deficit of the Plans are based on the difference between the fair value of the Plans' net assets available for benefits and the Plans' accrued benefits obligation. For funding purposes, the Plans' surplus/deficit is based on the difference between the Plans' value of net assets and the actuarial value of the Plans' accrued benefits obligation.

(i) Contributions

Contributions from employers and members due to the Plans at the end of the year are recorded on an accrual basis. A receivable for service purchases that include, but are not limited to leaves of absence, periods of reduced accrual and transfer from other pension plans has been accrued based on an analysis of outstanding requests for service purchases on hand at year end. The value of these unprocessed requests has been estimated by the Fund's actuary based on the history of similar requests.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

1. Summary of significant accounting policies (cont.)

(j) **Benefits**

Benefit payments to retired members are recorded as they are due and paid, twice monthly. Commuted value payments and transfers to other pension plans are recorded when paid. Accrued benefits from members are recorded as part of the accrued pension obligation.

(k) **Administrative expenses**

Administrative expenses are incurred for direct pension administration and external investment management and are recorded on an accrual basis. Direct pension administration expenses represent expenses to provide direct services to plan members and employers and include actuarial consulting and disability pension adjudication. External investment management expenses represent payments to the investment manager. These are allocated between the plans on a pro rata basis, based on the balance of the assets in the individual plans as a percentage of the total value of the combined plans.

(l) **Cash**

Cash includes cash on hand and balances with banks and investment manager.

2. Investments

(a) **Investment portfolio. Fixed Income Securities and Equities part of the Russell Investments Master Trust.**

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

	As at December 31, 2025			As at December 31, 2024		
	Assets	%	Cost	Assets	%	Cost
	(000's)		(000's)	(000's)		(000's)
Money Market	\$ 2,085	1.0	\$ 2,084	\$ 1,737	0.8	\$ 1,734
Fixed Income Canadian	61,077	29.0	66,793	62,655	30.0	67,963
Equities						
Canadian	41,133	19.5	26,578	37,876	18.2	28,763
US	71,383	33.8	48,557	71,403	34.2	51,952
Global	35,295	16.7	25,062	34,958	16.8	26,580
Total	\$ 210,973	100.0	\$ 169,074	\$ 208,629	100.0	\$ 176,992

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

2. Investments (cont.)

(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:** Fair value is based on inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 primarily includes publicly listed investments.
- **Level 2:** Fair value is based on valuation methods that make use of inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active. Level 2 primarily includes fixed income securities not actively traded on a public exchange, public equities not traded in an active market and investments in pooled funds.
- **Level 3:** Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation. Level 3 primarily includes private market investments such as real estate, value based on discounted future cash flow models which reflect assumptions that a market participant would use when valuing such an asset or liability.

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

As at December 31, 2025	Level 1	Level 2	Level 3	Total
	(000's)	(000's)	(000's)	(000's)
Money Market				
Canadian	\$ -	\$ 2,055	\$ -	\$ 2,055
US	-	30	-	30
Fixed Income				
Canadian	-	61,077	-	61,077
Equities				
Canadian	-	41,133	-	41,133
US	-	71,383	-	71,383
Global	-	35,295	-	35,295
Total	\$ -	\$ 210,973	\$ -	\$ 210,973

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

2. Investments (cont.)

(b) Fair value measurement (cont.)

As at December 31, 2024	Level 1	Level 2	Level 3	Total
	(000's)	(000's)	(000's)	(000's)
Money Market				
Canadian	\$ -	\$ 1,707	\$ -	\$ 1,707
US	-	30	-	30
Fixed Income				
Canadian	-	62,655	-	62,655
Equities				
Canadian	-	37,876	-	37,876
US	-	71,403	-	71,403
Global	-	34,958	-	34,958
Total	\$ -	\$ 208,629	\$ -	\$ 208,629

During the year, there have been no transfers of amounts between Level 1, Level 2, and Level 3.

The following table shows the changes in the fair value measurement in Level 3 of the fair value hierarchy:

	(000's)
Fair value, December 31, 2024	\$ -
Transfers	-
Acquisitions	-
Dispositions	-
Realized gain/loss	-
Net change in unrealized gain/loss	-
Fair value, December 31, 2025	\$ -

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
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3. Investment income

(a) Investment income for the year ended December 31 is as follows:

	2025	2024
	(000's)	(000's)
Interest income	\$ 3,044	\$ 2,598
Dividend income	8,753	7,756
	11,797	10,354
Gain on sale of investments	6,957	14,995
Current period change in market value of investments	10,262	11,439
Investment income	\$ 29,016	\$ 36,788

(b) Investment income by asset mix, for the year ended December 31 is as follows:

	Investment income	Gain (loss) on sale of investments	Current period change in market value of investments	2025 Total	2024 Total
	(000's)	(000's)	(000's)	(000's)	(000's)
Canadian equities	\$ 2,457	\$ 2,546	\$ 6,292	\$ 10,295	\$ 7,948
Foreign equities	6,297	4,967	5,379	16,643	25,782
Bonds and debentures	2,917	(556)	(408)	1,953	2,894
Short term notes & deposits	126	-	(1)	125	164
Total	\$ 11,797	\$ 6,957	\$ 10,262	\$ 29,016	\$ 36,788

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
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3. Investment income (cont.)

(c) Investment returns

The Fund's investment returns gross of fees are shown by asset class in the table below.

	2025	2024
	(%)	(%)
Total portfolio return	15.05	19.88
Canadian equity	30.36	21.79
Global equity	17.26	25.86
Global infrastructure	15.43	19.07
Fixed income	3.34	4.76

The Fund's net return after all investment management costs for the year ended December 31, 2025 was 14.76% (2024 – 19.59%).

4. 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 Fund to credit and liquidity risks, interest rate volatility, and market risks including foreign exchange and market price fluctuations and volatility. The Fund has policies and operating procedures that establish an asset mix among equity and fixed income and require diversification of investments within categories, and set limits on the size of exposure to individual investment and counterparties. Trustee oversight, procedures and compliance functions are incorporated into Fund processes to achieve consistent controls and mitigate operational risk.

(a) Interest rate risk

Interest rate risk refers to the fact that the Fund'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 Fund's assets and cash flows related to the Fund's liabilities. The fixed income portfolio has guidelines on concentration, duration and distribution which are designed to partially mitigate the risks of interest rate volatility.

The fair value of the Fund 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.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
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4. Investment risk management (cont.)

(a) Interest rate risk (cont.)

The term to maturity classifications of interest bearing investments, based upon the contractual maturity of these securities, as at December 31 are as follows:

	2025	2024
	(%)	(%)
Within 1 year	7.3	3.4
Short (1 - 5 years)	20.6	25.0
Medium (5 - 10 years)	33.8	34.8
Long (10+ years)	38.3	36.8
Total	100.0	100.0

Assuming a parallel change in the long and short-term yields, a 1% increase in interest rates would have the effect of decreasing the fair value of the Fund's fixed income investments by approximately \$4.10 million or 6.78% (2024 - \$4.50 million or 7.14%).

(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 (decrease) in net assets available for benefits. Market price risk is managed by the Fund through the construction of a diversified portfolio of instruments traded on various markets and across various industries. If equity market indices (S&P/TSX and MSCI ACWI and their sectors) declined by 10% and all other variables are held constant, the potential loss to the Fund would be approximately \$14.8 million, or 7.01% (2024 - \$14.4 million or 6.91%).

(c) Credit risk

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

Fixed income portfolio

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
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4. Investment risk management (cont.)

(c) Credit risk (cont.)

The Fund is exposed to credit risk from the following interest earning investments, classified by sector as at December 31:

	2025	2024
	(%)	(%)
Corporate	47.5	43.5
Provincial government	33.9	36.1
Federal government	15.3	19.0
Other	3.3	1.4
Total	100.0	100.0

The Fund's concentration risk by credit rating as at December 31 is as follows:

	2025	2024
	(%)	(%)
AAA to A-	81.5	84.8
BBB to BBB-	18.1	14.4
BB+ and below	-	0.2
Not rated	0.4	0.6
Total	100.0	100.0

(d) Foreign currency risk

Foreign currency exposure arises through holdings of securities and units in pooled funds in non-Canadian assets. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of the investments. The Fund does not take an active approach, such as currency hedging to managing this risk, but rather the currency risk is managed through the diversified nature of the overall portfolio. In addition, the investment manager of the Fund is given flexibility through their mandate to periodically hedge currency for opportunistic or defensive purposes.

The Fund's unhedged currency exposure from net investment assets as at December 31 is summarized in the following table:

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
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4. Investment risk management (cont.)

(d) Foreign currency risk (cont.)

	2025	2024
	(%)	(%)
Canadian dollar	48.6	48.5
US dollar	33.3	33.9
Euro	5.2	5.2
Japanese yen	3.4	3.3
Other Asia/Pacific currencies	4.0	4.0
British Pound	2.0	2.0
Other European currencies	3.5	3.1
Total	100.0	100.0

A 10% increase in the value of the Canadian dollar in relation to all other foreign currencies, with all other variables held constant, would result in an unrealized investment loss of \$11.0 million, or 5.14% (2024 - \$10.9 million, or 5.15%).

(e) Liquidity risk

Liquidity risk corresponds to the Fund's ability to meet its financial obligations as they come due with sufficient and readily available cash resources. Cash obligations are fulfilled from contributions to the Fund, cash income of the Fund and planned dispositions of Fund assets as required. Cash requirements of the Fund are reviewed on an ongoing basis to provide for the orderly availability of resources to meet the financial obligations. In general, the Fund's investments in cash and cash equivalents, debt and public equities are expected to be highly liquid and are invested in securities that are actively traded.

5. Capital management

The capital of the Fund is defined as the net assets available for benefits. The Fund was established as a vehicle to invest employee and employer pension plan contributions in the capital markets with a long-term goal to achieve investment returns. The main objective of the Fund is to secure promised pension obligations as they come due, and the secondary objective is to minimize employer long-term contributions and manage the variability of employer contributions.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

5. Capital management (cont.)

The Fund is sponsored by the Government of Newfoundland and Labrador, represented by the Minister Responsible for Treasury Board who is Trustee of the Fund. The Trustee has appointed the Pension Investment Committee (PIC) to review, monitor, administer and supervise all investment activities of the Fund.

Portfolio management

The Fund utilizes an external investment management firm to invest the assets of the Fund. The investment manager is selected through a disciplined process to ensure a good fit with the investment structure and objectives of the Fund. As at December 31, 2025, Russell Investments Canada Limited was the external investment fund manager.

In addition, CIBC Mellon Global Securities Services provides all custodial and administrative services for the Fund, and Russell Investments Canada Limited provides investment counseling services to the Fund.

The long-term asset mix policy of the Fund is as follows:

Canadian equity	18.0%
Global equity	42.0%
Global infrastructure	10.0%
Fixed income	30.0%

The asset mix policy was adopted after evaluating the potential impact of alternative policies on benefit security and employer contributions. Factors evaluated included the Plans' going concern and solvency funded ratios, demographics, cash flow requirements, actuarial assumptions, benefit levels, and liquidity requirements. The expected real return of the Fund's investment policy is 4.25% annualized over the long term.

6. Administrative costs

Administrative costs are direct costs of the Treasury Board Secretariat, Pensions Division and are allocated to the various pension plans based on the previous month's equity balance related to the total Fund. Any direct costs related to a specific plan are charged accordingly. Administrative costs for the year ended December 31 were comprised as follows:

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
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6. Administrative costs (cont.)

	2025	2024
	(000's)	(000's)
Investment management fees	\$ 610	\$ 606
Custodian fees	50	23
Investment consulting fees	-	5
Actuarial consulting fees	105	46
	765	680
Salaries and benefits	398	374
Other expenses	261	48
	\$ 1,424	\$ 1,102

7. Accrued benefits obligation

Actuarial assumptions

The actuarial assumptions used in determining the value of the accrued benefits obligation of \$597.5 million reflect management's best estimate of future economic events and involve both economic and non-economic assumptions. The primary economic assumptions include the discount rate, salary escalation and the inflation rate. The discount rate is based on the target asset mix and expected real returns for each asset class. The inflation rate is derived from the Bank of Canada's long term investment range. The salary escalation rate incorporates the inflation rate assumption and long-term expectation of growth in real wages. A summary of the primary economic assumptions as at December 31 is as follows:

	USPP		MHAPP		PCJPP	
	2025	2024	2025	2024	2025	2024
Discount Rate	5.95%	5.85%	5.85%	5.75%	5.85%	5.75%
Salary Escalation	2.50-13.50% ¹	2.50-13.50% ¹	2.50%	0%-2.50%	2.50%	2.50%
Inflation Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

¹ Salary escalation for the RNC is 2.50% per annum plus merit and promotion of 13.50% in the first four years of service, then 0.75% up to the 24th year of service, then 1.00% thereafter.
Salary escalation for Correctional Officers includes a 10% increase on April 1, 2024, 2.50% per annum thereafter, plus merit and promotion of 9.50% for the first three years of service, then 0.50% thereafter.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
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7. Accrued benefits obligation (cont.)

The non-economic assumptions include considerations such as mortality as well as termination and retirement rates. The mortality rate is based on the Canadian pensioners' mortality CPM2014 Public Table which is published by the Canadian Institute of Actuaries displaying the probability of death for individuals of different ages based on the separate experience exhibited by public sector plans included within a subset of Canadian registered pension plans. The termination rate is the rate at which individuals leave a pension plan before reaching retirement, either through resignation, dismissal, or other reasons. The retirement rate projects how many members will reach retirement age and receive benefits, impacting plan costs. A summary of the primary non-economic assumptions as at December 31 is as follows:

	USPP	MHAPP	PCJPP
Mortality Rate ¹	110% of CPM2014 Public Table with generational projection using improvement scale CPM-B	CPM2014 Public Table with 90% adjustment for males and 95% adjustment for females with generational projection using improvement scale CPM-B	CPM2014 Public Table with 75.0% adjustment for males and 92.6% adjustment for females with generational projection using improvement scale CPM-B
Termination Rate ¹	None	8% per year from 5 years of service (vesting) to eligibility for an unreduced pension	None
Retirement Rate ¹	RNC - 25% at 25 years of service and the remainder at 30 years of service Correctional Officers - 50% at 25 years of service and the remainder at 30 years of service. No active members are assumed to work beyond age 60 Firefighters – 20% at 25 years of service, 50% of the remainder at 30 years of service. No active members are assumed to work beyond age 60 The earliest a member is assumed to retire is 1 year after the valuation date	Upon reaching unreduced retirement eligibility, 8% per year for members under 60, 60% per year for members between 60 and 64, 100% upon reaching age 65	Age 65

¹ Rates unchanged from 2024.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
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8. Actuarial valuations

Triennial actuarial valuations are performed by the actuarial consulting firm of Eckler Ltd. Relevant reporting dates for the various plans are summarized below.

Pension Plan	Effective date of valuation used to determine pension obligation	Date of next required valuation
Members of the House of Assembly	December 31, 2024	December 31, 2027
Uniformed Services	December 31, 2023	December 31, 2026
Provincial Court Judges'	December 31, 2022	December 31, 2025

9. Funding policy

In accordance with legislation, the Province's funding requirement is to match the employee contributions for current service. Matching of contributions may also occur for certain other types of prior service, which may be purchased under contract.

Also, the Province is requested to pay into the Fund amounts required to cover any actual plan deficiencies which may occur. A plan deficiency occurs when pension payments, refunds of contributions and administrative costs exceed a plan's fund balance.

10. Related party transactions

Related party transactions of the Fund include administrative support costs of \$1.4 million for 2025 (2024 - \$1.1 million) with the Treasury Board Secretariat, Pensions Division. Details about the nature of these related party transactions are outlined in Note 6.

The Fund is a Crown entity of the Province with its affairs managed by the Trustee of the Fund, the Minister Responsible for Treasury Board. While the Province has significant influence over the Fund, the Fund's investment transactions with the Province were conducted in the normal course of business and at arms' length. As such, the Fund's investment transactions with the Province were not influenced by their relationship.

The following related party investments were held by the Fund as at December 31, 2025:

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10. Related party transactions (cont.)

Description	Cost (000's)	Market Value (000's)
Province of Newfoundland and Labrador Debentures - Series maturing October 17, 2030	\$ 140	\$ 161
Province of Newfoundland and Labrador Debentures - Series maturing June 2, 2031	67	62
Province of Newfoundland and Labrador Debentures - Series maturing December 2, 2034	56	56
Province of Newfoundland and Labrador Debentures - Series maturing October 17, 2035	47	54
	\$ 310	\$ 333

11. Pensioner and refund payroll

All plans, with the exception of the Provincial Court Judges' Pension Plan, provide for disability pensions payable in the event the plan member is certified to be totally and permanently disabled. As well, should an employee die in service, there is provision for the payment of the employee's entitlement to the estate. The following tables summarize disability pension payments and the payments to employees' estates upon pre-retirement death.

Disability Pensions (\$000's)

Plan	Uniformed Services	Members of the House of Assembly	Provincial Court Judges
2025	1,352	*	-
2024	1,363	*	-

Payments on Pre-Retirement Death (\$000's)

Plan	Uniformed Services	Members of the House of Assembly	Provincial Court Judges'
2025	-	-	-
2024	20	*	-

* Figure not shown to protect confidentiality

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12. Contributions

	Uniformed Services	Members of the House of Assembly	Provincial Court Judges'	Total
December 2025 (\$000's)				
Employee				
Current	5,629	414	466	6,509
Past service	68	-	-	68
Reciprocal transfer	329	-	-	329
	6,026	414	466	6,906
Employer				
Current service	5,626	-	-	5,626
Past service	52	-	-	52
	5,678	-	-	5,678

	Uniformed Services	Members of the House of Assembly	Provincial Court Judges'	Total
December 2024 (\$000's)				
Employee				
Current	5,473	421	426	6,320
Past service	145	-	-	145
Reciprocal transfer	469	-	-	469
	6,087	421	426	6,934
Employer				
Current service	5,470	418	-	5,888
Past service	53	-	-	53
	5,523	418	-	5,941