



1999 Academic Pension Plan

ANNUAL NEWSLETTER TO MEMBERSHIP

OCTOBER 2025

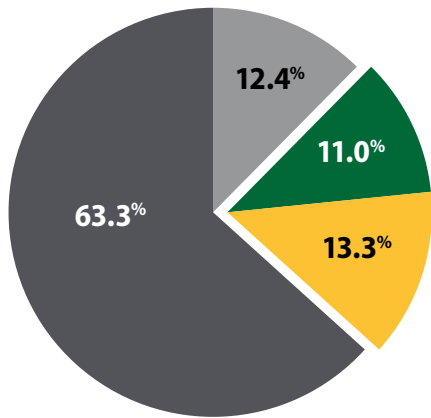


THE PRIMARY PURPOSE OF THIS NEWSLETTER IS:

- to review the actuarial valuation information and contribution requirements of the 1999 Academic Pension Plan as at Dec. 31, 2024
- to review investments and investment performance of the plan in 2024
- to report on the activities of the Academic Defined Benefit Pension Plan Committee (ADBPC)
- to review 2024 performance and look at the market outlook for 2025

Pension plan information at Dec. 31, 2024

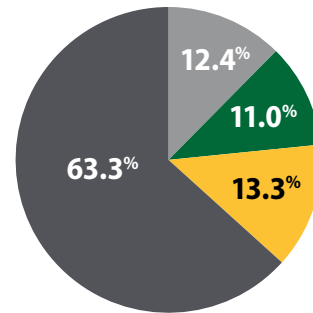
MARKET VALUE OF PENSION PLAN ASSETS



ASSET CLASSES	2024
Global equities	\$21,875,000
Global low-volatility equities	\$18,131,000
Total Equities	\$40,006,000
Bonds	\$104,438,000
Real estate	\$20,485,000
Total fixed income	\$124,923,000
Total market value	\$164,929,000

Distribution of assets among investment managers

INVESTMENT MANAGER	2024
BlackRock	\$104,438,000
Arrowstreet	\$21,875,000
TD Greystone	\$20,485,000
TD Asset Management Epoch	\$18,131,000



INVESTMENT PERFORMANCE

The long-term investment goal of the plan is to achieve an annualized total rate of return that supports the funded status of the plan. To achieve this goal, the plan has adopted a balanced asset mix with a bias to fixed income to attain the targeted investment return. The responsibility for investing the assets of the plan has been delegated to four professional investment fund managers with different mandates to ensure adequate investment diversification.

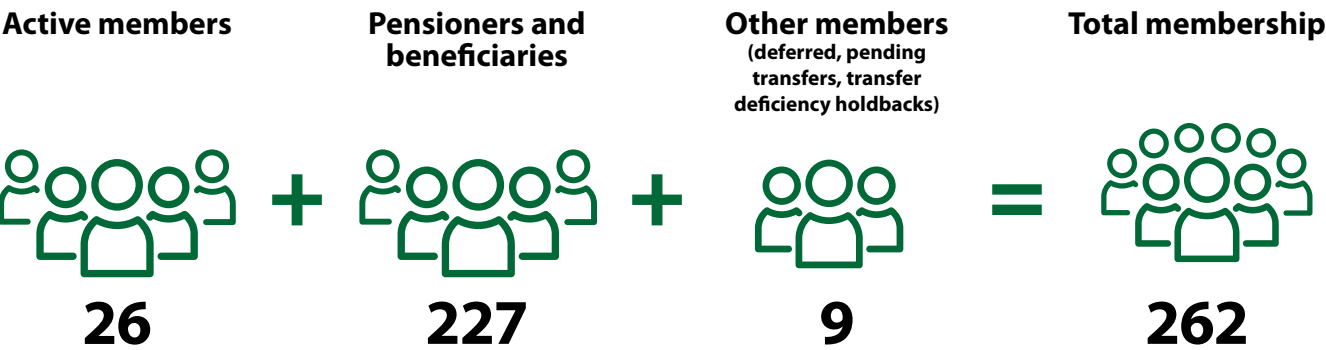
The plan's return benchmark is a performance standard developed by the plan's investment consultant, Aon. The Academic Defined Benefit Pension Committee and the Board of Governors have approved the benchmark. The investment fund managers of the plan are expected to meet or surpass the benchmark.

Investment performance	2024	Last 4 years	Last 10 years
Return*	9.6%	3.9%	5.8%
Benchmark*	10.0%	3.5%	6.1%

*Gross of fees

Actuarial valuation at Dec. 31, 2024

MEMBERSHIP DATA

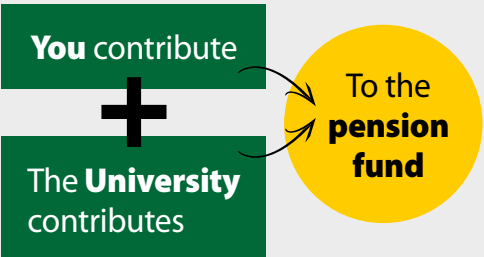


	2024	2023
Active members	26	28
Other members (inactive, deferred, pending transfers, transfer deficiency holdbacks)	9	13
Average age of membership	59.8	59.4
Average pensionable service	25.7	24.7
Average pensionable salary	\$140,748	\$136,435
Expected average remaining service	5.2 years	5.4 years
Pensioners and beneficiaries	227	227
Average annual pension	\$49,929	\$48,905

A SNAPSHOT OF YOUR PENSION PLAN

You participate in the defined benefit (“DB”) pension plan. When you retire, you receive a set monthly pension payment for the rest of your life.

WHILE YOU ARE **WORKING**



WHEN YOU **RETIRE**



You receive a **monthly pension**

How much?

It's based on how long you participated in the plan and how much you earned.

Your pension is paid for your lifetime. Plus — there's an option for your spouse. If you die first, your spouse will continue to receive a portion of your pension benefit.

GOING-CONCERN FINANCIAL POSITION OF THE PLAN

The financial position of the plan on a going-concern basis is measured by comparing the actuarial value of assets to the actuarial liabilities assuming the plan is continuing for the long-term.

The following table outlines the results of the actuarial valuation performed as at Dec. 31, 2024. Comparative numbers as at Dec. 31, 2023 are also provided.

		2024	2023
	ASSETS		
	Fund value (net assets available for benefits)	\$165,025,000	\$161,411,000
	LIABILITIES		
	Present value of accrued benefits for active members	\$22,681,000	\$22,186,000
	Pensioners	\$123,788,000	\$124,936,000
	Temporary pensioners	\$0	\$8,000
	Other members (inactive, deferred, pending transfers)	\$1,672,000	\$1,742,000
	Voluntary and transferred contributions	\$423,000	\$388,000
	Defined contribution account balances	\$120,000	\$125,000
	Transfer deficiency holdbacks	\$0	\$63,000
	Provision for adverse deviation	\$7,407,000	\$7,443,000
	Total actuarial liabilities	\$156,091,000	\$156,891,000
	SURPLUS	\$8,934,000	\$4,520,000
FUNDED RATIO (assets/liabilities)		105.7%	102.9%

CONTRIBUTION AND FUNDING REQUIREMENTS

The plan has filed a valuation report with the regulators at Dec. 31, 2024. The plan revealed a going-concern surplus of **\$8,934,000** and therefore no special payments are required.

The actuary has concluded that current contribution rates continue to be less than the benefits currently accruing to members of the plan. The valuation at Dec. 31, 2024 revealed a current service cost deficiency of **7.32%** of pensionable earnings. However, surplus assets are sufficient to cover this deficiency; therefore, no additional contributions are required to be made to the plan.

HYPOTHETICAL WIND-UP POSITION OF THE PLAN

The Pension Benefits Act (Saskatchewan) requires the university to review whether the assets of the plan would be sufficient to cover the liabilities of the plan in the event of a plan wind-up. The following table outlines the wind-up position of the plan at Dec. 31, 2024.

	2024	2023
Actuarial value of assets	\$164,825,000	\$161,211,000
Actuarial liability	\$154,865,000	\$160,237,000
Surplus/(deficit)*	\$9,960,000	\$974,000
Solvency ratio (assets/liabilities)	106.4%	100.6%

*The plan has been classified as a "specified plan" and is not required to fund solvency deficiencies.

1999 Academic Pension Plan information

PLAN DOCUMENTS

Copies of the following documents are on file in the Pensions office. They are available for inspection by any member of the plan during regular working hours by prior arrangements.

- plan text
- financial statements
- actuarial reports
- auditor's report
- committee meeting agendas and minutes

OTHER AGENTS OF THE PLAN

Actuary: **Aon**, Saskatoon

Investment Consultant: **Aon**, Calgary

Custodian: **CIBC Mellon**



Academic Defined Benefit Pension committee

COMMITTEE MEMBERS

Faculty Association appointees:

- **Robert Roy**, Agricultural and Bioresources Economics
- **Doug Dengenstein**, Physics and Engineering Physics
- **Phil Chilibeck (chair)**, Kinesiology

Board of Governor representatives

- **Ana Crespo-Martin**, Faculty Relations
- **Doral Johnson**, Administration
- **Clay Benaschuk**, Administration

Observer

Michael Cuggy, ASPA

Meetings of the Committee

The Academic Defined Benefit Pension Committee met three times during the year. Acting in its capacity as managing fiduciary, the Committee is responsible for the oversight of the 1999 Academic Pension Plan operations, including funding, investment, and administration of the plan. The Committee activities over the past year in fulfilling these responsibilities are outlined below.



June 9, 2025	3.0 hours	• Quarterly investment performance review to March 31, 2025 • 2023 Actuarial valuation review • Annual report and financial statements review at Dec. 31, 2024
April 10, 2025	2.5 hours	• Quarterly investment performance review to Dec. 31, 2024 • Annual newsletter and communications discussions
Dec. 5, 2024	2.5 hours	• Quarterly investment performance review to Sept. 30, 2024 • Governance Document Review • Investment Manager Presentation: TD Epoch

PENSION ADMINISTRATION AND SUPPORT

Pension Office, Administration
Room E140, Administration Building
105 Administration Place
Saskatoon, SK S7N 5A2

Tel: 306-966-6633

Email: pension@usask.ca

Web: wellness.usask.ca/benefits/pension.php



UNIVERSITY OF
SASKATCHEWAN

2024 the year in review (pension plan Information at Dec. 31, 2024)

Market performance

In 2024, global equity markets experienced a robust year, with major indices such as the S&P 500 and MSCI World Index reaching record highs. Markets began the year with strong momentum, supported by resilient economic growth, solid corporate earnings, and leadership from Info Tech and Financials sectors. Throughout the year, central banks played a pivotal role in shaping market sentiment: the Bank of Canada, U.S. Federal Reserve, and European Central Bank all shifted toward monetary easing as inflation pressures subsided, implementing rate cuts after years of tightening. This policy pivot provided a tailwind for equities and supported investor optimism.

Despite these gains, volatility was a recurring theme, with spikes in the VIX—especially in the third quarter—reflecting investor reactions to mixed economic data and evolving central bank guidance. By year-end, inflation was largely under control, but policymakers remained cautious, emphasizing a data-dependent approach for future decisions.

Three key themes defined 2024: exceptional equity market performance driven by economic resilience and Info Tech sector strength; a notable transition from rate hikes to rate cuts as inflation receded; and persistent, though manageable, volatility as markets navigated shifting monetary policy and macroeconomic signals.

Global bond markets saw notable shifts as central banks responded to moderating inflation. The Bank of Canada reduced its benchmark rate from 5.00 per cent early in the year to 3.25 per cent by December.

The Fed from 5.25 per cent-5.50 per cent was reduced throughout the year to 4.25 per cent-4.50 per cent; The European Central Bank cut its policy rate from 4.00 per cent to 3.00 per cent; and, the Bank of Japan ended its negative rate era, moving to 0.25 per cent from its previous “-0.1 per cent to 0.0 per cent” guidance at the

beginning of the year. The FTSE Canada Universe Bond Index’s yield to maturity fell from 3.9 per cent at the end of 2023 to 3.6 per cent at the end of 2024, with the index returning 4.2 per cent for the year, compared to 6.7 per cent in 2023. These moves led to declining bond yields and stronger bond prices, especially in the second half of the year, as investors adjusted to the new, more accommodative monetary policy environment.

Canadian equities posted robust gains in 2024, with the SandP/TSX Composite Index rising 21.6 per cent. The index reached all-time highs above 25,800 before a late-year pullback. Financials, Energy, and Info Tech were top performers, while Communication Services lagged. Resilient domestic growth and Bank of Canada rate cuts supported the market. U.S. equities surged, with the S&P 500 rising by 36.4 per cent and surpassing 5,000. Growth stocks outperformed value, fueled by strong earnings, Info Tech sector leadership, and a resilient economy. The Federal Reserve’s steady rates and anticipated cuts further strengthened investor confidence. Global equities delivered solid returns, with the MSCI World Index up 29.4 per cent in Canadian dollar terms. European and UK markets advanced, Japan ended negative rates, and emerging markets showed mixed results—Chinese stocks rebounded, while Korea and Taiwan declined. Info Tech and Consumer Disc. sectors led global performance.

The Canadian commercial real estate market posted a 2.6 per cent return (MSCI/REAL PAC Annual Property Index) in 2024. With the MSCI/REALpac Canada Quarterly Property Fund Index returning a weaker 0.7 per cent return in the year. Performance within the Canadian real estate market was driven by steady income growth that offset valuation declines, limited new construction leading to supply constraints, and a continued demand for high-quality assets. Additionally, moderated population growth and rising capitalization rates influenced investment activity and sector trends.

Plan performance

The University of Saskatchewan 1999 Academic Pension Plan delivered strong absolute returns over 2024 but fell short of its benchmark by 0.4 per cent gross of fees. Equities were a major driver of performance, delivering double-digit returns, while the combined Fixed Income portfolio delivered a modest return of 2.8 per cent in the year. Real Estate only returned 0.2 per cent over the year. The plan’s assets increased by 9.6 per cent in 2024, gross of investment management fees and expenses, with consistent positive performance throughout the year.

Manager	Strategy	Q1	Q2	Q3	Q4	2024
BlackRock	Canadian Fixed Income	-2.4%	0.5%	5.2%	-0.4%	2.8%
Arrowstreet	Global Equities	15.2%	4.6%	2.7%	6.1%	31.2%
TDAM - Epoch	Global Equities	9.2%	3.1%	9.6%	1.7%	25.6%
TDAM - Greystone	Real Estate	-0.3%	0.3%	-0.3%	0.6%	0.2%
Total Fund		2.3%	1.6%	4.6%	0.9%	9.6%

One-year relative performance was driven by underperformance from the TDAM Epoch Global Low Volatility strategy and Greystone Real Estate.

2025 Outlook

BONDS

As of September 2025, Bond markets have been defined by persistent uncertainty, shaped by the aftereffects of inflation, evolving central bank policy, and mounting fiscal pressures. The year began with Canadian yields near their highest levels since before the global financial crisis, and rather than retracing, yields have remained elevated or moved higher as the months progressed. By midyear, the Canadian 10-year yield stood at 3.46 per cent, and the 30-year at 3.76 per cent, reflecting both domestic and global factors.

While headline inflation edged up to 1.9 per cent in June from 1.7 per cent in May, core inflation rose to 2.7 per cent, remaining above target and prompting policymakers to continue signaling a cautious approach to rate cuts. Markets have oscillated between expecting one or two further cuts by year-end and pricing in the possibility that the central bank may need to hold rates steady should inflation prove sticky. This uncertainty has contributed to choppy trading and a lack of clear direction in government bond markets.

Beyond monetary policy, fiscal dynamics have come to the fore front. Canada’s federal debt ratio is often viewed as moderate, but provincial debt continues to climb, especially in Ontario and Quebec—provinces most exposed to U.S. trade actions. The combined federal and provincial debt-to-GDP ratio is projected to rise, and the cost of servicing this debt is increasing as higher interest rates feed through to government budgets.

The Trump administration’s renewed focus on tariffs and fiscal expansion in the U.S. has further complicated the outlook, with the passage of the One Big Beautiful Bill Act keeping U.S. deficits above 7 per cent of GDP and raising questions about global risk tolerance for sovereign debt.

Credit markets have responded with tightening spreads, as institutional investors have sought refuge from equity volatility. Canadian investment grade spreads narrowed from 121bps in April to 89bps by July, a sign of strong demand but also of a market potentially underestimating macro and credit risks. Securitized credit and select asset-backed securities have begun to offer more attractive yields relative to traditional corporates, drawing interest from investors willing to navigate their complexity and illiquidity. In contrast, sub-investment grade credit has become less compelling, with spreads offering little upside and effective yields supported only as long as risk appetite remains firm.

The mood in bond markets has shifted noticeably over the course of the year. Investors are increasingly aware that the era of low yields and fiscal indifference may be ending. The risk premium—the compensation for holding longer-term debt—has begun to rise, reflecting concerns about persistent deficits and the potential for sudden shifts in investor sentiment. Episodes of volatility have become more frequent, with sharp moves in yields possible if fiscal discipline falters or inflation surprises to the upside.

In this environment, bond yields remain attractive for strategic, long-term investors, offering a measure of stability and income. However, the incentive for opportunistic buyers seeking excess returns is limited, especially in longer-dated and lower-rated debt. Quality and flexibility have become paramount, with shorter-dated credit and higher-grade corporates preferred over riskier exposures. Investors should remain vigilant for signs of fiscal stress and be prepared for renewed volatility, as the interplay between policy, growth, and market sentiment continues to shape the path ahead for fixed income.

EQUITIES

Equity markets in 2025 have been shaped by a complex interplay of macroeconomic forces, sector dynamics, and a renewed political landscape following the inauguration of President Trump in January. The year began with heightened volatility as investors reacted to sweeping changes in U.S. trade policy, including the announcement and subsequent escalation of tariffs on key trading partners, notably Canada. These policy shifts sent ripples through global markets, prompting sharp corrections early in the year, followed by rebounds as negotiations evolved and some trade tensions temporarily eased.

Canadian equities have demonstrated resilience amid these crosscurrents. The S&P/TSX Composite has posted gains year-to-date, supported by strong performance in Financials, Information Technology, and Materials. The market's underlying strength is rooted in robust household and corporate balance sheets, as well as a financial system that has weathered global shocks. Yet, Canadian stocks have at times lagged global peers, reflecting the outsized impact of U.S. tariffs and ongoing uncertainty around trade negotiations. The threat of higher tariffs—most recently lifted to 35 per cent—has weighed on sectors with significant export exposure, particularly manufacturing and autos, while also contributing to periodic spikes in market volatility.

Sector rotation has remained a defining feature, with Financials and Energy leading gains, and growth stocks generally outperforming value across market cycles. Elevated valuations have persisted throughout the year, driven in part by optimism that a soft landing for the economy is achievable despite tighter fiscal conditions and slower GDP growth. However, the risks associated with renewed trade disputes, rising fiscal deficits, and the potential for policy missteps continue to loom large.

In the U.S., equity market leadership remains concentrated in a handful of large, technology-driven companies. The S&P 500 has hovered near record highs, buoyed by the profitability and innovation of these firms. However, the market's reliance on their continued outperformance introduces significant concentration risk, especially as the Trump administration's trade policies and fiscal initiatives—such as the One Big Beautiful Bill Act—inject fresh uncertainty around growth prospects and inflation. Political developments, particularly the process for appointing the next Fed Chair, have added to market nervousness, with questions about central bank independence raising the specter of dollar weakness and increased volatility.

Globally, equities have delivered solid gains, with select opportunities emerging in sectors and regions characterized by favorable supply-demand dynamics, such as European logistics and certain emerging markets. Nonetheless, the global environment has remained fraught with uncertainty. Trade tensions, currency volatility, and the risk of deglobalization have forced investors to reconsider the durability of U.S. market leadership and the benefits of diversification.

Throughout 2025, the outlook for equities has been one of cautious optimism, tempered by persistent risks. The global economy has so far avoided recessionary headwinds, but elevated interest rates, stretched valuations, and ongoing geopolitical event risk are likely to keep volatility high. Success in this environment will depend on disciplined portfolio rebalancing, careful sector selection, and a willingness to diversify across geographies and strategies less sensitive to economic cycles. Investors should remain alert to policy developments and be prepared to adjust allocations as new risks and opportunities emerge.

CURRENCIES

Currency markets in 2025 are marked by modest volatility and shifting sentiment. The Canadian dollar has weakened in recent months against the U.S. dollar, reflecting both domestic rate expectations and broader risk sentiment. With Bank of Canada rate cuts largely priced in, the loonie's downside may be limited, especially if global growth stabilizes. However, the risk of U.S. dollar weakness looms, particularly if concerns about Fed independence intensify or if trade tensions escalate.

Currency exposures remain a valuable tool for portfolio diversification, especially in an environment where shocks can quickly shift risk preferences. Assets denominated in currencies that tend to perform well during periods of market stress—such as the yen and Swiss franc—can provide resilience and help offset potential losses in growth-oriented assets. Investors should remain attentive to policy developments and geopolitical events, which could drive sudden shifts in currency valuations.

REAL ESTATE

Global real estate markets continue to adapt to the new rate environment, with significant divergence across sectors. The office sector faces ongoing challenges, while valuations in housing, data centers, and logistics are bottoming out. Publicly traded REITs have recovered from 2023 lows, suggesting that private market values may be close to stabilizing.

Key drivers include supply-demand imbalances, financing costs, and sector rotation. Infrastructure assets with contracted or regulated revenues offer stability and should be considered alongside traditional real estate allocations. The outlook is for continued divergence in returns, with logistics and multifamily residential likely to lead, while office remains under pressure.

As real estate adapts to higher interest rates and slower growth, selective implementation and the use of high-quality managers will be critical. Going global to access diversification and increasing allocations to infrastructure where appropriate can help navigate the evolving landscape. Investors should remain alert to sector-specific risks and be prepared to adjust allocations as market conditions evolve.

Summary

In 2024, the U of S 1999 Academic Pension Plan continued to demonstrate strong performance and prudent management. The plan achieved a 9.6% return, supported by robust global equity markets and steady gains in Canadian equities, while fixed income delivered modest returns amid persistent yield volatility. Real estate posted a marginal gain, reflecting sector-specific headwinds and supply constraints. The asset mix remained balanced, with over 63% allocated to bonds and cash, and the remainder to growth assets such as equities and real estate. The plan's long-term focus remains on diversification and achieving returns that support its funded status, though performance for the year slightly lagged the benchmark due to challenges in specific strategies, notably in global low volatility equities and real estate.

Looking ahead to 2025, the investment environment is expected to be shaped by ongoing uncertainty in bond markets, persistent inflation pressures, and evolving central bank policy. Canadian bond yields have remained elevated as inflation stays above target, leading policymakers to adopt a cautious stance toward rate cuts. This has resulted in choppy trading and a lack of clear direction in fixed

income markets. In equities, volatility is anticipated to continue, influenced by shifts in U.S. trade policy and the impact of tariffs, particularly on Canadian sectors exposed to exports. The outlook for real estate remains mixed, with modest gains possible but continued headwinds from rising capitalization rates and macroeconomic uncertainty. Overall, while the long-term outlook for equities is constructive, markets are expected to remain sensitive to macroeconomic developments, fiscal pressures, and policy changes, underscoring the importance of maintaining a diversified and adaptive investment approach.

Given this outlook, the plan may experience continued fluctuations in asset values, especially within fixed income and equity portfolios. Elevated bond yields and persistent inflation could affect the performance of the plan's significant fixed income allocation, while trade and geopolitical tensions may introduce further volatility in equity markets. The plan's diversified asset mix and disciplined rebalancing strategy will be essential to navigating these uncertainties, preserving capital, and seeking stable returns.