CSS PENSION PLAN

Creating the future:

Choosing the right mix

2023 ANNUAL REPORT

Contents

The Co-operative Superannuation Society (CSS) is a democratically controlled, non-profit pension society that serves as trustee and administrator of the CSS Pension Plan.

The CSS story began in Saskatchewan in 1939 with the mission to provide value-added retirement products and services to co-operative and credit union employees so they could feel secure both during and after their working years. CSS administers one of the oldest and largest defined contribution pension plans in Canada with approximately $5.1B in total assets (including assets in the Pensions Fund).

After 84 years, CSS has grown to serve a diverse membership of 299 co-operative and credit union employers and over 55,000 members across Canada, including more than 8,700 retirees who draw a retirement income from CSS.

Throughout 2023, the CSS team focused on putting the pieces in place to enhance the experience we provide to our members – both employee and employer.

CO-OPERATIVE
SUPERANNUATION SOCIETY
PENSION PLAN

2023 Highlights

2023 Investment Highlights

$4.42B
Net assets

PENSIONS FUND
$667M

CSS monthly pensions are paid from our Pensions Fund, which is invested in high-quality, long-term bonds, private debt and commercial mortgages.

BALANCED FUND
$3.94B
Net Assets

MER 0.66%
Rate of return
7.28%

BOND FUND
$37M
Net Assets

MER 0.57%
Rate of return
7.03%

EQUITY FUND
$273M
Net Assets

MER 0.46%
Rate of return
8.95%

MONEY MARKET FUND
$166M
Net Assets

MER 0.21%
Rate of return
5.05%

2023 Member Highlights

55,413
Total members

RETIREMENT INCOMES STARTED
1,012

CSS VB I CSS monthly pension
pRRIF I LIF I RRIF
RPP I Life annuity

NEW VARIABLE BENEFIT (VB) STARTS
484

Total funds:
$105,036,438
Average funds:
$217,017

NEW MONTHLY PENSION STARTS
258

Total funds:
$45,621,790
Average funds:
$176,829

ACTIVE MEMBERS
24,818

INACTIVE MEMBERS
21,854

RETIREES
8,741

PARTICIPATING EMPLOYERS
299

CO-OPERATIVES
236

NU/NT/YT	AB	MB	BC	SK	ON
24	47	39	17	98	11

CREDIT UNIONS
63

BC	SK	NS	AB	MB
3	35	1	6	18

2023 Highlights

Serving Our Members

$226M
Transfers-out and withdrawals

$6.3 million
Transfers-in (net)

4,134
Variable Benefit (VB) Illustrations

1,844
Pension projections

742
Retirement starts (VB/monthly)

1,029
Workshop registrants

30
Workshops (virtual/ in-person)

1,457
Retirement plans

810
Member outreach*

550
Member consultations

*In addition to the above, outreach efforts occur annually with estate accounts (to ensure the estates are wound-up), separation matters (to ensure these matters are resolved), and Age 71s (to ensure that an income stream is elected before the calendar year where the member turns Age 72). Moving into 2023, outreach efforts have increased to include VB payment members at their 1-year anniversary mark ($+300k), and formally include the missing member program.

Serving Our Members Digitally

661,062
Total visits to CSS website

406,705
Visits to csspen.com

254,357
Visits to myCSSPEN

Source: Google Analytics

POPULAR DEVICES

+35%
Use mobile

+57%
Use desktop

+2%
Use tablet

Source: Google Analytics

SOCIAL MEDIA

343
Followers on X (formerly Twitter)

+1,400
Followers on LinkedIn

27,806
Member email address opt-ins since 2015

Our Purpose

Our purpose is to empower our members to achieve financial security in retirement.

Our Vision

To be the preferred pension organization for Canadian employers and their employees.

Our Mission

To provide competitive, value-added retirement products and services through a democratically controlled organization for the benefit of members.

Our Values

Our core values support member focus in Plan decision making: service, fairness, integrity, accountability and transparency.

Message from the Board

As we close the chapter on 2023, it is my pleasure to present the Co-operative Superannuation Society (CSS) Pension Plan annual report, on behalf of your Board of Directors, for the year ending December 31, 2023.

About this Annual Report

This annual report summarizes how the CSS Pension Plan fared during 2023, and gives you information about the people who oversee and manage your Plan.

To support environmental sustainability and cost effectiveness, this publication is distributed as a digital document through the CSS Pension Plan website at **www.csspension.com.**

Questions can be addressed to the CSS Pension Plan – please see back cover for our contact information.

Dear fellow CSS members,

As we close the chapter on 2023, it is my pleasure to present the Co-operative Superannuation Society (CSS) Pension Plan annual report, on behalf of your Board of Directors, for the year ending December 31, 2023.

From a geopolitical and humanitarian perspective, 2023 was a challenging year. Stories of multiple global crises monopolized our news and social channels. Increasing global conflict, populism in politics, severe weather events, and the widening financial inequality gap between the most and least wealthy has increased divisiveness in society and in our communities, and uncertainty about the future.

Higher interest rates and inflation in recent years have made the affordability of everyday living all the more challenging for many Canadians. Confidence seems to be eroding for many Canadians in their ability to achieve short-term financial goals and in achieving a financially secure retirement.

We also saw a significant leap forward in the penetration of artificial intelligence and other disruptive technologies into our personal and working lives. It is difficult to fully appreciate the full impact these technologies will have over the long-term, but it is probably fair to say that they have irrevocably changed our future lives in very substantial albeit yet to be fully understood ways.

Despite this turbulent landscape, CSS navigated the challenges of 2023 head-on and with determined and deliberate purpose to create a prosperous future for our Society and its pension plan, and to continue to assist our members in achieving financial security in retirement for many decades to come.

Looking ahead

Building on the progress CSS made in 2023 against its strategic plan, the following objectives are planned for 2024:

- Portfolio Study – analysis of CSS' overall investment portfolio to ensure it continues to be designed and positioned for future success
- Continued Member Experience Enhancement – continuing our journey to a member-centric, "digital-first" experience for our employers and members
- Pension Administration System Rebuild – a key strategic initiative to modernize CSS' in-house pension administration systems

While we may be living in uncertain and tumultuous times, our 80+ years of operation tells us that times like these often lead to uncommon moments for purposeful and beneficial change for our members and communities.

and enhance our employer and member online portals

- Employer and Member Growth – ensuring co-operative organizations have the opportunity to join Canada's largest defined contribution pension plan built exclusively for them
- Continuing Great Place to Work – ensuring CSS maintains its reputation as a great place to work to ensure we can continue to attract and retain top professional pension talent

While we may be living in uncertain and tumultuous times, our 80+ years of operation tells us that times like these often lead to uncommon moments for purposeful and beneficial change for our members and communities. CSS intends to be prepared to take advantage of these moments as they arise.

Board update

There were a few changes to the Board of Directors in 2023. Kelly Thompson transitioned from the Board for career reasons. On behalf of the CSS membership and the Board, please join me in extending heartfelt thanks and gratitude to Kelly Thompson for his service and contributions to CSS as a director and delegate. And, we were very pleased to welcome Greg Sarvis of Riverbend Co-operative Ltd, Lesley Carlson of Prairie Centre Credit Union and Shannon Patterson of Federated Co-operatives Limited to the Board.

In closing, let me say thank you for providing CSS the opportunity to serve you. I would also invite you to join me in thanking all CSS directors and delegates, the Plan's management and staff, and our consultants and advisors for their combined efforts in CSS' continued growth and success.

Jason Sentes
President, CSS Pension Plan

Message from the Executive Director

"Creating the future: choosing the right mix" is the theme we've chosen for our annual report this year. We believe it is an appropriate summary of accomplishments achieved in 2023 as well as what we are building for members as we look ahead.

At a glance

$4.42B
Net assets

PENSIONS FUND
$667M

BALANCED FUND
MER 0.66%

BOND FUND
MER 0.57%

EQUITY FUND
MER 0.46%

MONEY MARKET FUND
MER 0.21%

On behalf of the staff and management of CSS, it is my pleasure to report to our members and stakeholders on our achievements in 2023.

As always, 2023 was defined by our focus on all things being done in our members' best interests. This applies equally to the day-to-day work we accomplish with and for our members, as well as the investments of time and resources we make into ensuring CSS is sustainable and able to deliver significant value to our members for many years to come. "Creating the future: choosing the right mix" is the theme we've chosen for our annual report this year. We believe it is an appropriate summary of accomplishments achieved in 2023 as well as what we are building for members as we look ahead.

What gets us really excited about what we do at CSS, our purpose, is the opportunity to help our members achieve financial security in retirement. The unfortunate truth in Canada is that pension coverage – the number of employees who participate in a pension plan provided by their employer – has declined over recent decades. At CSS, we are very proud to have the opportunity to partner with and serve employers who value the financially secure retirement they are helping their employees achieve by making a pension plan available to their people.

Investing in uncertain times

CSS members enjoyed a strong investment return, 7.28% after expenses, in our Balanced Fund in 2023. While we've seen quite elevated short-term returns amongst certain sectors of the markets (for example the so called "Magnificent Seven" stocks), these have not come without elevated risks; stock market concentration and unusually high valuations (by historic standards), to name a couple. CSS' Balanced Fund portfolio is specifically and prudently designed to reduce exposure to these risks when they become excessive.

Every four or five years, CSS engages in a full portfolio study. This initiative is undertaken with the assistance of our global investment consultant and looks at capital market assumptions for the coming years. It then examines how well our current portfolio is designed to perform under those assumptions and whether there are changes to the portfolio that should be considered to position the portfolio for success in the future. CSS will be initiating its next full portfolio study in 2024.

At CSS, we are very proud to have the opportunity to partner with and serve employers who value the financially secure retirement they are helping their employees achieve by making a pension plan available to their people.

Creating a valuable member experience

Over the past number of years, CSS has been taking bold strides to enhance the member experience we create for our members and employers. Besides the significant long-term value delivered to members through our investment practices, we know that our members have a part to play in achieving long-term financial success in retirement so we believe it important to ensure they have access to top shelf education, information, and guidance from professionals trained and educated to assist them with achieving that success. The member service statistics provided in this report demonstrate the value our members see in these services.

Our member experience strategies are multi-year in nature. Members can expect to see further investments in our “digital-first” service delivery capabilities, further build-out of self-serve options for members and employers, and significant enhancements to tailoring our communications and education programs so that members and employers are receiving messages and assistance tailored to their unique circumstances. We are very excited to bring these enhancements to our members in 2024 and beyond.

On behalf of the Plan’s staff and management, let me extend thanks to our partners, consultants, service providers, directors and delegates for their assistance and commitment to serving our members in 2023.

Martin McInnis
Executive Director, CSS Pension Plan

Co-operative Superannuation Society

Democratically controlled by the Co-operative Superannuation Society (CSS) – a non-profit pension society that is our trustee and administrator – control rests with our member co-ops and credit unions and their current, past and retired employees. This means our members have a voice in everything that we do.

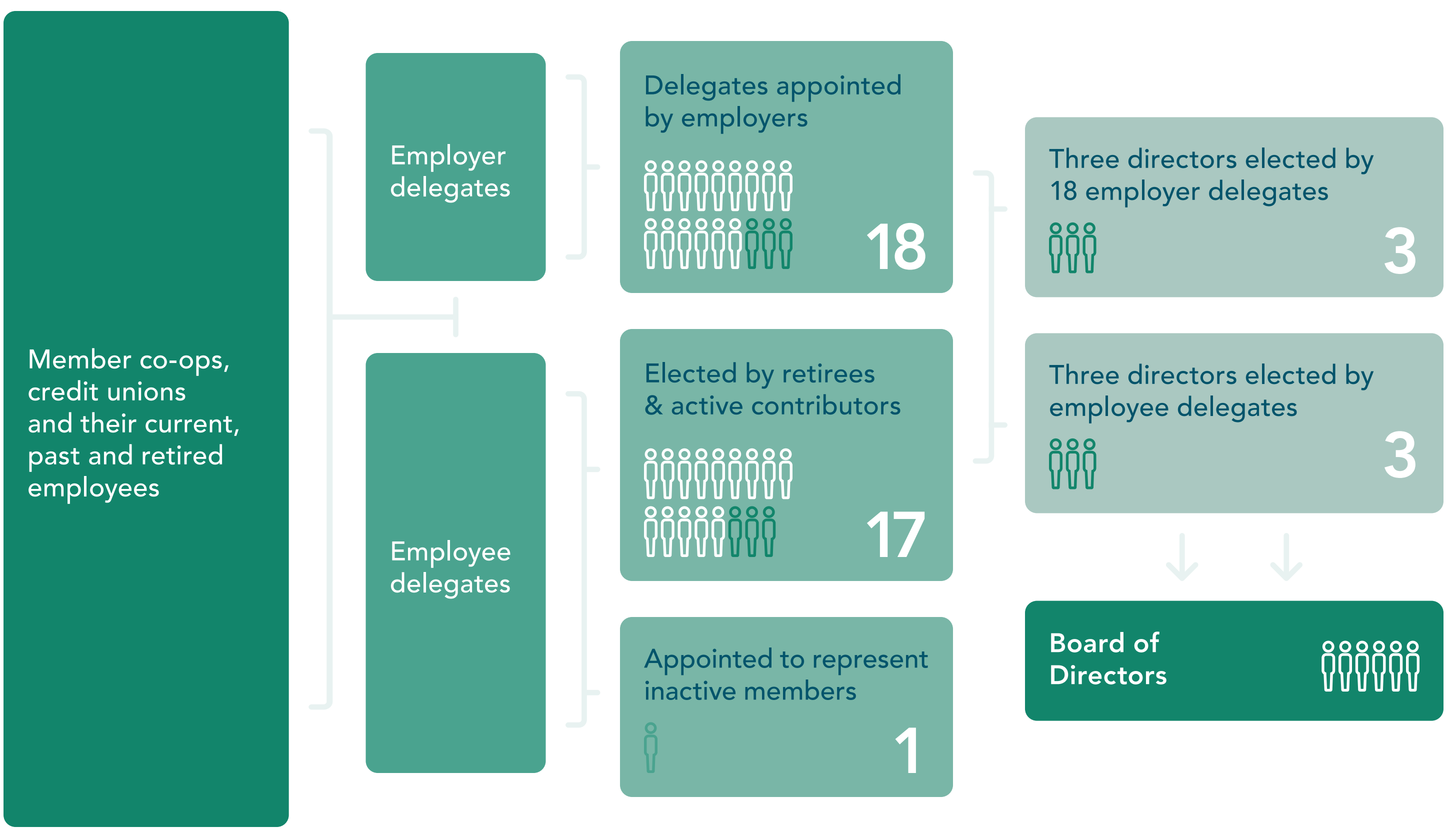
How does the Society work?

Three directors are elected by and from the 18 employer delegates, and three others are elected by and from the employee delegates. The six elected directors form the CSS Board of Directors. The Board supervises the business and affairs of the Society.

Employer and employee members are represented at all meetings of the Society by 36 delegates, as shown in the graphic below:

Governance update

There were a few changes to the Board of Directors in 2023. Kelly Thompson transitioned from the Board for career reasons. And, we were very pleased to welcome Greg Sarvis of Riverbend Co-operative Ltd, Lesley Carlson of Prairie Centre Credit Union and Shannon Patterson of Federated Co-operatives Limited to the Board.



CSS navigated the challenges of 2023 head-on and with determined and deliberate purpose to create a prosperous future for our Society and its pension plan, and to continue to assist our members in achieving financial security in retirement for many decades to come.

– Jason Sentes, President, CSS Pension Plan

Our Board, Delegates and Staff

Board of Directors

Jason Sentes, President

CEO, 1st Choice Savings and Credit Union

Corvyn Neufeld, Vice-President

Chief People and Governance Officer
Cornerstone Credit Union

Lesley Carlson, Director

Chief Financial Officer
Prairie Centre Credit Union

Ron Healey, Director

Vice-President, Energy and Ag
Federated Co-operatives Limited

Greg Sarvis, Director

General Manager
Riverbend Co-operative Ltd.

Shannon Patterson, Director

Associate Vice-President of HR Connect, Federated Co-operatives Limited

CSS Delegates

The delegates elected and appointed to represent the Society's employer and employee members at the 2024 annual meeting are:

Employee (Elected)

RETIREES

Ken Edey
Mike Gartner
Peter Gruening

ACTIVE CONTRIBUTORS

Alberta/B.C./N. Canada
Mike Isaak, Westview Co-op
Jack Nicholson, Otter Co-op
Carol Rollheiser, Wild Rose Co-op
Jason Sentes, 1st Choice Savings

Manitoba/E. Canada
Greg Gill, Valleyview Consumers Co-op
Darren Heide, Access Credit Union
Colin Peters, Swan Valley Consumers Co-op
Kevin Van Den Bussche, Beausejour Consumers Cooperative

Saskatchewan
Karen Bradley, Affinity Credit Union
Lesley Carlson, Prairie Centre Credit Union
Mike Moon, Parkland Co-operative
Mike Nord, Discovery Co-op
Brian Pilloud, Weyburn Credit Union
Greg Sarvis, Riverbend Co-op

Employee (Appointed)

INACTIVE PLAN MEMBERS

Ken Kosolofski

Employer (Appointed)

FCL
Sharon Alford
Justin Booth
Vanessa Chesters
Bo Do
Todd Gursky
Ron Healey
Cassie Horsman
Shannon Patterson
Angela Pomazon
Don Ryan
Randy Wasserman

SK Credit Unions
Kimberly Enge
Corvyn Neufeld
Kimberley Olfert

CUC AB
Johanna Bravo

CUC MB
Zoe Asaminew
Jessica Cruickshank

OTHER EMPLOYERS

Sherrie Rauth, Celero

CSS Staff

Mohammad Abu Naser
Programmer Analyst

Nusrat Alam Moury
Member Services Specialist, Accounts

Theresa Anderson
Member Experience Specialist

Whitney Bueckert
Programmer Analyst

Rachelle Camsell
Employer Relationship Associate

Fernanda Cervantes
Communications Specialist, Co-op Student

Brina Chamney
Programmer Analyst

Gayle Dadey
Member Services Coordinator, Administration

Tami Dove
Director, Member Experience

Sharon Eckmire
Executive Coordinator

Johan Fick
Director, Digital Solutions

Shontelle Flaman
Retirement and Pension Advisor

Brent Godson
Director, Investments and Financial Management

Lynn Gramson
Member Services Coordinator, Administration

Jeanine Jackman
Employer Services Specialist

Prabhjot Kaur
Member Services Specialist, Accounts

Jessica Kreutzer
Retirement and Pension Advisor

Martin McInnis
Executive Director

Jody Millard
Member Services Specialist, Variable Benefits

Jennifer Nelson
Member Services Specialist, Pension Benefits

Chi Nguyen
Accounting / Investment Officer

Naomi Ottenbreit
Communications Specialist

Jalpa Patel
Programmer Analyst

Rob Peddle
Programmer Analyst

Nicole Quintal
Manager, Brand and Digital Engagement

Maureen Richards
Supervisor, Member Experience

Gayle Richmond
Manager, Projects and Processes

Rhonda Rodh
Retirement and Pension Advisor

Joel Sawatsky
Manager, Accounting and Investments

Richard Simigan
Retirement and Pension Associate

Yevgenii Sleptsov
Programmer Analyst

Marilyn Shipley
Retirement and Pension Advisor

Kayla Van Meesen
Member Services Specialist, Transfers and Withdrawals

Key Investment Beliefs

At the heart of everything we do lies our purpose: empowering our members to achieve financial security in retirement. We do this by providing friendly, personal and non-conflicted advice within a commission-free environment.

We understand that each retirement planning "recipe" is unique. At CSS, we offer four professionally managed investment funds that give members the flexibility to set an investment mix according to their own goals and investment comfort.

Member outcomes are paramount.

We study behavioural finance and other disciplines to help us understand member behaviour and leverage this knowledge to design our strategies, products and education to mitigate the most harmful outcomes and increase the probability of success.

Discipline is key to investment management practices and processes.

We favour time-proven investment strategies which help us to remove emotion in our decision making and examine the latest trends and theories with a healthy skepticism.

We maintain a long-term investment horizon.

We look past short-term noise and market volatility to focus on long-term goals.

Expense management and control is critical.

We look to add the most value for our members in the money we spend, rather than spend as little as possible.

We leverage academic and empirical research to give us the best probability of success in the future.

We construct our investment strategy in part by learning from the past.

As a fiduciary, protection of capital is at the heart of our investment strategy.

Although we must accept risk to earn the returns necessary for an adequate retirement, we look to investment approaches and styles which improve downside protection and maximize return per unit of risk taken.

We look to diversify across asset classes, geographies, sources of risk and return, and investment approaches and styles.

Diversification is central to mitigating risk.

We integrate ESG (environmental, social and governance) risks and opportunities into our investment processes with a view to enhancing performance.

We believe a responsible and sustainable investing approach is in the best interest of our membership.

We invest significant time and resources in identifying and selecting investment managers and consultants and look to build long lasting relationships.

We regularly review and monitor their performance. We look to establish long-term relationships with high quality investment partners.

Market Overview

Despite widespread expectations for recession, economies around the world resisted and recorded GDP growth over the year. The US again led markets with its growth supported both by continued fiscal stimulus as well as resilient consumer spending.

Despite widespread expectations for recession, economies around the world resisted and recorded GDP growth over the year. The US again led markets with its growth supported both by continued fiscal stimulus as well as resilient consumer spending. Corporate earnings grew modestly at 2%. Inflation, as measured by the Consumer Price Index, fell from over 6% at the beginning of the year to 3.1% by the end of the year. Alongside sustained economic growth and US job gains, investors became convinced that the Federal Reserve would be able to ease interest rates in 2024 and avoid the fate of every major historical rate hiking cycle – a recession. The net result was a 26% return in the S&P 500.

However, a closer look at those returns reveals a number of concerns. The Magnificent 7 stocks (Amazon, Apple, Meta, Microsoft, Tesla, Nvidia, Google) accounted for most of those gains as they outperformed the S&P 500 by almost 60%. This narrow leadership was the result of speculation around artificial intelligence and investors' belief these mega-cap stocks would be the primary beneficiaries of the transformational technology. Their outperformance in 2023, and over the last decade, has left the S&P 500's total concentration, as measured by the Herfindahl Hirschman Index, more concentrated than the Tech Bubble of 2000 and at levels not seen since the Nifty Fifty era of the early 1970s.

Time will tell if the Magnificent 7 turn out to have the same fate as the Nifty Fifty or the dot-com stocks of the Tech Bubble, but we do know history tells us that these market conditions present material risks to portfolios. The history of mega-cap companies when they are trading at substantial premiums to the rest of the market is particularly poor. Just as a concentrated group of stocks can lead markets up, they can also lead them down. In these market conditions, our investment style leans into fundamentals over speculation, discipline over impulsiveness and prudence over exuberance.

In fixed-income markets there was significant volatility, as markets continued to grapple with the future path of interest rates. As late as November 1, 2023, the Canada Universe Bond Index had a negative year-to-date return putting the index on the path to a third consecutive year of losses. But a late-year rally saved the day and drove returns in the index to 6.60% on the year.

In real assets, we saw divergent returns between real estate and infrastructure. In real estate, valuations were under pressure as adjustments related to the new interest rate environment and the uncertainty around commercial office occurred. Infrastructure, on the other hand, continued to see strong investor appetite and performance, particularly in energy transition assets and critical infrastructure sectors.

Management Discussion and Analysis

Net Assets

Growing the assets of the CSS Pension Plan improves the retirement outcomes for our members and provides scale for additional efficiencies.

NET ASSETS
$4.42B

PENSIONS FUND
$667M

Pensions Fund Asset/ Liability Ratio*

*Pensions Fund adjusted assets as a percentage of liabilities (as of Dec. 31, 2022)

106%

Expenses / MERs

Investing - no matter with a pension plan or financial institution - includes costs for investment management and operating expenses. The management expense ratio (MER) is the combined total of these costs, expressed as a percentage of the fund's average assets for the year.

The returns you earn as an investor reflect the performance of the fund after the MER is deducted. Over the long term, even small differences in the MER can result in big differences in the amount of funds available at retirement.

BALANCED FUND
MER 0.66%

EQUITY FUND
MER 0.46%

BOND FUND
MER 0.57%

MONEY MARKET FUND
MER 0.21%

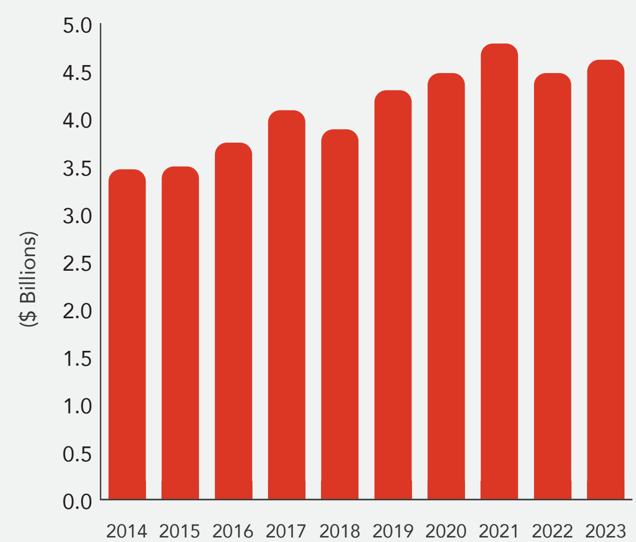
Pensions Fund

For members who wish to convert their accumulated retirement savings into a regular monthly income, the Plan offers a fixed monthly pension. These monthly pensions are paid from our Pensions Fund, which is invested in high-quality, long-term bonds, private debt and commercial mortgages. The manager of the Pensions Fund employs an immunization strategy that matches the cash flow and duration characteristics of the fund to the Plan's pension liability. The immunization strategy aims to protect the fund's surplus through changing market conditions.

Our actuary (AON) filed a full report with the Superintendent of Pensions as of Dec. 31, 2022 on the funded status of the Plan's pensions (an updated report must be filed at least every third year). The report confirmed that the Pension Fund's assets continued to exceed our pension liability.

As of April 1, 2019 the Plan executed a longevity insurance contract on existing pensioners. The agreement eliminates the risks to the Plan of this group of members living longer than expected.

Asset growth - Investment Funds



Investment Fund Overview

2023 saw the Plan continue to diversify its investment holdings within the Balanced Fund. The Plan had capital calls for its second global infrastructure mandate and second global real estate mandate. The continued build-out of real assets is expected to provide additional inflation protection and overall reduced volatility for the portfolio going forward.

Investment performance on the year was mixed. In general, equity mandates and real estate mandates underperformed their benchmarks, while fixed income and infrastructure outperformed. US large-cap equities was the biggest detractor to performance relative to benchmarks in the Balanced and Equity Funds. The broader diversification of our US equity manager, in a year in which returns were concentrated in a handful of technology stocks, led to significant underperformance. In real estate, valuation adjustments related to the increased costs of debt and continued concerns around return to office were the primary sources of negative performance. This negative performance in real estate when compared to the Plan's benchmark of inflation (CPI) + 4%, was the second largest detractor to the Balanced Fund's performance relative to its benchmark.

2023 saw the Plan continue to diversify its investment holdings within the Balanced Fund. The Plan had capital calls for its second global infrastructure mandate and second global real estate mandate. The continued build-out of real assets is expected to provide additional inflation protection and overall reduced volatility for the portfolio going forward.

World-class investment solutions

We employ best-in-class investment managers with professional selection and performance monitoring processes. Through our diversified, multi-manager approach, members have access to asset allocations that they might not otherwise be able to access in the retail marketplace.

NEW INFRASTRUCTURE MANDATES


Distributed | Regulated Assets


Contracted | Power Assets


GDP-Sensitive Assets

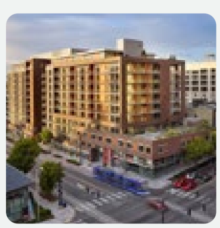
J.P.Morgan ASSET MANAGEMENT

ifm investors

Essential services that often operate on a monopolistic basis either by regulatory structure or long-term contract, which drives visibility into strong EBITDA margins and cash yield.

DIVERSIFICATION | INFLATION PROTECTION | CASH YIELD

NEW GLOBAL REAL ESTATE MANAGERS


Rollin Street Flats Multi-Unit | USA


Cold Creek Solutions | USA


Centropolis Office | South Korea

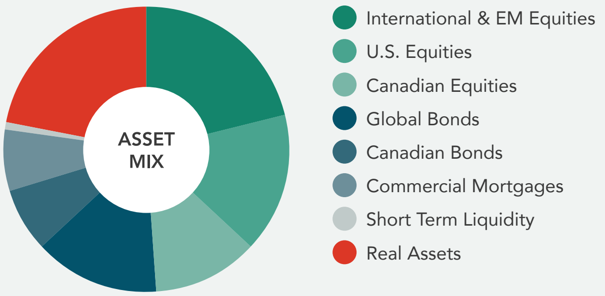
TD Asset Management

UBS

Investment funds performance vs. benchmark

Balanced Fund

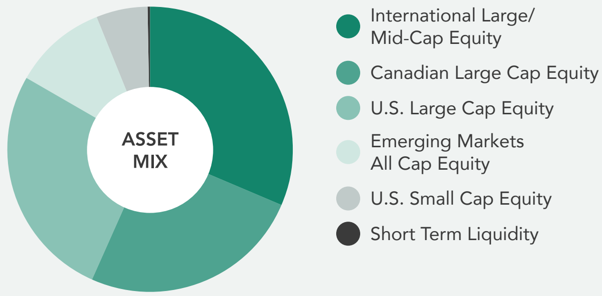
This Fund is the Plan's default fund. The fund is moving towards a target allocation of 50% equities, 30% fixed income and 20% real assets. The risk/return profile is expected to produce moderate long-term growth with occasional short-term losses.



	1 YEAR	4 YEARS	10 YEARS
Fund	**7.28%**	**3.66%**	**5.34%**
Benchmark	11.79%	4.87%	6.02%
Value added	-4.51%	-1.21%	-0.68%

Equity Fund

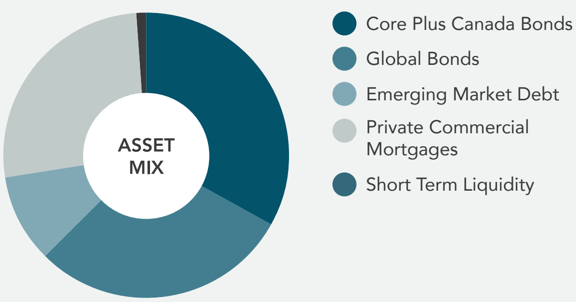
This Fund contains mainly publicly traded stocks from around the world. It is managed by 7 different investment managers in seven different mandates, and is expected to produce higher average returns than the Balanced Fund over the long term, but with larger and more frequent short-term losses.



	1 YEAR	4 YEARS	10 YEARS
Fund	**8.95%**	**4.80%**	**6.81%**
Benchmark	16.25%	7.94%	8.35%
Value added	-7.30%	-3.14%	-1.54%

Bond Fund

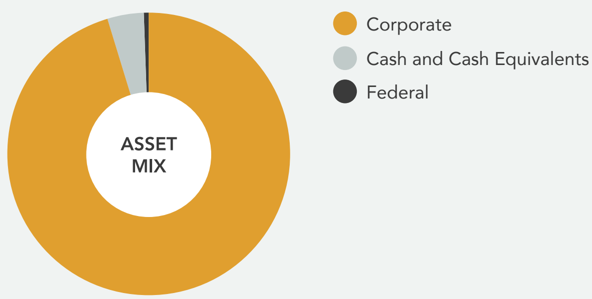
This Fund consists of Canadian and global bonds and has allocations to private commercial mortgages and emerging market debt for diversification of returns and reduced interest rate risk.



	1 YEAR	4 YEARS	10 YEARS
Fund	**7.03%**	**1.11%**	**2.85%**
Benchmark	6.31%	-0.04%	2.41%
Value added	0.72%	1.15%	0.44%

Money Market Fund

This Fund is the Plan's lowest risk/lowest return option. It typically produces a return similar to prevailing shortterm interest rates in Canada.



	1 YEAR	4 YEARS	10 YEARS
Fund	**5.05%**	**1.98%**	**1.55%**
Benchmark	4.71%	1.88%	1.31%
Value added	0.34%	0.10%	0.24%

Investment Manager Performance

Investment Manager	1 Year	4 Year
QV Investors - Canadian Equities **25bps**	9.09%	9.36%
Benchmark: S&P TSX Composite Index	11.75%	8.58%
Value added/variance	-2.66%	0.78%
Scheer Rowlett - Canadian Equities **9-39bps**	9.41%	10.94%
Benchmark: S&P TSX Composite Index	11.75%	8.58%
Value added/variance	-2.34%	2.36%
Scientific Beta - U.S. Large-Cap Equities **8bps**	10.69%	8.24%
Benchmark: S&P 500 Total Return	22.90%	12.51%
Value added/variance	-12.21%	-4.27%
Hillsdale - U.S. Small-Cap Equities **65bps**	5.04%	7.19%
Benchmark: Russell 2000	13.79%	6.84%
Value added/variance	-8.75%	0.35%
Sprucegrove - International Equities **33bps**	13.73%	4.13%
Benchmark: MSCI EAFE	15.07%	5.39%
Value added/variance	-1.34%	-1.26%
JP Morgan - International Equities **6bps**	14.42%	3.78%
Benchmark: MSCI EAFE	15.07%	5.39%
Value added/variance	-0.65%	-1.61%
Wellington - EM Equities **85bps**	1.38%	2.03%
Benchmark: MSCI EM IMI	8.68%	1.82%
Value added/variance	-7.30%	0.21%
Wellington - Canada Universe Bonds **7-30bps**	5.36%	-0.31%
Benchmark: FTSE Canada Universe Bond Index	6.69%	-0.05%
Value added/variance	-1.33%	-0.26%
TDAM – Commercial Mortgages **26bps**	7.19%	4.04%
Benchmark: Custom Benchmark	5.96%	1.45%
Value added/variance	1.23%	2.59%
Blackrock – Emerging Market Debt **56bps**	15.09%	2.10%
Benchmark: JP Morgan JEMBI Sovereign Only	10.79%	-2.34%
Value added/variance	4.30%	4.44%
Wellington OFI – Global Bonds **40bps**	5.17%	-
Benchmark: Barclay's Global Aggregate	2.88%	-
Value added/variance	2.29%	-
TDAM - Short Term **3bps**	5.20%	2.07%
Benchmark: FTSE Canada 91 day T-Bill	4.71%	1.88%
Value added/variance	0.49%	0.19%
Mackenzie - Currency Overlay **5bps**	-2.20%	-
Benchmark: Custom Benchmark	-0.29%	-
Value added/variance	-1.91%	-

Investment Manager	1 Year	4 Year
TD - Canadian Real Estate **75bps**	-0.80%	4.11%
Benchmark: CPI + 4%	7.12%	7.88%
Value added/variance	-7.92%	-3.77%
TD - Global Real Estate **20bps**	-7.57%	-
Benchmark: CPI + 4%	7.12%	-
Value added/variance	-14.69%	-
UBS - Global Real Estate **45bps**	-	-
Benchmark: CPI + 4%	-	-
Value added/variance	-	-
JP Morgan - Infrastructure **88bps**	11.17%	-
Benchmark: CPI + 4%	7.12%	-
Value added/variance	4.05%	-
IFM - Infrastructure **77bps**	8.37%	-
Benchmark: CPI + 4%	7.12%	-
Value added/variance	1.25%	-

*Each manager’s performance is net of estimated fees

PENSION PLAN

Financial Statements 2023

2023 ANNUAL REPORT

Management's responsibility for financial information

To the Members of the Co-operative Superannuation Society Pension Plan:

The consolidated financial statements of the Co-operative Superannuation Society ("the Society") and the CSS Pension Plan ("the Plan") have been prepared by Plan management and approved by the Society's Board of Directors.

Plan management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for pension plans and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, Plan management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets under administration by the Society are safeguarded and controlled, that transactions comply with the Society's Act of Incorporation and Bylaws and the Plan's Rules and Statement of Investment Policies and Goals, and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors of the Society is composed entirely of Directors who are neither management nor employees of the Plan. The Board is responsible for overseeing Plan management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Society's Board is also responsible for recommending the appointment of the Plan's external auditors.

MNP LLP is appointed by the Society's Board to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Society's Board and Plan management to discuss their audit findings.

Martin McInnis
Executive Director
CSS Pension Plan
Secretary-Treasurer
Co-operative Superannuation Society

Brent Godson
Director, Investments and Financial Management
CSS Pension Plan

To the Members of Co-operative Superannuation Society Pension Plan:

Opinion

We have audited the consolidated financial statements of Co-operative Superannuation Society Pension Plan (the "Plan"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of changes in net assets available for benefits for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2023, and its financial performance for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

MNP LLP
Suite 800, 119 - 4th Avenue S, Saskatoon SK, S7K 5X2
T: 306.665.6766 F: 306.665.9910

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Saskatoon, Saskatchewan

MNP LLP

March 8, 2024

Chartered Professional Accountants

MNP

Co-operative Superannuation Society Pension Plan

Consolidated Statement of Financial Position

As at December 31, 2023

INVESTMENT FUNDS

(thousands of dollars)

ASSETS	**2023**	2022
Investments (*Note 3*)	**$ 4,384,319**	$ 4,084,597
Cash	**20,087**	20,605
Accrued investment income	**3,954**	4,227
Accounts receivable		
Employee contributions	**451**	467
Employer contributions	**421**	475
Capital assets	**180**	271
Intangible assets	**607**	-
Due from brokers	**22,496**	153,377
Interfund balance (*Note 8*)	**10,111**	17,309
	4,442,626	4,281,328
LIABILITIES		
Due to brokers	**-**	30
Accounts payable	**14,618**	9,883
Interfund balance (*Note 8*)	**9,876**	17,275
	24,494	27,188
NET ASSETS AVAILABLE FOR BENEFITS (*NOTE 10*)	**4,418,132**	4,254,140
REPRESENTED BY: Member contribution accounts (*Note 7*)	**4,418,132**	4,254,140

PENSIONS FUND

(thousands of dollars)

ASSETS	**2023**	2022
Investments (*Note 3*)	**$ 665,274**	$ 619,347
Accrued investment income	**2,336**	2,412
Due from brokers	**9**	8
	667,619	621,767
LIABILITIES		
Accounts payable	**345**	340
Interfund balance (*Note 8*)	**236**	34
	581	374
NET ASSETS AVAILABLE FOR BENEFITS (*NOTE 10*)	**667,038**	621,393
REPRESENTED BY: Pension reserve	**667,038**	621,393

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of the consolidated financial statements

Co-operative Superannuation Society Pension Plan

Consolidated Statement of Changes in Net Assets Available for Benefits

As at December 31, 2023

INVESTMENT FUNDS

(thousands of dollars)

CHANGE IN ASSETS	**2023**	2022
Investment income (loss)		
Interest	**$ 12,622**	$ 6,619
Dividends		
Canadian dividends	**15,317**	18,696
Foreign dividends	**35,107**	29,128
Pooled fund distributions	**41,027**	45,100
Increase (decrease) in market value of investments	**217,281**	(337,254)
Other	**842**	786
	322,196	(236,925)
Contributions		
Employee	**99,824**	96,008
Employer	**95,676**	91,182
Transfers in	**6,595**	11,822
	202,095	199,012
Total increase (decrease) in assets	**524,291**	(37,913)

ADMINISTRATIVE EXPENSES	**2023**	2022
Investment services	**18,284**	15,970
Investment transaction costs	**416**	535
Salaries and employment costs	**3,858**	3,340
Operations	**5,347**	4,525
Membership control	**118**	71
Longevity risk insurance (recovery from Pensions Fund)	**(2,735)**	(2,521)
CCRL administrative expenses (recovery from CCRL)	**(213)**	-
Administrative expenses (recovery from Pensions Fund)	**(1,584)**	(1,624)
	23,491	20,296
Equity repayments	**224,405**	182,156
Variable benefit payments	**65,762**	63,169
Equity transferred to Pensions Fund	**46,641**	36,470
	336,808	281,795
Total decrease in assets	**360,299**	302,091
Increase (decrease) in net assets	**163,992**	(340,004)
Net assets available for benefits, beginning of year	**4,254,140**	4,594,144
Net assets available for benefits, end of year (*Note 10*)	**4,418,132**	4,254,140

Consolidated Statement of Changes in Net Assets Available for Benefits

As at December 31, 2023

PENSIONS FUND

(thousands of dollars)

INCREASE IN ASSETS	2023	2022
Increase in market value of investments	$ **25,551**	$ -
Investment income		
Interest	**30,413**	28,192
Equity transferred from Investment Funds	**46,642**	36,470
Other	**121**	99
Total increase in assets	**102,727**	64,761
DECREASE IN ASSETS		
Pension paid	**52,750**	51,923
Decrease in market value of investments	**-**	109,896
Longevity risk insurance	**2,735**	2,521
Administrative expenses	**1,597**	1,624
Total decrease in assets	**57,082**	165,964
Increase (decrease) in net assets	**45,645**	(101,203)
Net assets available for benefits, beginning of year	**621,393**	722,596
Net assets available for benefits, end of year	**667,038**	621,393

Notes to the Consolidated Financial Statements

As at December 31, 2023

1. Description of Plan

A summary description of the Co-operative Superannuation Society Pension Plan ("the Plan") appears below. For complete information, refer to the Co-operative Superannuation Society's Act of Incorporation, its Bylaws, and the Rules and Regulations of the Co-operative Superannuation Society Pension Plan.

(A) General

The Co-operative Superannuation Society ("the Society") is a non-profit pension society incorporated on a membership basis by a private Act of the Saskatchewan Legislature. The Society serves as administrator of the Co-operative Superannuation Society ("CSS") Pension Plan and as fund holder and trustee of five investment funds.

The Co-operative Superannuation Society Pension Plan ("the Plan") is a multi-employer defined contribution pension plan. The Plan's purpose is to enable employees of member Co-operatives and Credit Unions to prepare for and fund their retirements by providing tax-deferred saving and income products and services through a member owned and controlled non-profit organization.

Member employees bear the risk of investment losses and are the sole beneficiaries of investment gains.

The Plan includes 299 (2022 – 305) independent co-operatives and credit unions and about 46,672 (2022 – 45,700) of their current and past employees. The Plan also pays retirement income to about 8,741 (2022 – 8,500) of their retired employees. Each of these employers, employees and retirees is a member of the Plan. Actively contributing employers and employees, and retirees receiving pensions or variable benefit payments from the Plan, are also members of the Society.

The Plan is registered under the *Income Tax Act* and the Saskatchewan Pension Benefits Act (Registration Number 0345868) and is not subject to income taxes. These consolidated financial statements include the assets, liabilities, revenues and expenses of the Plan and 13806987 Canada Inc., a wholly-owned Pension Investment Corporation of the Plan.

(B) Funding Policy

Each participating employer must establish a required contribution rate for its employees between 0% and 9% of regular earnings or total earnings. Employers must deduct employees' required contributions from their earnings and match that contribution with an employer contribution of an equal amount. If the employee required contribution rate is set at 0%, the employer must still contribute a minimum of 1% of earnings. The Plan permits both employees and employers to make additional voluntary contributions to the Plan. The total of all contributions to the Plan may not exceed the annual limit prescribed by the *Income Tax Act*.

(C) Vesting

Employer contributions vest in employees immediately upon receipt by the Plan.

(D) Investment Funds

The Plan offers members four unitized funds for the investment of their contributions and accumulated benefits – a Balanced Fund, a Money Market Fund, a Bond Fund and an Equity Fund. The number and type of investment funds offered to members is determined by the Society's Board of Directors.

Members are permitted, but not required to choose how they wish to distribute their contributions and accumulated benefits among the investment funds offered. Members who do not make a choice are invested in the Plan's default investment option, which is a Balanced Fund.

(E) Retirement

Employees who no longer work for an employer member of the Plan may apply for retirement benefits upon reaching age 50 or once the employee's age plus years of completed continuous service reaches a factor of 75. Phased retirement, as permitted under the *Income Tax Act* and provincial pension legislation, is also available to employees with the consent of their employer.

The Plan offers retirees two internal retirement income options – a fixed monthly pension and a variable benefit payment option. Members' accumulated benefits may also be transferred to an insurer or financial institution licensed to provide retirement income products. Retirees must start a retirement income from the Plan or transfer their benefits into a self-directed lifetime retirement income product no later than the maximum age of deferral under the *Income Tax Act*.

(F) Pensions

The accumulated benefits of retirees who choose to start a fixed monthly pension are transferred into the CSS Pensions Fund – a segregated portfolio that secures the Plan's pension liability. Monthly pension payments are paid from this Fund. The Plan offers both single and joint life pensions.

Pensions provided by the Plan may receive periodic ad hoc increases, subject to the solvency of the CSS Pensions Fund and the policies adopted by the Plan's Board of Directors.

(G) Variable Benefit Payments

The accumulated benefits of members who choose to start a variable benefit payment remain in their account and under their control, invested in the Plan's Investment Funds as directed by the member. Variable benefit payments are periodic withdrawals taken directly from the member's accumulated benefits. Members may select a monthly or annual payment. Members receiving variable benefit payments have control over the amounts withdrawn, subject to the limits in the *Income Tax Act* and applicable pension legislation. Depending on a member's life span, investment returns and payment choices, a variable benefit payment may not provide a lifetime retirement income.

(H) Disability Pensions

In the event of termination due to health, injury or disability, a pension or variable benefit payment may commence at any age, subject to the Plan receiving acceptable medical confirmation.

(I) Death Benefits

In the event of a member's death prior to starting a pension or variable benefit payment, the member's accumulated benefits are paid to the member's spouse, beneficiary or estate in accordance with the member's designation, but subject to the provisions of the *Income Tax Act* and applicable pension legislation.

(J) Termination Options

Upon final termination of employment with any employer participating in the Plan, an employee member has the following options:

<u>Accumulated benefits locked-in for pension</u>

The member may:

i. leave locked-in benefits in the Plan to commence a pension or variable benefit payment when eligible to do so, or

ii. provided that the member has not started a pension, he/she may transfer locked-in benefits to a registered plan with an insurer or financial institution licensed to provide retirement income products that meet the conditions prescribed by the *Income Tax Act* and applicable pension legislation.

<u>Accumulated benefits not locked-in for pension</u>

The member may:

i. leave non-locked-in benefits in the Plan to commence a pension or start a variable benefit payment, or;

ii. provided that the member has not used them to start a pension, he/she may withdraw non-locked-in benefits in the form of a cash payment net of income tax or as a qualified transfer to a registered plan with an insurer or financial institution.

(K) Administrative and Investment Expense

All Plan expenses are paid directly from the Balanced Fund. Expenses associated with the administration and investment of the other investment funds are reimbursed to the Balanced Fund in proportion to their share of the expense. The Pensions Fund reimburses the Balanced Fund monthly based on a daily accrual charge.

2. Summary of Significant Accounting Policies

Basis of Presentation

These consolidated financial statements are prepared in accordance with Canadian accounting standards for pension plans. The statements present the combined operations of the Cooperative Superannuation Society and the Co-operative Superannuation Society Pension Plan, independent of participating employers and plan members.

Basis of Consolidation

These consolidated financial statements consolidate the assets, liabilities, revenues and expenses of the Plan and 13806987 Canada Inc., a 100% wholly-owned subsidiary. All interentity balances have been eliminated in consolidation.

Investment Transactions and Income

Investment transactions are recognized on the trade date (the date upon which substantial risks and rewards have been transferred). Investment transaction costs are recognized in the consolidated statement of changes in net assets available for benefits in the period incurred.

Investment income consists of earned income (interest and dividends), realized gains and losses on disposal of investments, and unrealized gains and losses resulting from changes in the market value of investments, including pooled fund distributions.

Average cost reflects the purchase cost of the investment and includes direct acquisition costs.

CATEGORY	BASIS OF VALUATION
Interest income	Accrual basis
Dividend income	Accrual basis on the ex-dividend date
Realized gains and losses for investments sold	Difference between proceeds on disposal and the average cost
Unrealized gains and losses for investments held	Difference between market value and the average cost

Investment Valuation

Fixed income and equity investments are stated at market values as determined by reference to quoted year-end prices provided by independent investment services organizations.

Pooled funds are stated at the year-end unit values, which reflect the market value of their underlying securities. Real Estate and Infrastructure pooled fund underlying assets are valued by 3rd party appraisers.

Short-term investments are recorded at cost, which together with accrued interest or discount earned, approximates market value.

Foreign Currency Translation

Transactions in foreign currencies are translated into Canadian dollars at rates of exchange prevailing on the transaction date. Investments denominated in foreign currencies and held at the end of the year are translated at exchange rates in effect at year-end. The resulting realized and unrealized gains and losses are included in investment income.

Financial Instruments

The carrying amounts of the Plan's receivables, payables, and accruals approximate fair value due to their short-term nature.

Derivative Financial Instruments

Derivative financial instruments are financial contracts, the value of which is derived from changes in underlying assets or indices as measured at the closing date of the period being reported. Derivative transactions are conducted in the over-the-counter market directly between two counter parties or on regulated exchange markets. All derivative financial instruments are recorded at market value using market prices. Where quoted market values are not readily available, appropriate valuation techniques are used to determine market value.

Use of Estimates and Judgment

The preparation of consolidated financial statements prepared in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the amounts of increases and decreases in net assets available for benefits for the reporting period. The most significant estimates relate to the fair values of investments. Actual results could differ from those estimates.

3. Investments

The Society serves as fund holder and trustee for the Pensions Fund and four unitized Investment Funds: a Balanced Fund, a Money Market Fund, a Bond Fund, and an Equity Fund. The structures of these funds are determined by the Society's Board of Directors, which sets the Plan's Investment Policy. The Plan's Investment Policy conforms to the legal requirements and best practice guidelines applicable to pension trusts.

CSS INVESTMENT FUNDS

(thousands of dollars)	**2023**		2022	
INVESTMENT TYPE	**Market Value**	**Investment Percentage**	Market Value	Investment Percentage
Short-Term				
Custodial Cash Accounts	**$ 3,973**		$ 2,054	
Short-Term	**21,416**		28,114	
	25,389	**0.6%**	30,168	0.7%
Equities				
Canadian Equities	**511,092**		547,369	
U.S. Equities	**563,479**		570,966	
Non-North American Equities	**351,777**		359,161	
	1,426,348	**32.5%**	1,477,496	36.2%
Pooled Funds				
Short-Term	**198,114**		196,158	
Canadian Bonds	**307,679**		272,329	
Global Fixed Income	**336,932**		319,967	
U.S. Equities	**140,265**		133,536	
International Equities	**345,832**		343,666	
Emerging Mkt Equities	**259,494**		283,862	
Canadian Real Estate	**269,711**		292,170	
Global Real Estate	**189,308**		27,975	
Global Infrastructure	**354,317**		186,982	
Global REITS	-		44,413	
Emerging Mkt Debt	**248,643**		214,917	
Commercial Mortgages	**282,287**		260,958	
	2,932,582	**66.9%**	2,576,933	63.1%
Total	**$ 4,384,319**	**100.0%**	$ 4,084,597	100.0%

The CSS Investment Funds contain cash, short-term investments, bonds, equities, and units in pooled funds. The Balanced Fund contains cash, short-term investments, Canadian equities, Non-North American equities, U.S. equities, and units in pooled funds (short-term, Canadian and global fixed income, emerging markets debt, U.S. equities, international equities, emerging markets equities, Canadian real estate, commercial mortgages, global real estate, and global infrastructure). The Money Market Fund contains cash and units in a short-term pooled fund. The Equity Fund contains cash, short-term investments, Canadian equities, non-North American equities, U.S. equities, and units in short-term, U.S., international, emerging market equity pooled funds. The Bond fund contains cash, and units in short-term, Canadian and global fixed income, emerging market debt, and commercial mortgage pooled funds.

The Pensions Fund contains cash, short-term investments, Canadian bonds and units in private debt and commercial mortgage pooled funds. An immunization strategy is employed by the Pensions Fund Manager to ensure that cash flows from the fund will meet the Plan's pension payroll, and to render the portfolio immune to changes in interest rates.

CSS PENSIONS FUND

(thousands of dollars)	**2023**		2022	
	Market Value	**Investment Percentage**	Market Value	Investment Percentage
Short-Term				
Custodial Cash Accounts	**$ 128**		$ 135	
Short-Term	**4,632**		4,460	
	4,760	**0.7%**	4,595	0.7%
Bonds and Debentures				
Federal	**23,455**		26,097	
Provincial	**232,556**		214,901	
Municipal	**1,492**		1,071	
Corporate	**86,386**		82,838	
	343,889	**51.7%**	324,907	52.5%
Pooled Funds				
Private Debt	**205,286**		182,137	
Commercial Mortgages	**111,339**		107,708	
	316,625	**47.6%**	289,845	46.8%
Total	**$ 665,274**	**100.0%**	$ 619,347	100.0%

Fair Value

The Plan has classified its financial instrument holdings using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified in Level 1. Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

The following table classifies the Plan's financial instruments within a fair value hierarchy, excluding custodial cash accounts:

(thousands of dollars)	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Investment Funds								
Short-Term	**$ -**	$ -	**$ 21,416**	$ 28,114	**$ -**	$ -	**$ 21,416**	$ 28,114
Equities	**1,426,348**	1,477,496	**-**	-	**-**	-	**1,426,348**	1,477,496
Pooled Funds	**-**	-	**2,119,246**	2,069,806	**813,336**	507,127	**2,932,582**	2,576,933
Total	**1,426,348**	1,477,496	**2,140,662**	2,097,920	**813,336**	507,127	**4,380,346**	4,082,543
Pensions Fund								
Short-Term	**-**	-	**4,632**	4,460	**-**	-	**4,632**	4,460
Bonds	**-**	-	**343,889**	324,907	**-**	-	**343,889**	324,907
Pooled Funds	**-**	-	**111,339**	107,708	**205,286**	182,137	**316,625**	289,845
Total	**$ -**	$ -	**$ 459,860**	$ 437,075	**$ 205,286**	$ 182,137	**$ 665,146**	$ 619,212

The following table represents the changes to Level 3 instruments during the period ended December 31, 2023.

(thousands of dollars)		
INVESTMENT FUNDS	**2023**	2022
Reconciliation of Level 3 assets:		
Balance at January 1	**$ 507,127**	$ 318,753
Net Purchases, sales, principal pyts	**303,547**	149,188
Realized Gains	**6,999**	15,800
Unrealized (Losses) Gains	**(4,337)**	23,386
Balance at December 31	**813,336**	507,127
PENSIONS FUND		
Reconciliation of Level 3 assets:		
Balance at January 1	**$ 182,137**	$ 216,147
Net Purchases, sales, principal pyts	**9,170**	8,280
Realized Gains	**13,979**	222
Unrealized (Losses) Gains	**-**	(42,512)
Balance at December 31	**205,286**	182,137

4. Risk Management

The net assets available for benefits in the Plan's Investment Funds and Pensions Fund consist almost entirely of financial instruments. The risks of holding financial instruments include interest rate risk, credit risk, market risk, foreign exchange risk, equity price risk and liquidity risk. Significant financial risks are related to the investments held on behalf of Plan members. These financial risks are managed by having an investment policy, which is approved annually by the Board of Directors. The investment policy provides guidelines to the Plan's investment managers for the asset mix of the portfolio regarding quality and quantity of fixed term investments and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. The Board reviews regular compliance reports from its investment managers and custodian as to their compliance with the investment policy.

Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position, and income. Each Fund's exposure to interest rate risk, if any, is concentrated in its investments in debt securities including short-term investments, bonds and debentures and fixed income pooled funds. The Plan's sensitivity to interest rate changes is estimated using the weighted average duration of the fixed income portfolio. In practice, the actual trading results may differ from these approximations and the difference can be material.

The CSS Investment Funds has exposure to interest rate risk as follows:

As at December 31, 2023, if the prevailing interest rate had changed by 1.00%, assuming a parallel shift in the yield curve with all other variables held constant, net assets would have decreased or increased respectively by approximately $60.8 million (approximately 1.38% of net assets) (2022 - $51.6 million or 1.21% of net assets).

The CSS Pensions Fund has exposure to interest rate risk as follows:

As at December 31, 2023, if the prevailing interest rate had changed by 1.00%, assuming a parallel shift in the yield curve with all other variables held constant, net assets would have decreased or increased respectively by approximately $51.4 million (approximately 7.71% of net assets) (2022 - $50.4 million or 8.11% of net assets).

Credit Risk

Credit risk refers to the potential loss arising from a party not being able to meet its financial obligation. The Plan is subject to credit risk within its investment holdings, forward currency contracts and securities lending program.

Credit risk within investments is managed through the Plan's Statement of Investment Policies and Goals. The investment policy together with the investment management agreement establishes limits on each manager's exposure to lower credit quality issues and borrowers as well as the maximum exposure to any one issuer or borrower.

As at December 31, 2023, 100% (2022 – 100%) of the Plan's short-term investments were rated "R-1 low" or better and 67.58% (2022 – 62.50%) of the bonds and debentures held in the CSS Investment Funds and 62.99% (2022 – 67.39%) of the bonds and debentures held in the CSS Pensions Fund were rated "A" or better.

Currency forward contracts are entered into between the Plan and approved counterparties. The credit risk associated with these contracts is mitigated by establishing a minimum number of counter parties, and through credit analysis of counterparties performed by the Currency Manager.

Under the securities lending program, collateral is pledged to the Plan by various counter parties for securities out on loan to the counter parties. The plan has entered into a securities lending agreement with BNY Mellon Global Collateral Services, to enhance portfolio returns. The securities lending program operates by lending the Plan's available securities to approved borrowers. Credit risk associated with the securities lending program is mitigated by requiring borrowers to provide cash or collateral that exceeds the market value of the loaned securities. At December 31, 2023, securities on loan had a market value of $179.4 million (2022 - $353.6 million). Collateral held to secure those loans had a market value of $188.5 million (2022 - $372.2 million).

Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and security prices.

Foreign Currency Risk

The Plan is exposed to currency risk through holdings of foreign equities where investment values may fluctuate due to changes in foreign exchange rates. The Plan manages foreign currency risk by investing in securities that are strategically distributed over several geographic areas to limit exposure to any one foreign currency.

On December 31, 2023, the Plan's foreign currency exposures were as follows:

CURRENCY

(thousands of Canadian dollars)

	2023	2022
United States dollar	**$ 1,082,087**	$ 1,070,593
British pound sterling	**181,786**	150,735
Euro	**237,885**	242,747
Other European currencies	**57,934**	67,682
Japanese yen	**153,002**	164,652
Other Pacific currencies	**159,097**	165,178
Emerging Market currencies	**353,218**	312,011
Total	**2,225,009**	2,173,598

The Plan also manages currency risk through the use of currency forwards. These currency forwards are used to dynamically hedge the Plan's developed market foreign currency exposure. As at December 31, 2023 the fair value of the currency forwards payable was $951.2 million (2022 - $1,025.1 million) and the fair value of the currency forwards receivable was $973.7 million (2022 - $1,038.1 million).

The Plan's currency forward contracts at December 31, 2023, were as follows:

CURRENCY

(thousands of Canadian dollars)	**2023**			2022		
	Market Value	**Notional Value**	**Gain (Loss)**	Market Value	Notional Value	Gain (Loss)
Canadian Dollar	**$ 551,568**	**$ 551,568**	**$ -**	$ 715,143	$ 715,143	$ -
British Pound	**(111,549)**	**(112,972)**	**1,423**	(149,175)	(153,359)	4,184
Euro Currency	**70,251**	**70,356**	**(105)**	26,901	26,860	41
United States Dollar	**(692,270)**	**(712,113)**	**19,843**	(663,210)	(668,990)	5,780
Australian Dollar	**(16,952)**	**(16,780)**	**(172)**	(16,011)	(16,055)	44
Japanese Yen	**218,030**	**216,696**	**1,334**	97,524	94,692	2,832
New Zealand Dollar	**(2,158)**	**(2,146)**	**(12)**	(2,429)	(2,471)	42
Norwegian Krone	**3,839**	**3,656**	**183**	7,791	7,736	55
Swedish Krona	**1,757**	**1,735**	**22**	(3,498)	(3,556)	58
Total	**22,516**	**-**	**22,516**	13,036	-	13,036

As at December 31, 2023, if the Fund's functional currency, the Canadian dollar, had strengthened or weakened by 5% in relation to all other currencies with all other variables held constant, the net assets would have decreased or increased respectively, by approximately $67.1 million (approximately 2% of net assets) (2022 - $73.6 million or 2% of net assets). In practice, the actual trading results may differ from this approximate sensitivity analysis and the differences could be material.

Equity Price Risk

The Plan is exposed to changes in equity prices in global markets. The Board's policy is to invest in a diversified portfolio of investments. No one investee or related group of investees represents greater than 10% of the total book value of the assets of the plan. As well, no one holding represents more than 30% of the voting rights of any corporation.

As at December 31, 2023 had market prices, as measured by the benchmark indices, increased or decreased by 10%, with all other variables held constant, the Investment Fund's net assets available for benefits would have increased or decreased by approximately:

(thousands of dollars)

Market	Benchmark	2023 Impact	2022 Impact
Canadian Equities	S&P TSX Composite Total Return Index	**$ 51,109**	$ 54,737
U.S. Large Cap Equities	S&P 500 Total Return Index	**56,348**	57,097
U.S. Small Cap Equities	Russell 2000 Total Return Index	**14,027**	13,354
Non North American Equities	MSCI EAFE Total Return Index	**69,761**	70,283
Emerging Market Equities	MSCI Emerging Market IMI Index	**25,949**	28,386
Reits	FTSE Epra/Nareit Developed Liquid Index	**-**	4,441
Total		**217,194**	228,298

Liquidity Risk

Liquidity risk is the risk that the Plan will encounter difficulty in meeting obligations associated with financial liabilities. The Plan manages liquidity risk by maintaining adequate cash and short-term securities and monitoring actual and forecasted cash flows to support the Plan's operating needs.

5. Actuarial Valuation of Pension Assets and Liabilities

The payments to retired members who chose to receive a fixed monthly pension from the Plan are paid from the CSS Pensions Fund. An actuarial valuation of the assets held in the CSS Pensions Fund and of the Plan's pension liability is required every three years by law. The most recently completed valuation was conducted as at December 31, 2022. At that date, the Plan's actuary reported that the market value of the assets held in the CSS Pensions Fund exceeded the Plan's pension liability as indicated below.

ACTUARIAL POSITION

(thousands of dollars)	2022	2019
Market Value of Assets:	**$ 598,775**	$ 707,080
Less actuarial value of Pension Liability	**(562,684)**	(664,641)
Surplus at December 31	**$ 36,091**	$ 42,439
Reserve for adverse deviation from assumptions	**$ 36,091**	$ 42,439

On April 1, 2019 the Plan entered into a longevity insurance contract with The Co-operators Life Insurance Company. The agreement transfers the Plan's exposure to potential increases in pensioner longevity (the risk pensioners will live longer than expected), for over 6,300 retired members, to The Co-operators Life Insurance Company in exchange for a quarterly premium payment. The strategy mitigates the risk that pension assets will be insufficient to pay liabilities in the future. The cost of the insurance contract is reflected in the actuarial value of the Pension liabilities.

Based on monthly immunization calculations performed by the Plan's external Pensions Fund Manager, Management estimates that the market value of the Pensions Fund as at December 31, 2023, continued to be adequate to fully fund the Plan's pension liability and provide a reserve for adverse deviation from assumptions. The assumptions used by the Pensions Fund Manager may vary from the assumptions used by the Plan's actuary in performing the Plan's triennial actuarial valuations.

6. Unit Pricing

Investment income, gains and losses accruing on the assets held in the investment funds available to members are credited to those invested through daily changes in fund unit prices. Investment and administration expenses relating to each fund are accrued to each fund prior to establishing its daily unit price. Depending on whether a fund experiences a net gain or loss after expenses, the fund's unit price increases or decreases accordingly. Fund transactions may be suspended temporarily at management's discretion where an accurate unit price for a fund cannot be determined due to the unavailability of reliable market pricing or other asset valuations.

Fund transactions are processed using "forward pricing". This means that they are processed at the next unit price set after receiving funds or instructions. Contributions to, and transfers between the investment funds available to members are processed on a daily basis in the normal course. Lump sum withdrawals are generally processed on a weekly basis. Periodic withdrawals of retirement income are processed in accordance with the terms of each member's application for benefits.

On December 31, 2023, the CSS Balanced Fund's unit price was $29.1086 (2022 - $27.1339), the CSS Money Market Fund's unit price was $14.0188 (2022 - $13.3447), the CSS Equity Fund's unit price was $26.5454 (2022 - $24.3657), and the CSS Bond fund's unit price was $14.7662 (2022 – $13.7962).

7. Reconciliation of Members' Accounts

In accordance with Canadian accounting standards for pension plans, the Consolidated Statement of Net Assets Available for Benefits includes the fair value of the investments held on behalf of plan members as well as fixed assets and various adjustments and accruals. Only actual cash transactions and market value changes that occurred from January 1, 2023, to the last business day of the year, however, are reflected in the unit prices and unit counts that determine the total value of members' accounts at year-end.

As stated in the Consolidated Statement of Financial Position, the value of net assets available for benefits as at December 31, 2023 was $4,418,132 (2022 - $4,254,140) while the total value of members' accounts as per the Plan's unitized record keeping system on this same date was $4,417,045 (2022 - $4,246,682). The difference between these two amounts is reconciled below.

RECONCILIATION

(thousands of dollars)

	2023	2022
Net Assets Available for Benefits	$ 4,418,132	$ 4,254,140
Add Back		
Accrued Expenses	185	235
Withdrawals Payable	7,333	4,206
Deduct		
Market Value Adjustments	(2,465)	(6,189)
Contribution Receivable	(6,140)	(5,710)
Total Value of Member's Accounts	4,417,045	4,246,682

8. Interfund Balances

Interfund balances represent an accrual of the outstanding administration charges owed by the CSS Pensions Fund to the CSS Balanced Fund at the end of the reporting period, plus an interest charge on this and other amounts owed during the year. Interest is calculated on the amount outstanding monthly at the rate earned on Canadian T-bills for the immediately preceding month. Amounts owed are reimbursed to the CSS Balanced Fund.

9. Fund Returns and Expenses

The rates of return and management expense ratios (MER) of the investment funds offered to Plan members in 2023 were as follows:

	2023		2022	
FUND	Return	MER	Return	MER
Balanced Fund	7.28%	0.66%	(5.86%)	0.52%
Money Market Fund	5.05%	0.21%	1.64%	0.17%
Bond Fund	7.03%	0.57%	(7.24%)	0.48%
Equity Fund	8.95%	0.46%	(6.96%)	0.43%

The returns stated are net of all administrative and investment expenses.

10. Investment Funds Detail

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands of dollars)	2023					2022
	Balanced Fund	**Money-Mkt Fund**	**Bond Fund**	**Equity Fund**	**Total**	Total
Assets						
Investments	**$ 3,916,340**	**$ 163,182**	**$ 35,479**	**$ 269,318**	**$ 4,384,319**	$ 4,084,597
Cash	**20,087**	**-**	**-**	**-**	**20,087**	20,605
Accrued investment income	**3,638**	**-**	**-**	**316**	**3,954**	4,227
Accounts receivable						
Employee contributions	**451**	**-**	**-**	**-**	**451**	467
Employer contributions	**421**	**-**	**-**	**-**	**421**	475
Capital assets	**180**	**-**	**-**	**-**	**180**	271
Intangible assets	**607**	**-**	**-**	**-**	**607**	-
Due from brokers	**22,496**	**-**	**-**	**-**	**22,496**	153,377
Interfund balance	**-**	**3,425**	**1,361**	**5,325**	**10,111**	17,309
	3,964,220	**166,607**	**36,840**	**274,959**	**4,442,626**	4,281,328
Liabilities						
Due to broker	**-**	**-**	**-**	**-**	**-**	30
Accounts payable	**11,639**	**1,051**	**148**	**1,780**	**14,618**	9,883
Interfund balance	**9,876**	**-**	**-**	**-**	**9,876**	17,275
	21,515	**1,051**	**148**	**1,780**	**24,494**	27,188
Net Assets Available for Benefits	**3,942,705**	**165,556**	**36,692**	**273,179**	**4,418,132**	4,254,140

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(thousands of dollars)	2023					2022
	Balanced Fund	Money-Mkt Fund	Bond Fund	Equity Fund	Total	Total
Change in Net Assets						
Investment income						
Interest	$ 4,780	$ 7,842	$ -	$ -	$ 12,622	$ 6,619
Dividends						
Canadian dividends	13,480	-	-	1,837	15,317	18,696
Foreign dividends	32,143	-	-	2,964	35,107	29,128
Pooled fund distributions	35,970	-	1,118	3,939	41,027	45,100
Increase (decrease) in market value of investments	211,049	(1,022)	1,559	5,695	217,281	(337,254)
Other	670	63	69	40	842	786
	298,092	6,883	2,746	14,475	322,196	(236,925)
Employee contributions	87,720	990	505	10,609	99,824	96,008
Employer contributions	82,929	947	537	11,263	95,676	91,182
Transfers in	5,464	745	54	332	6,595	11,822
Interfund transfers	(55,145)	44,201	4,063	6,881	-	-
	120,968	46,883	5,159	29,085	202,095	199,012
Total increase (decrease) in assets	419,060	53,766	7,905	43,560	524,291	(37,913)
Administrative expenses						
Investment services	17,213	101	130	840	18,284	15,970
Investment transaction costs	373	16	3	24	416	535
Salaries and employment costs	3,458	147	30	223	3,858	3,340
Operations	5,099	91	19	138	5,347	4,525
Membership control	108	4	1	5	118	71
Longevity insur. (recovery)	(2,735)	-	-	-	(2,735)	(2,521)
CCRL admin (recovery)	(213)	-	-	-	(213)	-
Admin. expenses (recovery)	(1,434)	(62)	(12)	(76)	(1,584)	(1,624)
	21,869	297	171	1,154	23,491	20,296
Equity repayments	179,023	31,518	3,808	10,056	224,405	182,156
Variable benefit payments	44,645	19,166	1,047	904	65,762	63,169
Equity transferred to Pensions Fund	31,066	15,218	215	142	46,641	36,470
	254,734	65,902	5,070	11,102	336,808	281,795
Total decrease in assets	276,603	66,199	5,241	12,256	360,299	302,091
Increase (decrease) in Net Assets	142,457	(12,433)	2,664	31,304	163,992	(340,004)
Net Assets Available for Benefits, Beginning of Year	3,800,248	177,989	34,028	241,875	4,254,140	4,594,144
Net Assets Available for Benefits, End of Year	3,942,705	165,556	36,692	273,179	4,418,132	4,254,140

11. Comparative Figures

Certain comparative figures have been reclassified to conform with current year presentation. Contributions previously included transfers in with employers contributions. Presentation has been changed to show these amounts separately.

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