

Q4

Quarterly Investment Report

Quarter ending
December 31, 2025



PENSION PLAN

Quarterly Market Commentary

*Commentary provided by TDAM, manager of the Plan's short-term, commercial mortgage, and real estate mandates. Returns in local currency unless otherwise stated.

CSS FUND FACTS

\$5.7 billion

APPROX. ASSETS
UNDER MANAGEMENT

0.63%

BALANCED FUND MANAGEMENT
EXPENSE RATIO (MER)

56,700

APPROX. EMPLOYEE MEMBERS

294

APPROX. EMPLOYER MEMBERS

As 2026 begins, the global economy is navigating a period marked by resilience, recalibration, and renewed momentum. Despite a complex backdrop of policy shifts, evolving trade dynamics, and lingering geopolitical uncertainties, markets have demonstrated notable strength. Equity performance in 2025 was robust across major regions, supported by solid corporate fundamentals and improving investor confidence.

In the U.S., the economic expansion has proven surprisingly durable. Strong consumer spending and a healthy labour market continue to anchor growth, even as tighter monetary policy works its way through the system. U.S. real Gross Domestic Product ("GDP") is expected to grow at approximately 2.2% in 2026, with inflation gradually trending toward the U.S. Federal Reserve's ("the Fed") 2% target. At the same time, rising investment in technology and industrial capacity is driving meaningful productivity gains and fueling a new wave of reindustrialization. While risks remain—from a

softening U.S. dollar to evolving trade policy—the U.S. continues to exhibit leadership in innovation and capital investment.

Canada enters 2026 on steadier footing following a volatile prior year. With GDP anticipated to expand by roughly 1.3%, the economy is supported by easing inflation, stable interest rates, and fiscal initiatives aimed at strengthening productivity and broadening trade capacity. The government's focus on defense, housing, and infrastructure underscores a strategic shift toward long-term economic resilience. However, the upcoming United States–Mexico–Canada Agreement renewal represents a key source of uncertainty that could influence business confidence and cross-border trade for years to come.

Globally, economic divergence remains prominent. Europe shows early signs of stabilization after prolonged softness, while Asia—particularly China—continues to deliver growth, albeit unevenly. Emerging Markets benefit from structural trends such as urbanization and technological adoption, though geopolitical and regulatory risks require selectivity.

Overall, 2026 is shaping up to be a year that rewards active management, global diversification, and disciplined attention to quality as markets continue to adapt to a shifting macroeconomic landscape.

Quarterly Market Commentary continued

Equities

Equity markets entered 2026 following a year in which resilience and adaptability defined global investor sentiment. Throughout 2025, several regions demonstrated an ability to navigate inflation pressures, shifting monetary policy, and evolving geopolitical dynamics. Strong corporate fundamentals, steady earnings revisions, and renewed confidence in global growth drivers contributed to broad market stability.

U.S. equities benefitted from healthy corporate balance sheets and continued investment in productivity-enhancing technologies. Companies across sectors emphasized capital discipline, operational efficiency, and shareholder-friendly actions such as dividends and buybacks. These themes supported market confidence even as policy developments and currency movements introduced bouts of volatility.

Canadian equities stood out for their ability to withstand persistent macroeconomic uncertainty. Sectors tied to resources and financials provided stability, supported by disciplined management and attractive valuations. Broader market participation and steady cash generation reflected the underlying strength of the corporate landscape, reinforcing Canada's reputation for quality-oriented equity opportunities.

Internationally, equity performance varied.

Certain Asia-Pacific markets continued to benefit from structural reforms, governance improvements, and strong export dynamics. Technology-oriented economies demonstrated momentum driven by innovation and global supply-chain repositioning.

Meanwhile, parts of Europe grappled with weaker macroeconomic indicators, though fiscal supports and early signs of stabilization offered some balance.

Emerging Markets overall showed the ongoing impact of urbanization, technological adoption, and demographic tailwinds, yet remained sensitive to shifts in global risk appetite and regulatory developments. Across regions, a unifying theme is the increasing influence of technological advancement, digital transformation, and AI-related investment on corporate strategies. These forces are reshaping competitive dynamics, enabling productivity gains, and broadening the opportunity set available to equity investors.

Fixed Income

The fixed income landscape entering 2026 reflects an environment shaped by shifting monetary policy, evolving inflation dynamics, and renewed attention to credit quality. Throughout 2025, bond markets navigated a mix of rate movements, policy signals, and macroeconomic uncertainty, resulting in varied outcomes across government, corporate, and global segments.

In Canada, fixed income markets absorbed the impact of earlier rate adjustments while benefiting from moderating inflation trends. Government bonds continued to provide a foundation of stability, supported by consistent income generation. Corporate issuers demonstrated strong balance sheet discipline, contributing to healthy demand across investment-grade markets. High-yield issuers also showed progress in deleveraging, reinforcing confidence in the broader credit spectrum.

U.S. fixed income markets experienced meaningful volatility, driven by shifting expectations around the Fed's policy. Despite these fluctuations, investor demand remained firm across both government and corporate segments. High-quality credit continued to attract interest, reflecting a desire for income resilience amid macroeconomic uncertainty. Globally, fixed income conditions were mixed. Japanese government bonds faced pressure as domestic monetary policy adjusted, while European sovereigns contended with concerns around fiscal sustainability and muted growth momentum.

Emerging market debt offered comparatively higher yields but also carried heightened sensitivity to global risk sentiment, liquidity conditions, and policy divergence. Across regions, themes of credit selectivity, income stability, and policy awareness remain central. Investors continue to navigate an environment where inflation trajectories, issuance trends,

Quarterly Market Commentary continued

and monetary decisions play a defining role in shaping fixed income opportunities and risks.

Alternative investments

The alternatives landscape heading into 2026 reflects a market environment shaped by shifting demand patterns, evolving capital flows, and renewed interest in real assets. Throughout 2025, alternative asset classes demonstrated resilience as investors sought diversification, inflation protection, and sources of steady income amid fluctuating macroeconomic conditions.

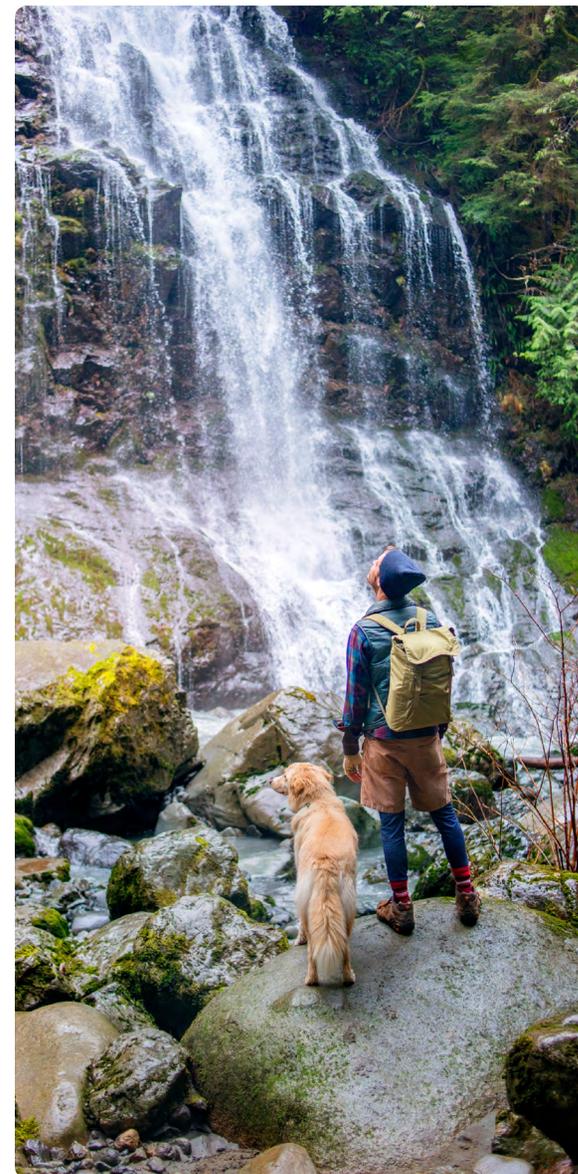
Commodities benefited from broad global demand, supported by ongoing industrial expansion, infrastructure spending, and the continued integration of advanced technologies such as artificial intelligence into supply chains. While individual commodity categories experienced varying levels of momentum, the asset class as a whole remained an important diversifier for portfolios navigating uncertainty and cyclical market pressures.

Infrastructure continued to solidify its role as a core component within alternatives. Massive investment in AI-related data capacity, renewable energy, transportation networks, and industrial re-shoring initiatives contributed to consistent demand. These long-duration assets, often underpinned by regulated or contracted cash flows, offered structural support during periods of market volatility and reflected the ongoing transition toward more

technologically enabled and sustainable economic systems.

Real estate markets also progressed through a year of recalibration. In the U.S. and globally, sentiment improved as investors gravitated toward high-quality assets capable of delivering stability and income. Key sectors—such as logistics, data-centric properties, and select retail formats—benefited from shifting consumer behaviour and heightened demand for resilient physical infrastructure. In Canada, major development projects and supportive fiscal measures helped set the stage for gradual recovery, with investors showing interest in regions and sectors demonstrating strong fundamentals.

Across the alternatives spectrum, themes of structural transformation, income durability, and inflation sensitivity remain central. Investors continue to view alternatives as an essential pillar of long-term portfolio construction, offering diversification and exposure to real-economy trends shaping the decade ahead.

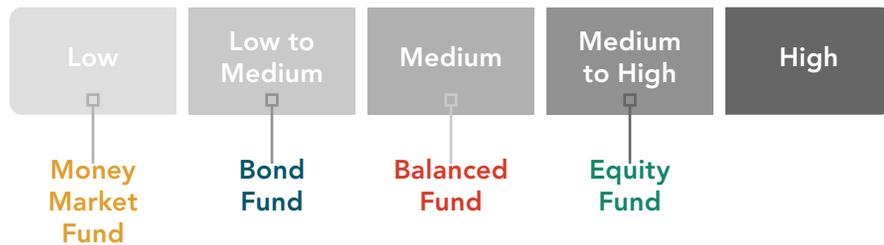


Performance and Risk Metrics

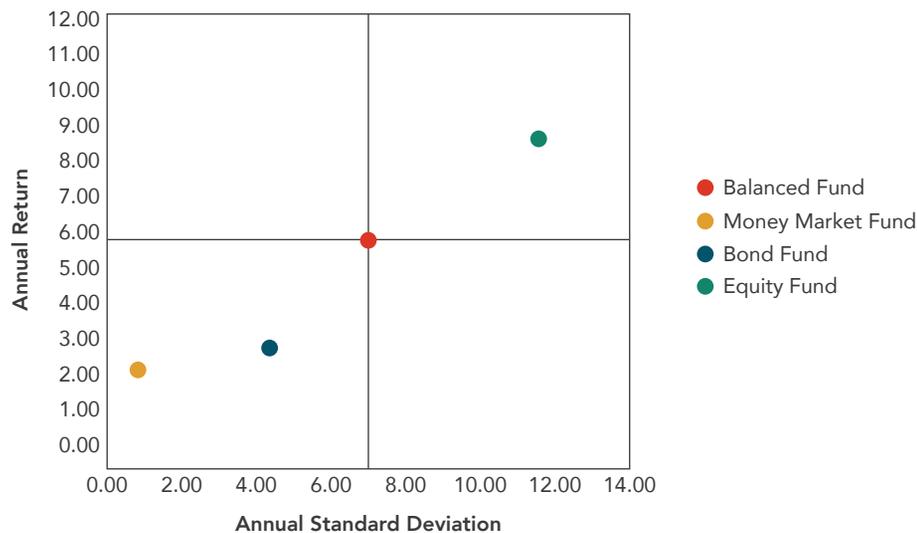
CSS FUNDS

Comparative Risk

This chart indicates how we expect the annualized volatility of CSS' funds to compare over the long term.

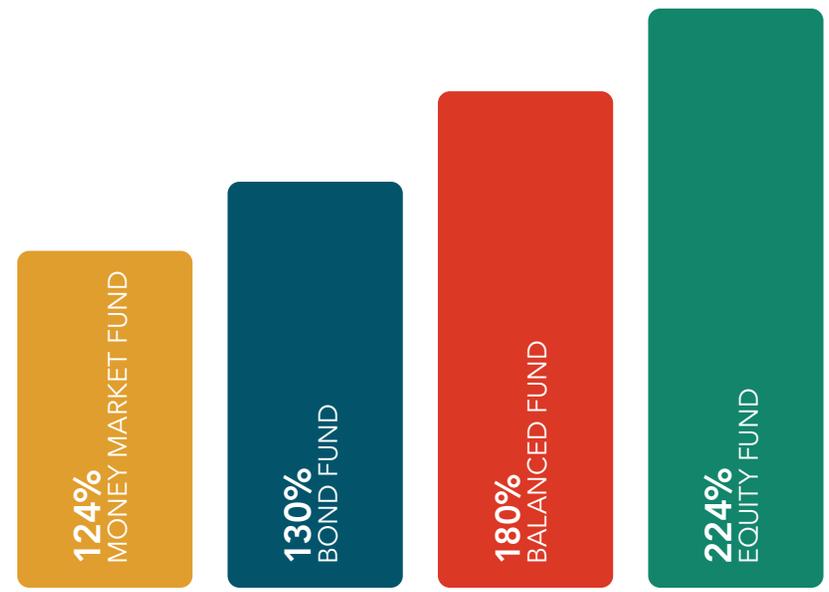
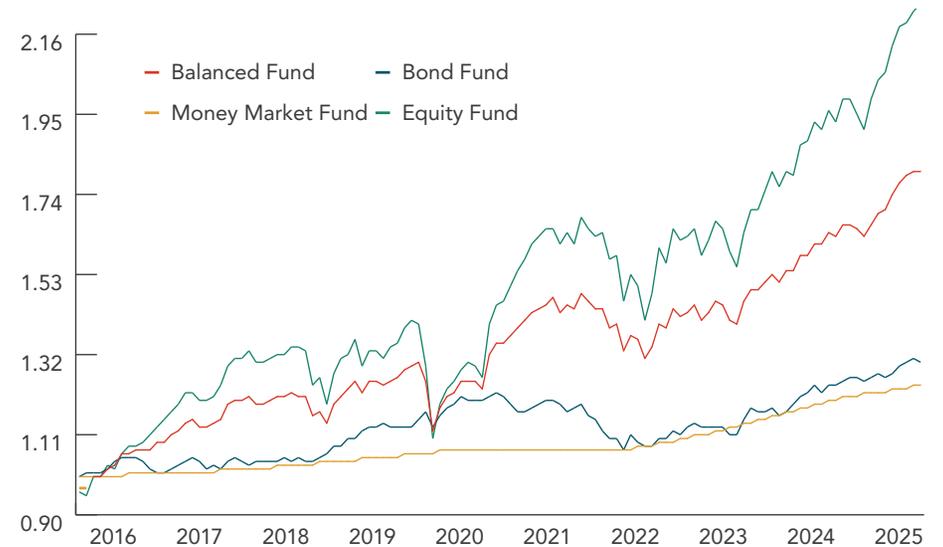


Realized Risk and Return of CSS



10-Year Cumulative Performance

10 years ending December 31, 2025 | Growth of a unit value



Balanced Fund

MER 0.63%

DEFAULT STRATEGY

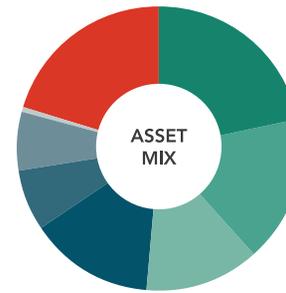
Who Should Invest?

- ▶ Suitable for members who are seeking growth with moderate volatility/risk
- ▶ Those seeking diversified exposure to global equities, fixed income and alternatives
- ▶ Medium to long-term investors

Fund Objectives

- ▶ Targeted investment returns of inflation plus four percent
- ▶ Moderate long-term volatility
- ▶ Periodic annual losses are expected

Asset Mix

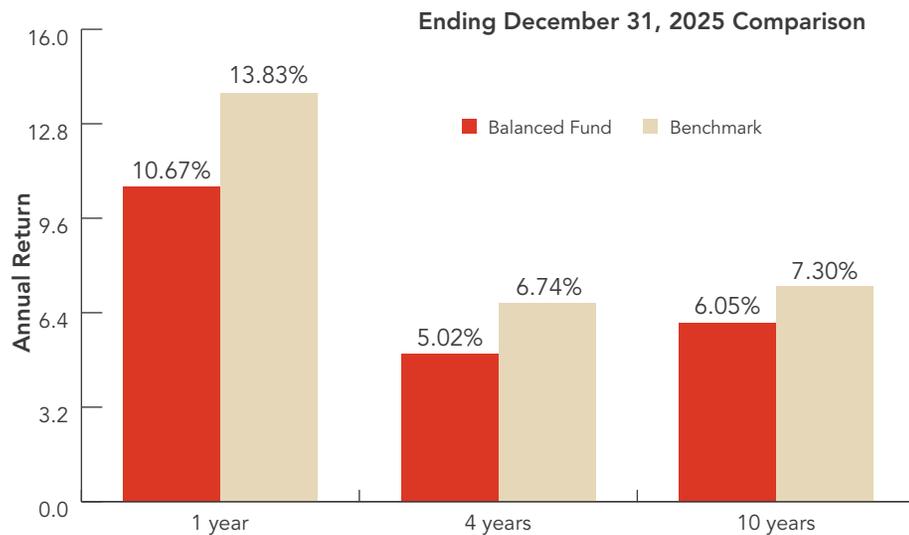


- International & EM Equities
- U.S. Equities
- Canadian Equities
- Global Bonds
- Canadian Bonds
- Commercial Mortgages
- Short Term Liquidity
- Real Assets

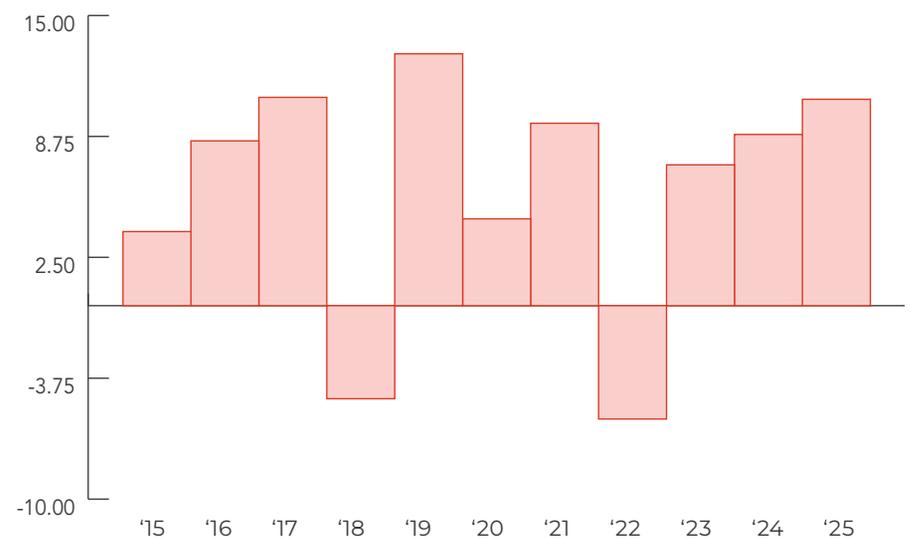
Asset Class Subgroups

International Large/Mid Cap Equity	15.86%
Canadian Large Cap Equity	12.84%
U.S. Large Cap Equity	13.84%
Global Bonds	7.84%
Private Canadian Commercial Mortgages	6.60%
Canada Universe Bonds	6.99%
Private Canadian Real Estate	5.09%
Emerging Markets All Cap Equity	5.81%
Emerging Market Debt	6.40%
U.S. Small Cap Equity	3.07%
Private Global Real Estate	5.24%
Private Global Infrastructure	9.79%
Short Term Liquidity	0.64%
TOTAL	100.00%

Annualized Investment Performance to Benchmark



Annual Returns History (ending December 31, 2025)



Equity Fund

MER 0.42%

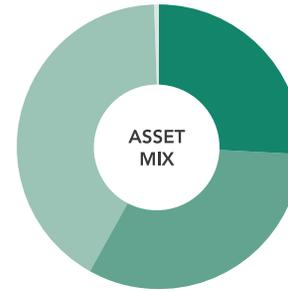
Who Should Invest?

- ▶ Suitable for members who are looking to improve long-term returns by taking on more investment risk
- ▶ Individuals with longer term investment horizons, such as younger members, may find this fund suitable provided they can tolerate the additional volatility
- ▶ Medium to high level of investment risk

Fund Objectives

- ▶ Long-term returns consistent with global equity markets
- ▶ Annualized volatility expected to average 18 – 20%
- ▶ Periodic losses are expected

Asset Mix

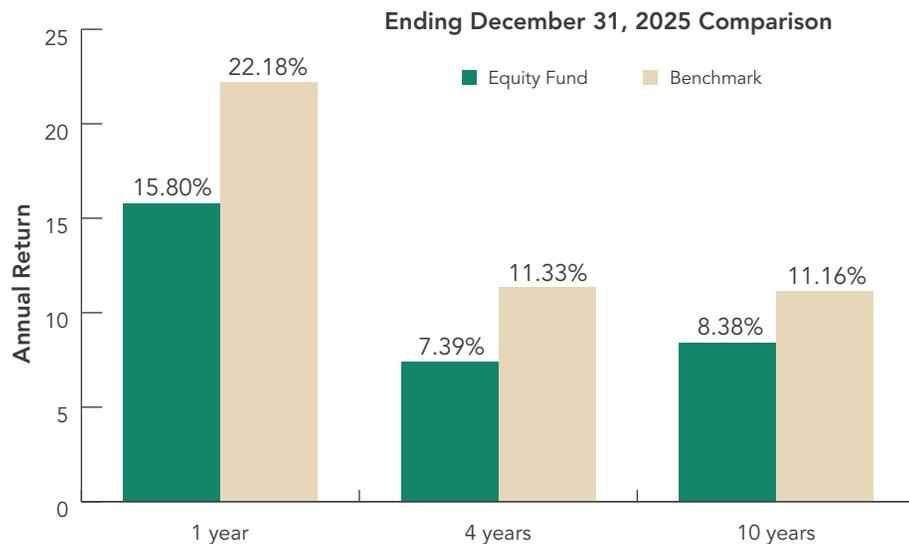


- Canadian Equities
- US Equities
- International & EM Equities
- Short Term Liquidity

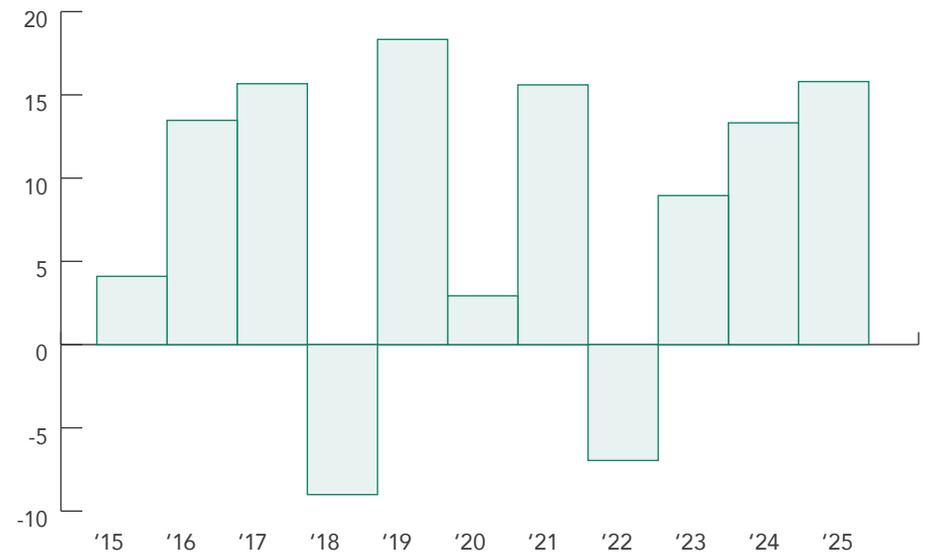
Asset Class Subgroups

International Large/Mid Cap Equity	31.28%
Canadian Large Cap Equity	25.96%
US Large Cap Equity	26.13%
Emerging Markets All Cap Equity	10.11%
US Small Cap Equity	6.03%
Short Term Liquidity	0.49%
TOTAL	100.00%

Annualized Investment Performance to Benchmark



Annual Returns History (ending December 31, 2025)



Bond Fund

MER 0.41%

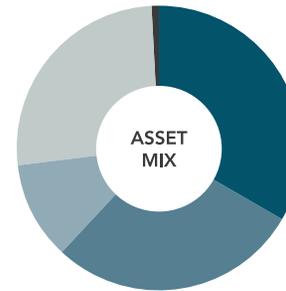
Who Should Invest?

- ▶ Suitable for members who wish to adjust the amount of their pension funds allocated to fixed income in order to reduce risk
- ▶ Members in or approaching retirement can use the Bond Fund to reduce the overall risk of their retirement portfolio where appropriate
- ▶ Medium to long-term investors

Fund Objectives

- ▶ The objective of the Bond Fund is to provide a modest long-term return with a risk of occasional short-term losses

Asset Mix



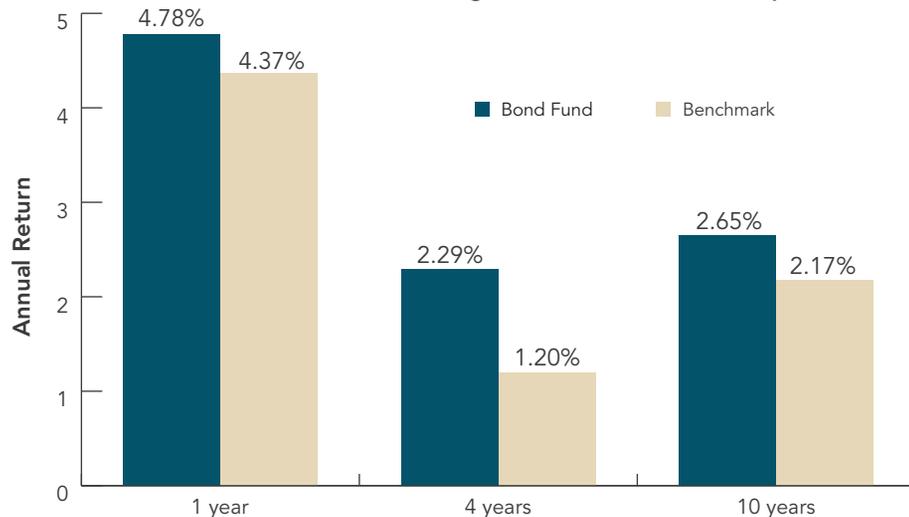
- Canada Bonds
- Global Bonds
- Emerging Market Debt
- Private Commercial Mortgages
- Short Term Liquidity

Asset Class Subgroups

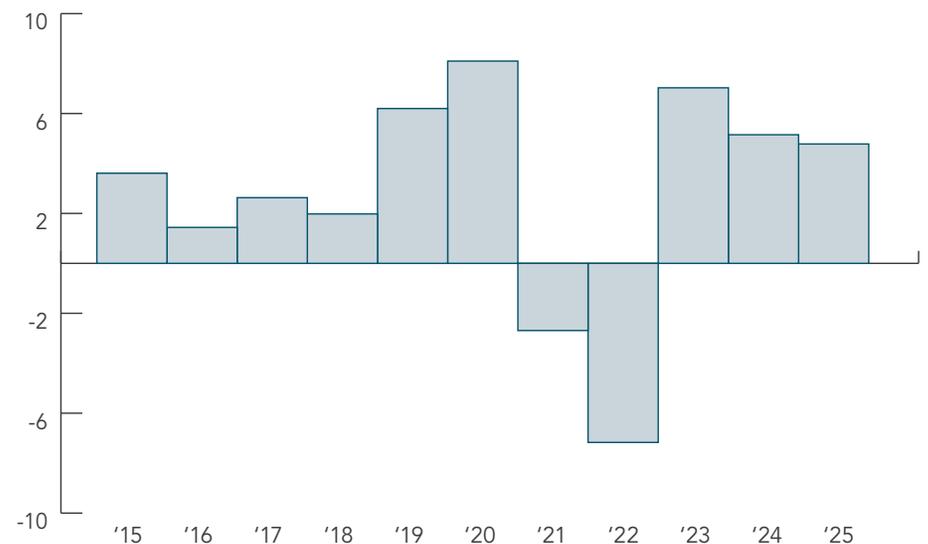
Core Plus Canada Bonds	33.40%
Global Bonds	28.57%
Emerging Market Debt	11.16%
Private Commercial Mtges	26.11%
Short Term Liquidity	0.76%
TOTAL	100.00%

Annualized Investment Performance to Benchmark

Ending December 31, 2025 Comparison



Annual Returns History (ending December 31, 2025)



Money Market Fund MER 0.16%

Who Should Invest?

- ▶ Suitable for members in need of liquidity and preservation of capital
- ▶ Retirees can use the fund as a liquidity reserve or spending reserve during retirement
- ▶ Members can use the fund to reduce risk
- ▶ Short-term investors (not recommended as a long-term investment)

Fund Objectives

- ▶ Provide preservation of capital and liquidity while providing a modest rate of return with limited volatility
- ▶ The likelihood of losses are limited but not zero
- ▶ Returns are expected to be similar to 91-Day Treasury Bills

Asset Mix



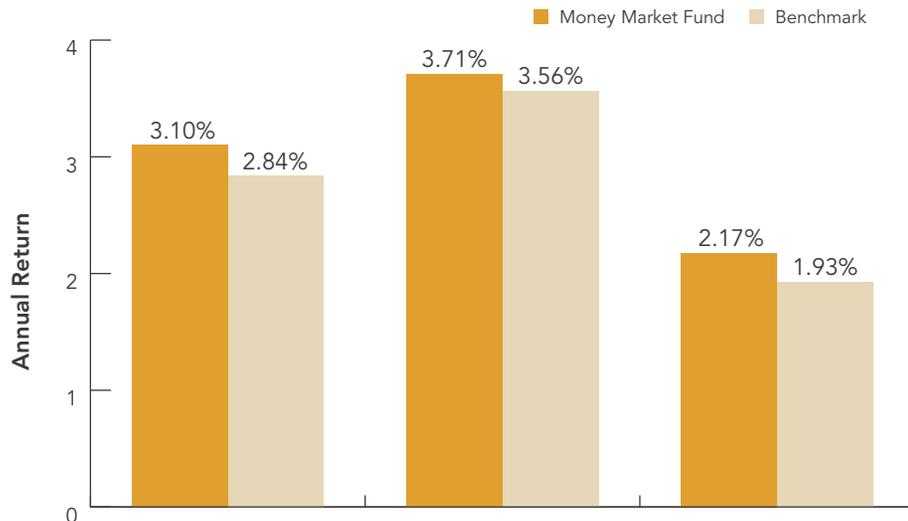
- Corporate
- Cash & Equivalents
- Other Assets & Liabilities

Asset Class Subgroups

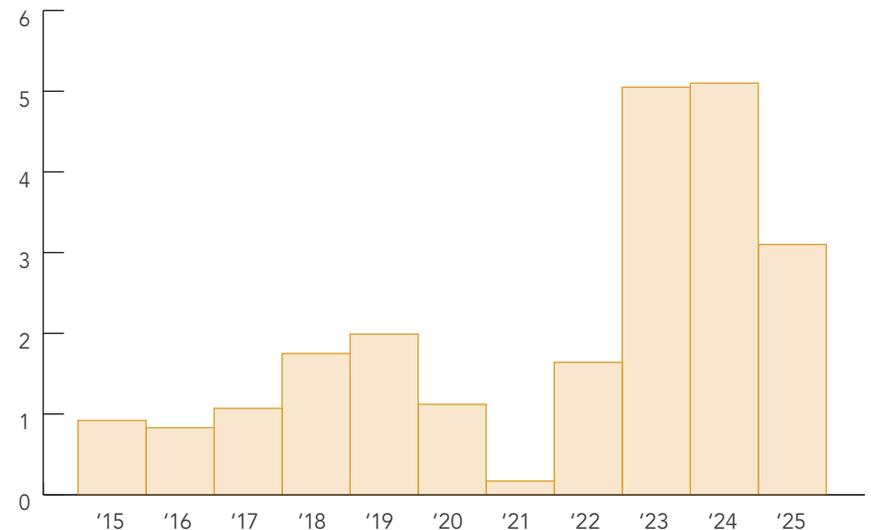
Cash and Cash Equivalents	3.00%
Corporate	97.09%
Other Assets and Liabilities	-0.09%
TOTAL	100%

Annualized Investment Performance to Benchmark

Ending December 31, 2025 Comparison



Annual Returns History (ending December 31, 2025)



Exposure to Underlying Managers/Funds

Asset Class	Investment Approach	Manager/Fund Name	Benchmark	Exposure Balanced Fund	Exposure Equity Fund	Exposure Bond Fund
Canadian Equities	Active	QV Investors	S&P TSX Composite index	8.44%	16.09%	
Canadian Equities	Active	Scheer Rowlett & Associates	S&P TSX Composite index	4.40%	9.87%	
U.S. Large Cap Equities	Systematic	Scientific Beta Multifactor	S&P 500 Total Return index	6.40%	12.97%	
U.S. Large Cap Equities	Active	GMO	S&P 500 Total Return index	7.44%	13.16%	
U.S. Small Cap Equities	Active	Hilldsale Investment Management	Russell 2000 Total Return index	3.07%	6.03%	
International Equities	Active	Sprucegrove Investment Management	MSCI EAFE Net index	8.13%	15.21%	
International Equities	Systematic	JP Morgan Diversified Multifactor	MSCI EAFE Net index	7.72%	16.07%	
Emerging Equities	Active	Wellington Emerging Market Opportunities	MSCI EM IMI index	5.81%	10.11%	
Canada Core Plus Bonds	Active	Wellington Canada Universe Bonds Plus	FTSE Canada Universe Bond Index	6.99%		33.40%
Global Bonds	Active	Wellington Opportunistic Fixed Income	Bloomberg Barclay's Global Aggregate Index	7.84%		28.57%
Private Commercial Mortgages	Active	TD Greystone	60% Short bond + 40% mid bond + 50 bps	6.60%		26.11%
Emerging Market Debt	Active	Blackrock Flexi Dynamic Bond Fund	JP Morgan JEMBI Sovereign Only	6.40%		11.16%
Short Term	Active	TDAM Short Term Investments	FTSE Canada 91 day T-bill index	0.64%	0.49%	0.76%
Canada Private Real Estate	Active	TD Greystone	CPI + 4%	5.09%		
Global Private Real Estate	Active	TD Greystone	CPI + 4%	1.79%		
Global Private Real Estate	Active	UBS Asset Management	CPI + 4%	3.45%		
Global Private Infrastructure	Active	JP Morgan IIF	CPI + 4%	5.76%		
Global Private Infrastructure	Active	IFM	CPI + 4%	4.02%		
Dynamic Currency Overlay	Active	Mackenzie Financial	Custom			
				100%	100%	100%

Additional Investing Resources

The following online resources can help you make informed investment decisions tailored to your personal retirement goals.

RISK TOLERANCE ESTIMATOR

Determine the investment mix that is right for you based on your willingness vs. ability to take on risk.

CSS INVESTOR STORIES

These stories profile typical members should give you “food for thought” as you think about your own situation.

HISTORICAL UNIT PRICES

View historical unit values for the CSS Pension Plan’s investment funds.

CSS PENSION PLAN

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