Quarterly Investment Report.

Quarter ending September 30, 2022

PENSION PLAN

Strength in Numbers.

QUARTERLY MARKET COMMENTARY

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

While there are some signs that inflation levels are moderating, aggressive monetary tightening by hawkish central banks have yet to significantly dent resilient demand. However, as rates rise, economic data is pointing to a slowdown in economic activity. Global Purchasing Managers' Index (PMI) surveys have turned broadly contractionary and are continuing to deteriorate, particularly within the services side of the economy. Global Gross Domestic Product (GDP) figures have been weakening, with construction and government spending only partly offsetting modest increases in trade and consumption. While labour has remained strong, with tight job markets driving wage growth, when factoring in high inflation, real wage growth remains negative.

While the current economic backdrop may look gloomy for most asset classes, underlying market fundamentals appear as sound as corporations, particularly in North America, remain generally well capitalized. Market drawdowns can provide opportunity and broad selloffs often create dislocations within equity markets where quality companies begin trading at valuation discounts, making them attractive long-term investments. This can also apply to fixed income assets. While bonds have sold off and have delivered disappointing performance in 2022, this could be a good entry point for investors looking to generate positive all-in returns over the strategic term in both government and high-quality corporate bonds. Additionally, alternative assets can provide long-term inflation protection and attractive absolute returns while potentially providing quality strategic investment opportunities.

Equities

Canadian equities, despite potential headwinds, including the possibility of a real estate correction, may provide outerperformance potential. As with other developed markets, earnings expectations may need to be revised broadly lower which could hurt performance for various sectors. Financial stock valuations appear reasonable however and will likely see growing interest income as rates rise. Additionally, elevated energy prices could be more durable than expected due to relatively inelastic demand and limited new oil supply.

Economic data is showing evidence of a slowing U.S. economy. Below trend growth is forecasted for this year with an increasing likelihood of a recession in 2023 as the Fed tightens financial conditions. Consumer demand is likely to wane as unemployment rises with higher interest rates, and business investment may decline along with corporate profits. While recent economic

Continue

CSS FUND FACTS

$5.3 billion
Approx. assets under management

0.43%
Balanced Fund management expense ratio (MER)

51,700
Approx. employee members

313
Approx. employer members

QUARTERLY MARKET COMMENTARY CONT'D

data has been mixed, the U.S. economy and corporate balance sheets continue to show relatively solid underlying fundamentals. Though at a current forward price-to-earnings (PEs) multiple of ~ 17.5 for S&P 500 Index companies, valuations may still be elevated considering the uncertain economic backdrop.

Continued contraction in economic activity, low business and consumer confidence, as well as regional geopolitical instability remain significant headwinds for international equities. Growth estimates may also be on the high end for many international markets and will likely need to be revised lower. However, forward PEs remain near multi-year lows and present select relative valuation opportunities.

The Chinese government has shown some commitment to spurring economic growth through monetary easing which could provide some support. However, present regional geopolitical risks, China's struggling real estate market, historically high youth unemployment as well as the continuation of highly restrictive COVID-19 containment measures, could continue to weigh on equity performance for several quarters as its economic production is shut down.

Emerging markets equities, like most regions of the world have endured an extended period of elevated inflation, concerns over global central bank monetary tightening, and the prospect of recession in many western markets. The outlook for emerging markets remain clouded with risk, but low relative strategic valuations may present some quality growth opportunities.

Fixed income

Despite some widening in corporate spreads over the quarter, the investment environment appears constructive for corporate credit. Corporate fundamentals remain relatively solid as we enter an economic slowdown and financial conditions should remain supportive to the corporate sector.

Domestic government bond yields have increased significantly as North American central banks hike rates to curb the impacts of persistent inflation and wage pressures in labour markets. Yields are at multi-year highs and government bond yields have become more appealing due to their potential to generate stable and higher returns over the longer term.

Credit fundamentals for high-yield issuers remain reasonably supportive of positive long-term returns after a prolonged period of balance sheet discipline. However, high yield spreads have become more elevated recently, and appear to be fairly priced at current levels. High yield bonds may not currently provide adequate risk/reward compensation as increased volatility is expected for the asset class.

Elevated global inflation readings in developed markets are driving expectations for higher short-term rates, via interest rate hikes over the next several quarters. Global bond markets will be subject to heightened volatility due to tighter financial conditions, geopolitical events, and COVID-19 pandemic-related uncertainties.

The dispersion of returns within emerging markets has presented some opportunities in fixed income, and investors may benefit from some exposure to higher quality sovereign debt within portfolios.

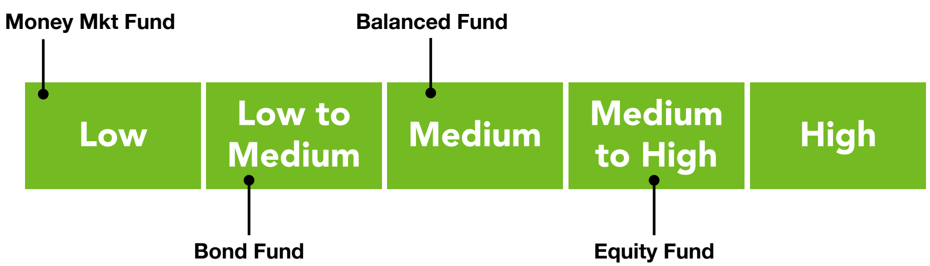
With the expectation that inflation levels may be starting to peak and slowly normalize, inflation insurance through Inflation Linked Notes may benefit those looking to protect against a market that may be underappreciating current inflationary pressures.

View historical unit prices for all CSS investment funds

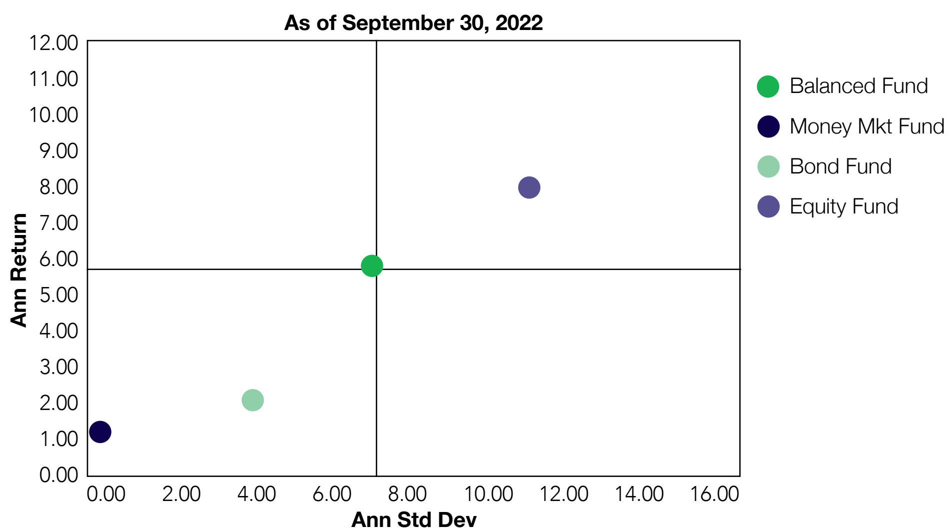
PERFORMANCE AND RISK METRICS | CSS funds

COMPARATIVE RISK

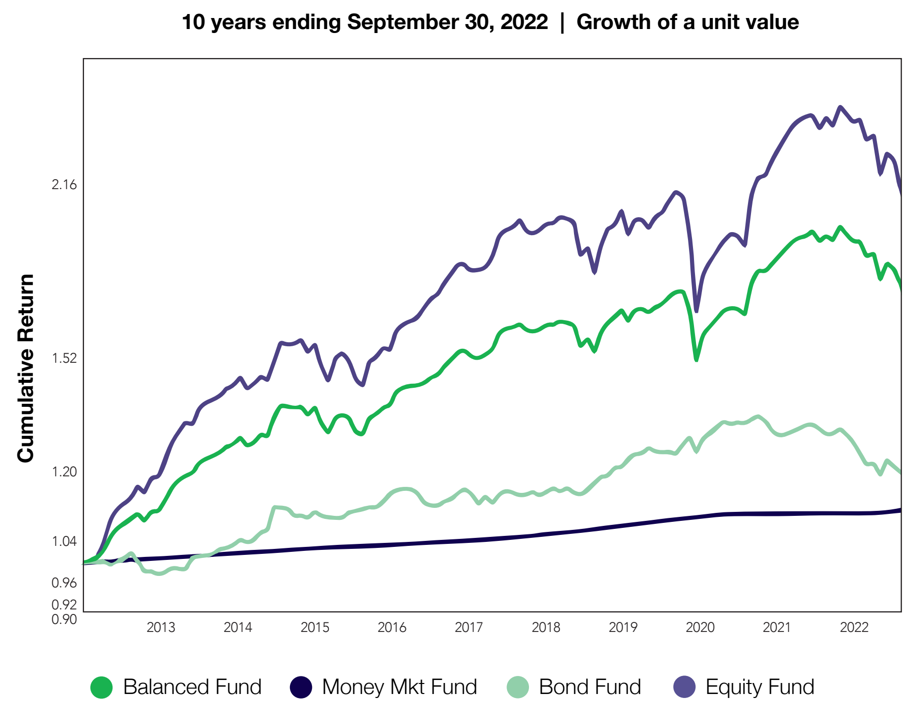
This chart indicates how we expect the annualized volatility of CSS' funds to compare over the long term.



Realized risk and return of CSS funds



10-YEAR CUMULATIVE PERFORMANCE



10-year cumulative performance figures

Balanced Fund	Money Mkt Fund	Bond Fund	Equity Fund
177%	112%	120%	214%

BALANCED FUND | default strategy

MER 0.43%

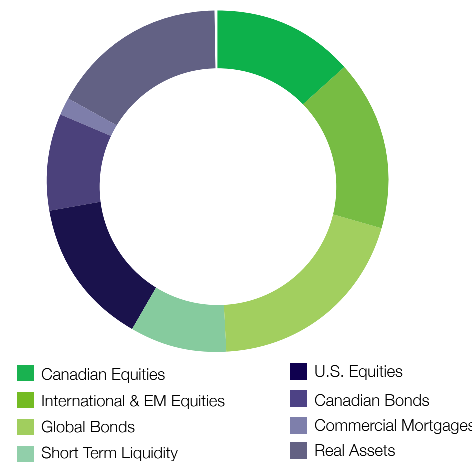
WHO SHOULD INVEST?

- 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

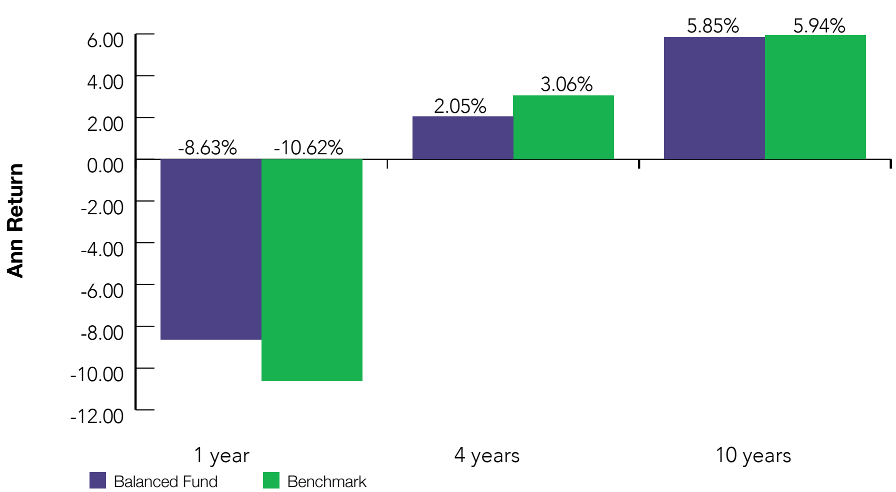
ASSET MIX



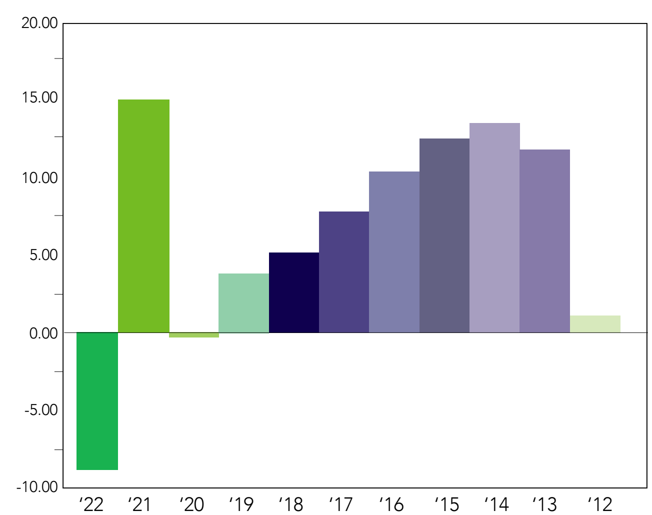
Asset class subgroups	
International Large/Mid Cap Equity	14.32%
Canadian Large Cap Equity	13.49%
U.S. Large Cap Equity	12.91%
Global Bonds	8.34%
Private Canadian Commercial Mortgages	8.95%
Canada Universe Bonds	9.29%
Private Canadian Real Estate	8.74%
Emerging Markets All Cap Equity	5.43%
Emerging Market Debt	5.59%
U.S. Small Cap Equity	3.13%
Global REITS	2.36%
Private Global Real Estate	0.64%
Private Global Infrastructure	4.95%
Short Term Liquidity	1.87%
TOTAL	100%

Annualized Investment Performance to Benchmark

Ending September 30, 2022 | Comparison



Annual returns history (ending September 30, 2022)



EQUITY FUND

MER 0.46%

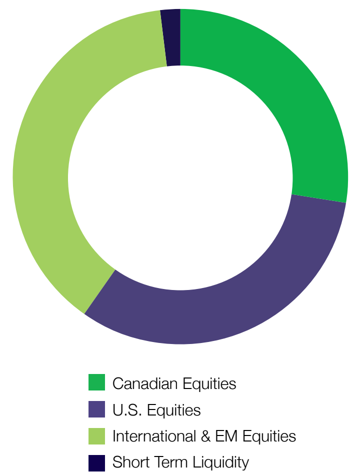
WHO SHOULD INVEST?

- 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

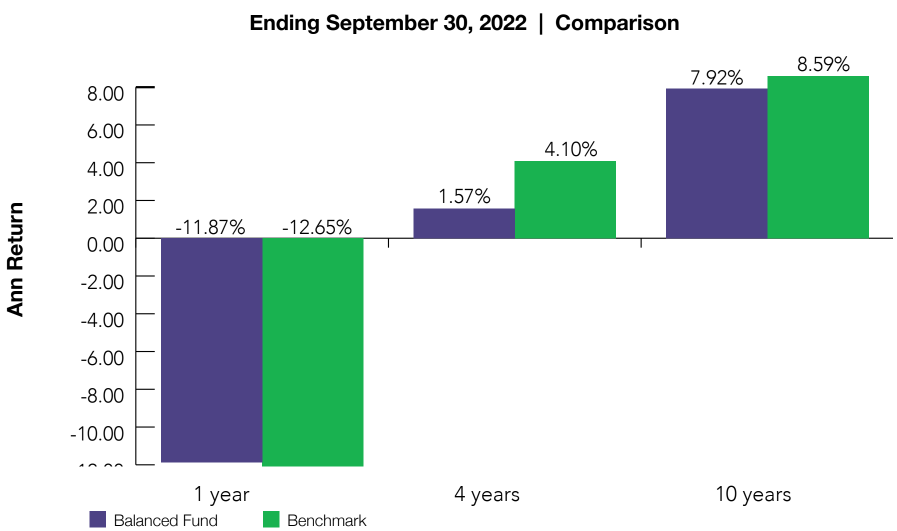
- Long-term returns consistent with global equity markets
- Annualized volatility expected to average 18 – 20%
- Periodic losses are expected

ASSET MIX

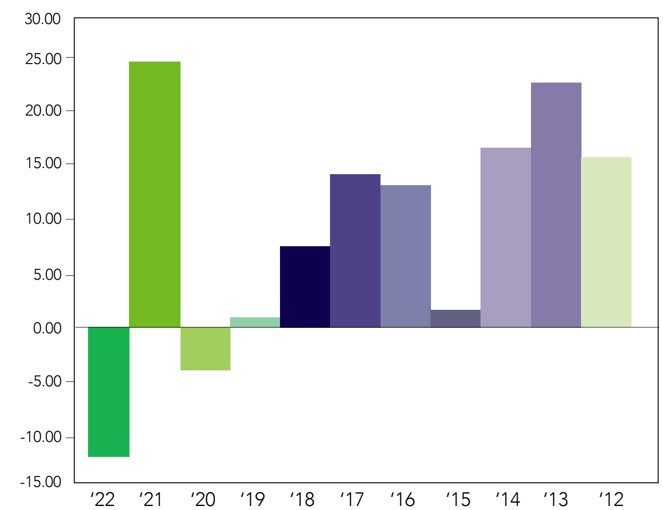


Asset class subgroups	
International Large/Mid-Cap Equity	29.46%
Canadian Large Cap Equity	28.70%
U.S. Large Cap Equity	26.91%
Emerging Markets All Cap Equity	10.29%
U.S. Small Cap Equity	6.42%
Short Term Liquidity	-1.79%
TOTAL	100%

Annualized Investment Performance to Benchmark



Annual returns history (ending September 30, 2022)



BOND FUND

MER 0.31%

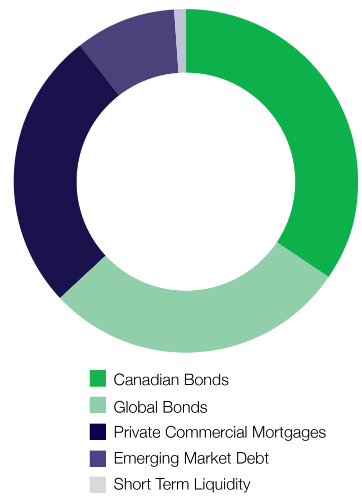
WHO SHOULD INVEST?

- 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

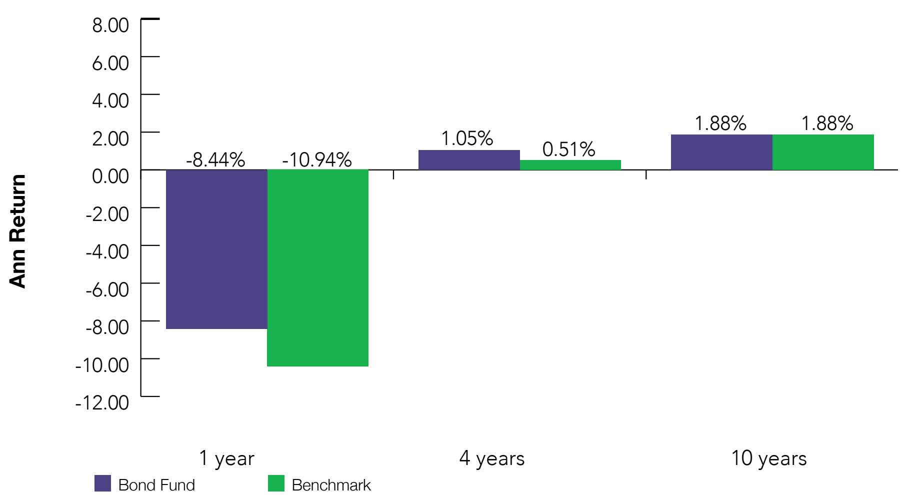
ASSET MIX



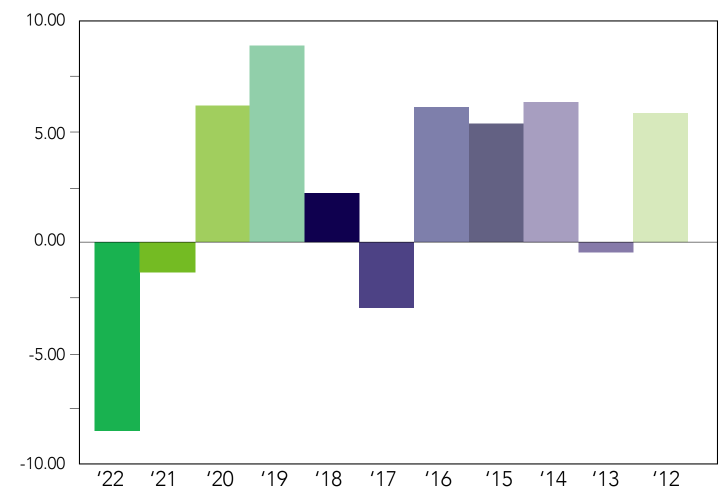
Asset class subgroups	
Core Plus Canada Bonds	34.70%
Global Bonds	28.45%
Private Commercial Mortgages	9.51%
Emerging Market Debt	26.35%
Short Term Liquidity	0.99%
TOTAL	100%

Annualized Investment Performance to Benchmark

Ending September 30, 2022 | Comparison



Annual returns history (ending September 30, 2022)



MONEY MARKET FUND

MER 0.13%

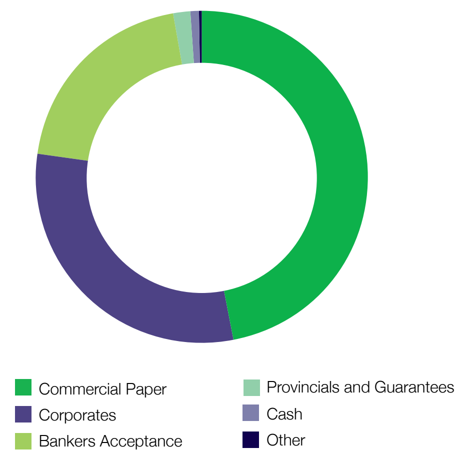
WHO SHOULD INVEST?

- 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

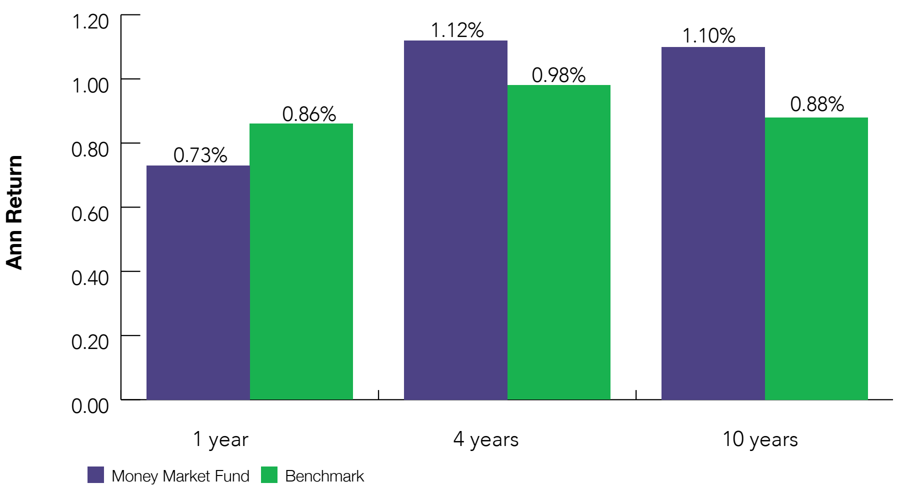
ASSET MIX*



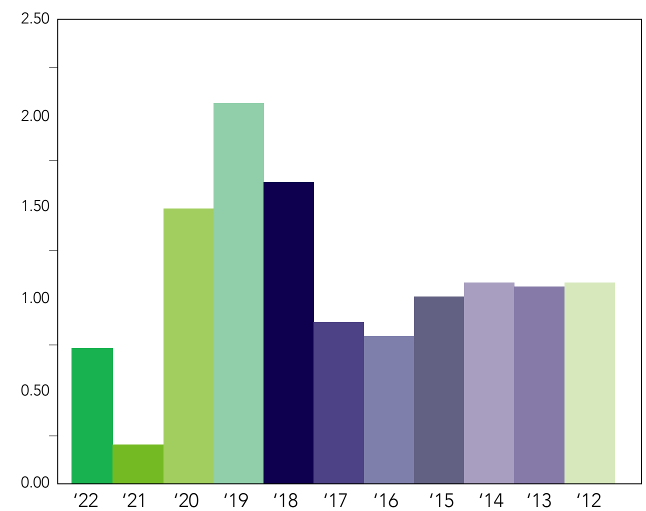
Asset class subgroups	
Commercial Paper	47.00%
Corporates	30.40%
Bankers Acceptance	20.00%
Provincials and Guarantees	1.60%
Cash	0.80%
Other	0.20%
TOTAL	100%

Annualized Investment Performance to Benchmark

Ending September 30, 2022 | Comparison



Annual returns history (ending September 30, 2022)



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	8.67%	18.73%	
Canadian Equities	Active	Scheer Rowlett & Associates	S&P TSX Composite Index	4.82%	9.97%	
U.S. Large Cap Equities	Systematic	Scientific Beta Multifactor	S&P 500 Total Return Index	12.91%	26.91%	
U.S. Small Cap Equities	Active	Hilldsale Investment Management	Russell 2000 Index Total Return Index	3.13%	6.42%	
International Equities	Active	Sprucegrove Investment Management	MSCI EAFE Net Index	7.43%	15.02%	
International Equities	Systematic	JP Morgan Diversified Multifactor	MSCI EAFE Net Index	6.89%	14.45%	
Emerging Equities	Active	Wellington Emerging Market Opportunities	MSCI EM IMI Index	5.43%	10.29%	
Canada Core Plus Bonds	Active	Wellington Canada Universe Bonds Plus	FTSE Canada Universe Bond Index	9.29%		34.70%
Global Bonds	Active	Wellington Opportunistic Fixed Income	Bloomberg Barclay's Global Aggregate Index	8.34%		28.45%
Private Commercial Mortgages	Active	TD Greystone	60% Short Bond + 40% Mid-Bond + 50 bps	8.95%		26.35%
Emerging Market Debt	Active	Blackrock Flexi Dynamic Bond Fund	CDOR + 5%	5.59%		9.51%
Short Term	Active	TDAM Short Term Investments	FTSE Canada 91-Day T-bill Index	1.87%	-1.79%	0.99%
Global REITS	Passive	Blackrock Global REIT	FTSE EPRA NAREIT Liquid Index	2.36%		
Canada Private Real Estate	Active	TD Greystone	CPI + 4%	8.74%		
Global Private Real Estate	Active	TD Greystone	CPI + 4%	0.64%		
Global Private Real Estate	Active	UBS Asset Management	CPI + 4%	0.00%		
Global Private Infrastructure	Active	JP Morgan IF	CPI + 4%	4.95%		
Global Private Infrastructure	Active	IFM	CPI + 4%	0.00%		
Dynamic Currency Overlay	Active	Mackenzie Financial	Custom			
				100%	100%	100%

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.

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.

PENSION PLAN

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Strength in Numbers.