Quarterly Investment Report.

Quarter ending December 31, 2023

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.

The fourth quarter of 2023 was challenging for markets, with a rollercoaster ride of investor sentiment to match. That said, many broad market indices showed positive returns overall and we still saw plenty of opportunities on the table for active investment management. Both equity and fixed income markets rallied at the end of 2023, seeing a reason for bullishness in the possibility of central bank rate cuts rather than rate hikes in 2024. We likewise believe that the U.S. Federal Reserve's ("the Fed's") decision to hold rates steady in December, alongside a more optimistic Fed forecast, may indicate that we will see a pivot to cuts from central banks in the second half of 2024. We believe the Fed may cut rates first, perhaps as early as May or June. We believe the BoC may start introducing cuts towards the summer. It would be a challenge to estimate where rate cuts will end for the year, but we believe that central banks will have to cut carefully, being mindful of the potential to stoke asset price reinflation in the housing market, while balancing the economy as a whole. There is little appetite from either the BoC or the Fed to move quickly as backtracking these cuts would be a credibility risk and the potential for a hard landing for the economy remains. While inflation is broadly trending downward, it is still sticky and will remain a key data point for central bank decisioning going forward. Within equity markets and particularly in the U.S., a large portion of the year's returns can be attributed to the so-called "Magnificent Seven", a collection of large cap Technology stocks that rallied on the back of artificial intelligence ("AI") buzz mid-year. In our view, we also saw opportunities over the quarter in smaller pockets of the U.S. market with reasonable valuations. Fixed income yields are still high and despite more recent volatility, particularly in the longer duration space, we remain optimistic about the outlook for fixed income overall. Geopolitical struggles dominated news cycles and will likely persist in 2024. Global growth began to slow over the fourth quarter, and we expect to see that continue into the first half of 2024. It will remain important to closely monitor economic indicators as we go forward into this environment, and we expect

CSS FUND FACTS

$5.1 billion
Approx. assets under management

0.66%
Balanced Fund management expense ratio (MER)

55,400
Approx. employee members

299
Approx. employer members

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QUARTERLY MARKET COMMENTARY CONT'D

to see some ups and downs along the way; however, compared to the forecasts from the start, or even the middle of 2023, a soft landing, albeit bumpy, for Canada and the U.S. is looking more achievable going into 2024.

Equities

We believe that the equity market has a balanced return outlook. Companies that have adapted to the economic climate of the last few years will likely be in a strong position to start 2024. Earnings growth has been negative year-over-year ("YoY"), but we believe that in the fourth quarter it is now beginning to stabilize and even show signs of positive momentum. We may see earnings growth continue to pick up if a soft landing is achieved for 2024. Strong free cash flows within the Energy sector, and relatively inexpensive Financials stocks, may present attractive opportunities within the Canadian equity market. International stocks have rallied this year but are challenged by weaker corporate returns and slowing macroeconomic conditions, particularly in Europe. The Chinese economy is showing signs of stabilization, and the government remains focused on supporting growth, but challenges remain in the property sector. We see some opportunities within emerging markets, but more moderate global growth may act as a headwind.

Fixed Income

As inflation continues to normalize and economic data decelerates, the Bank of Canada ("BoC") may feel that patience is required in maintaining tight monetary policy. After the recent decline in bond yields, we do not anticipate a consistent decline in yields going forward until there is visible weakness in the labour market. Over the longer term, government bonds continue to remain appealing due to their potential to generate positive nominal returns. Investment grade spreads have been fairly stable in recent months and continue to reflect a very modest softening of the global economic backdrop. We continue to see the best opportunities in lower duration corporate bonds given their appealing all-in yields and are more cautious on longer duration corporate bonds due to the uncertain global economic outlook. Economic data across global bond markets has been mixed. While the UK and European economies are visibly slowing or contracting, other economies like the U.S. and Japan remain resilient and continue to exhibit above-potential growth rates. While soft data points to broad-based headwinds for global economic growth and investors continue to expect global monetary policy to shift into easing mode in the next 12 to 18 months, the economic and inflation dynamics of each region will ultimately dictate how quickly each central bank will cut policy rates. The dispersion of returns within emerging markets continues to present some opportunities. Yields are attractive in some regions where central banks had proactively hiked interest rates before the U.S. Federal Reserve. Bond returns will likely decline in other regions where central banks are still early in normalizing monetary policy. Within high yield credit, all-in yields remain high, indicating strong potential returns, but we continue to expect financial conditions to tighten and drive a deterioration of

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QUARTERLY MARKET COMMENTARY CONT'D

corporate credit fundamentals. This may create a particularly challenging backdrop for corporations with elevated debt loads, increasing overall volatility and downside risk.

Alternative Investments

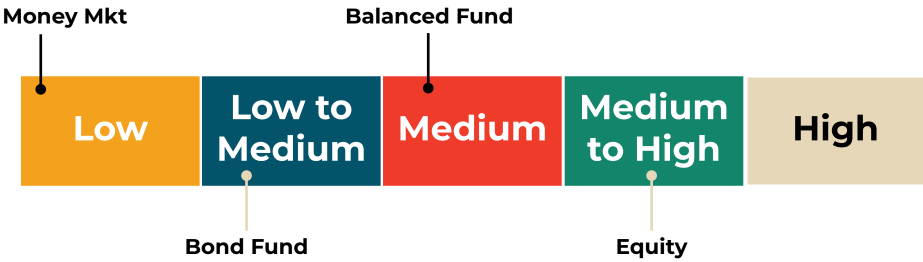
We believe that an allocation to alternative assets can benefit diversified portfolios especially when implemented over the long-term. Alternative assets can provide inflation protection and attractive absolute returns, while acting as long-term portfolio stabilizers via their diversification benefits and less correlated income streams. Commercial mortgages continue to provide accretive income while insulating investor returns from the increased volatility in interest rates. Within private debt, high credit quality and global diversification provides safety in a potentially recessionary environment. Incremental income and potential capital appreciation from interest rate moderation provide upside. Canada's growing demographic profile continues to be supportive of domestic real estate, particularly multi-unit residential. Office properties continue to experience leasing and valuation headwinds and a flight to quality, while fundamentals remain sound across the other property types. Within global real estate, certain regions across the globe have seen quicker adjustments to valuations and are now starting to see early signs of slowing down. We believe that high quality assets, with low leverage and portfolios that are globally diversified may be able outperform in the current environment. Multi-unit residential and a tilt to the Asia Pacific may be able to provide global real estate portfolios with enhanced risk-adjusted returns. Investor appetite for infrastructure remains strong, particularly for energy transition investments and critical infrastructure sectors that generate stable, growing cash flows.

View historical unit prices for all CSS investment funds

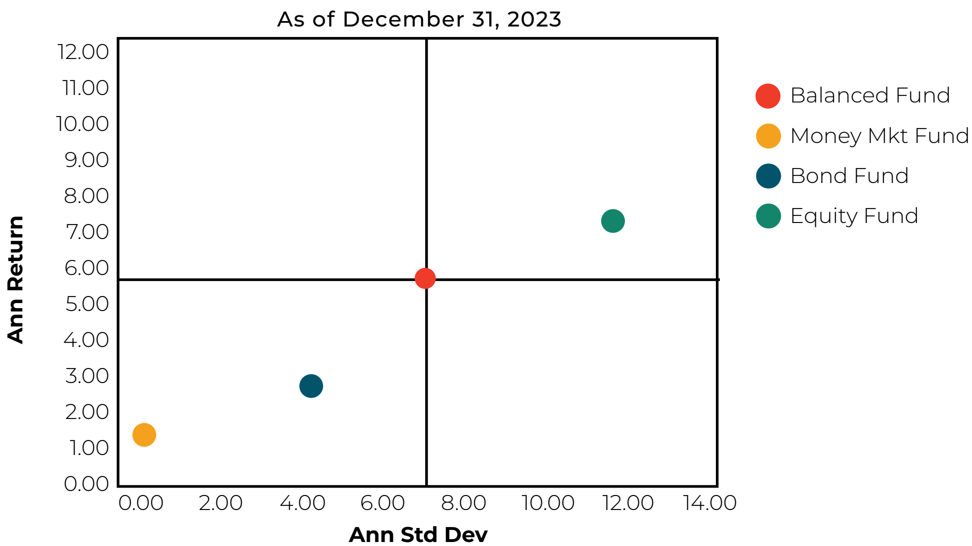
PERFORMANCE AND RISK METRICS | CSS funds

Comparative Risk

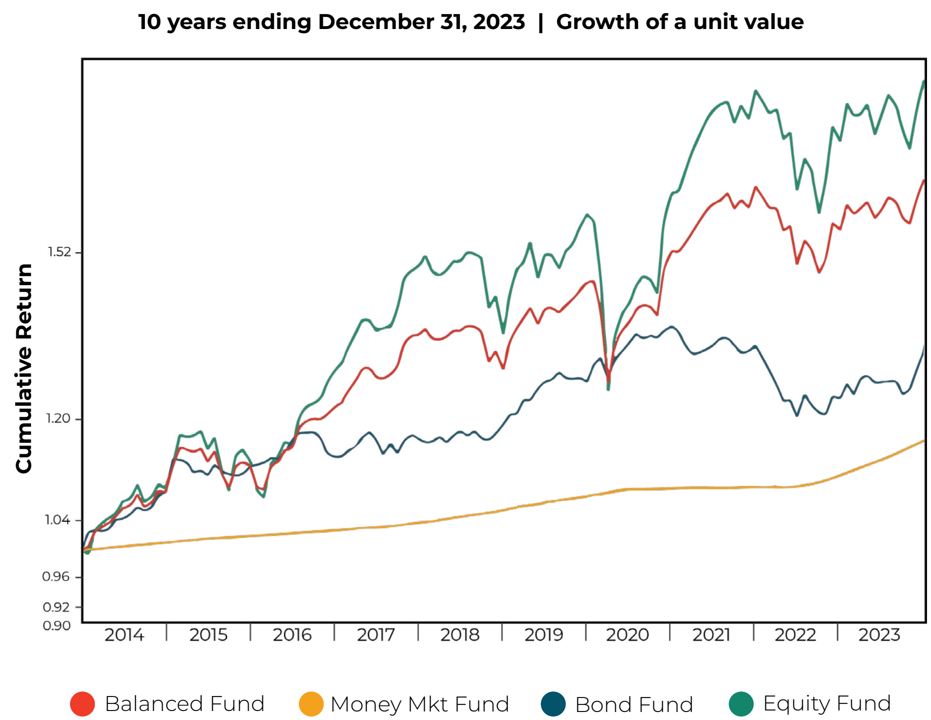
This chart indicates how we expect the annualized volatility of CSS' funds to compare over the long term.



Realized Risk and Return of CSS



10-Year Cumulative Performance



10-Year Cumulative Performance

Balanced Fund	Money Mkt	Bond Fund	Equity Fund
168%	114%	125%	196%

BALANCED FUND | DEFAULT STRATEGY

MER ▶ 0.66%

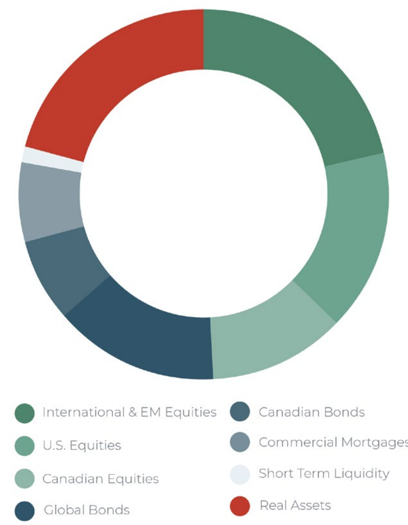
Who Should Invest?

- 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

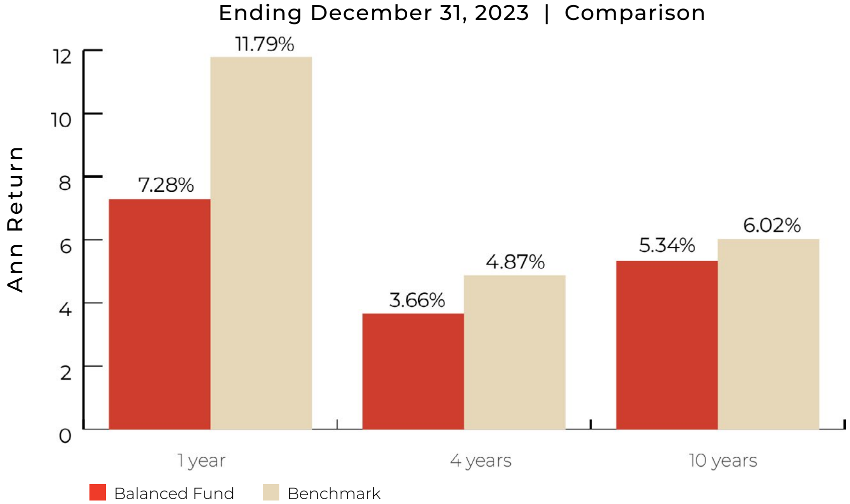
Asset Mix



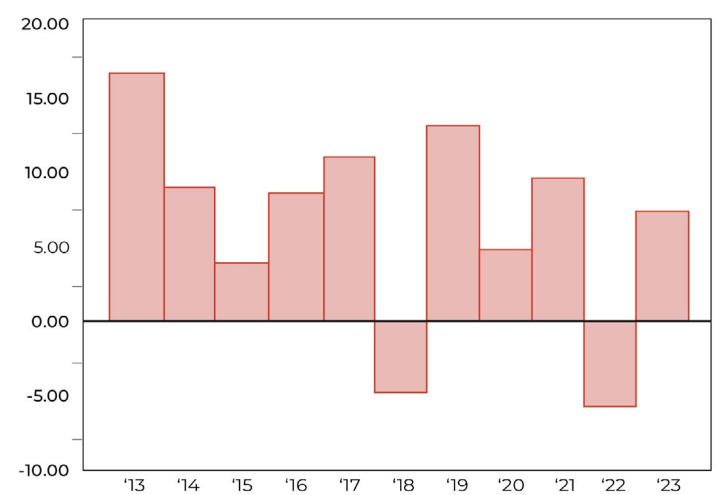
Asset class subgroups	
International Large/Mid Cap Equity	15.63%
Canadian Large Cap Equity	11.87%
U.S. Large Cap Equity	12.66%
Global Bonds	8.35%
Private Canadian Commercial Mortgages	6.93%
Canada Universe Bonds	7.46%
Private Canadian Real Estate	6.89%
Emerging Markets All Cap Equity	5.85%
Emerging Market Debt	6.18%
U.S. Small Cap Equity	3.15%
Private Global Real Estate	4.95%
Private Global Infrastructure	8.80%
Short Term Liquidity	1.28%
TOTAL	100.00%

Annualized Investment Performance to Benchmark

Ending December 31, 2023 | Comparison



Annual Returns History (Ending December 31, 2023)



EQUITY FUND

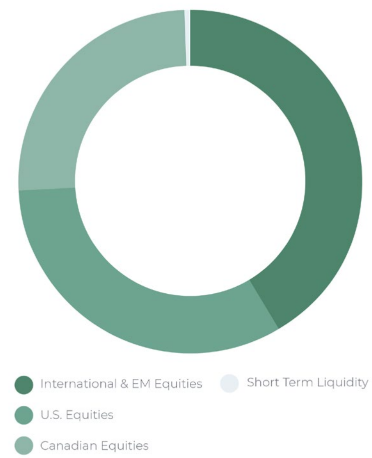
Who Should Invest?

- 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

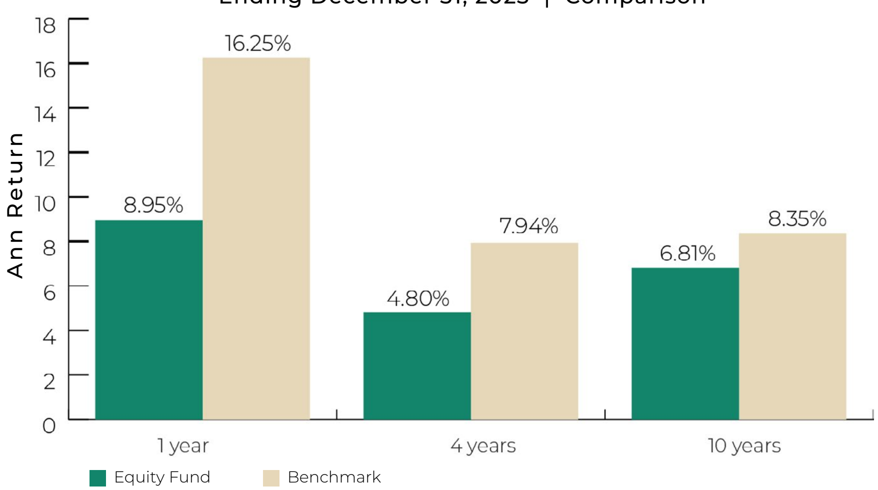
Asset Mix



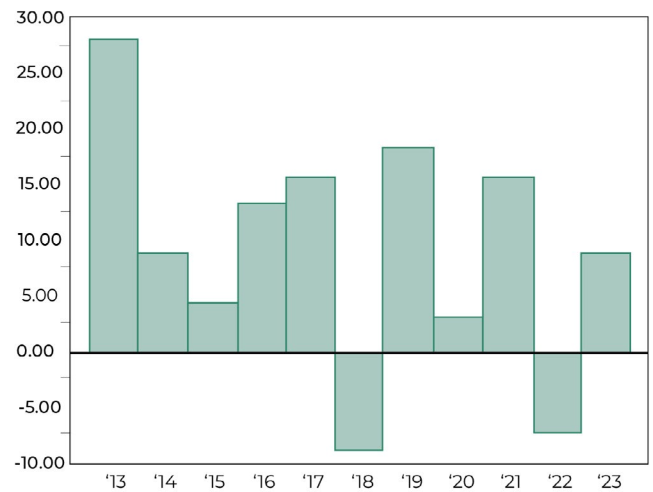
Asset Class Subgroups	
International Large/Mid-Cap Equity	31.54%
Canadian Large Cap Equity	25.10%
U.S. Large Cap Equity	26.98%
Emerging Markets All Cap Equity	10.01%
U.S. Small Cap Equity	5.90%
Short Term Liquidity	0.47%
TOTAL	100.00%

Annualized Investment Performance to Benchmark

Ending December 31, 2023 | Comparison



Annual Returns History (Ending December 31, 2023)



BOND FUND

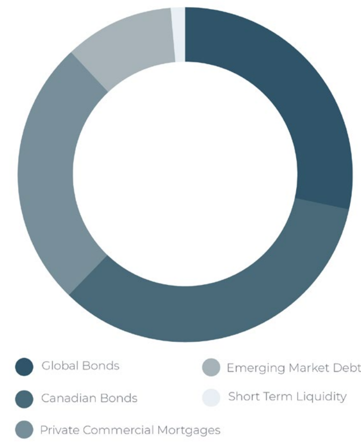
Who Should Invest?

- 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

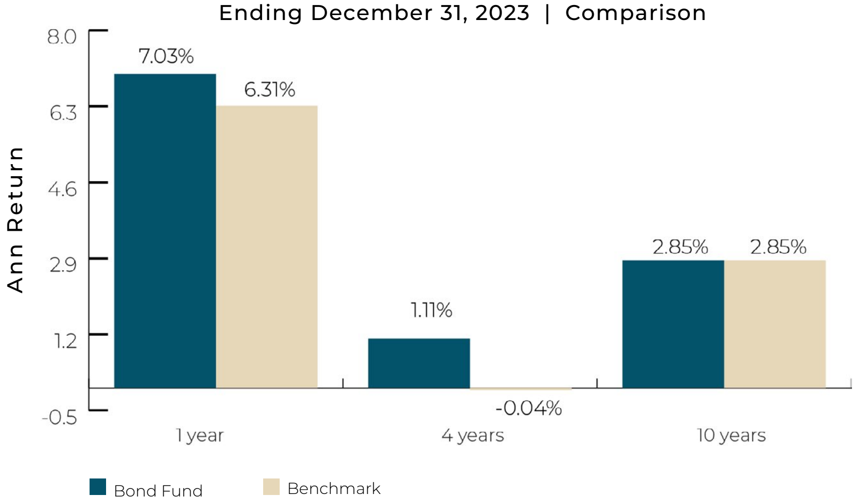
Asset Mix



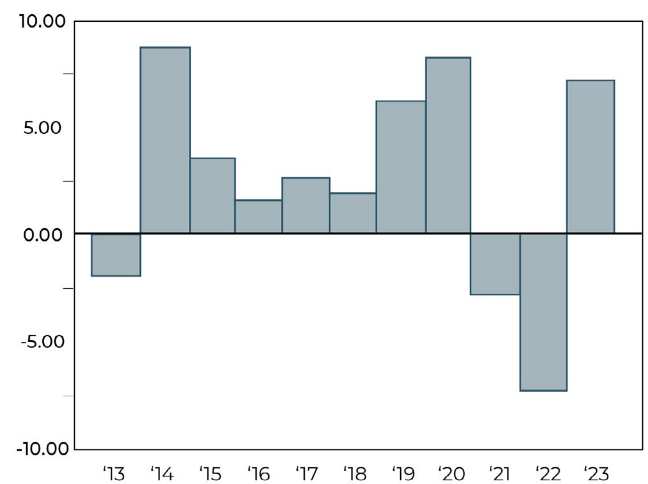
Asset Class Subgroups	
Core Plus Canada Bonds	33.89%
Global Bonds	28.54%
Emerging Market Debt	10.56%
Private Commercial Mortgages	25.78%
Short Term Liquidity	1.23%
TOTAL	100.00%

Annualized Investment Performance to Benchmark

Ending December 31, 2023 | Comparison



Annual Returns History (Ending December 31, 2023)



MONEY MARKET FUND

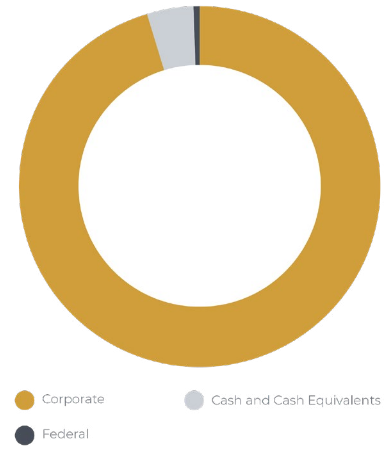
Who Should Invest?

- 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

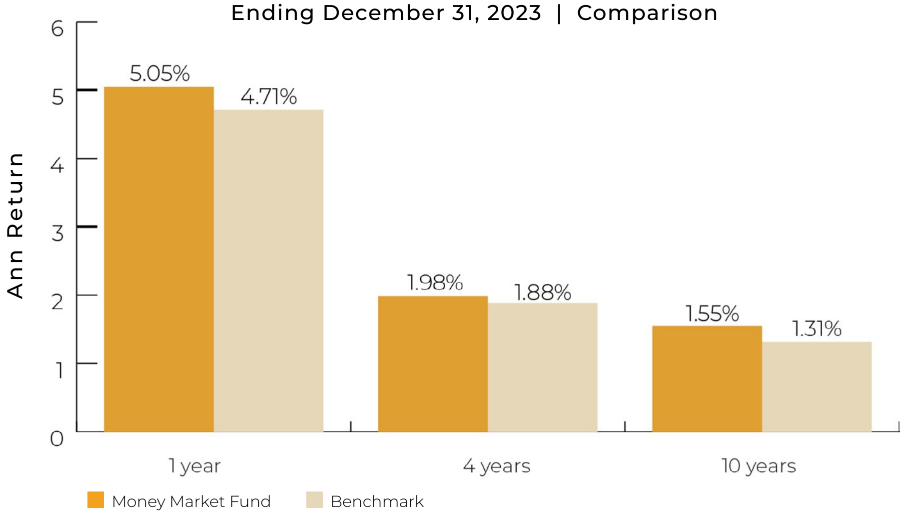
Asset Mix



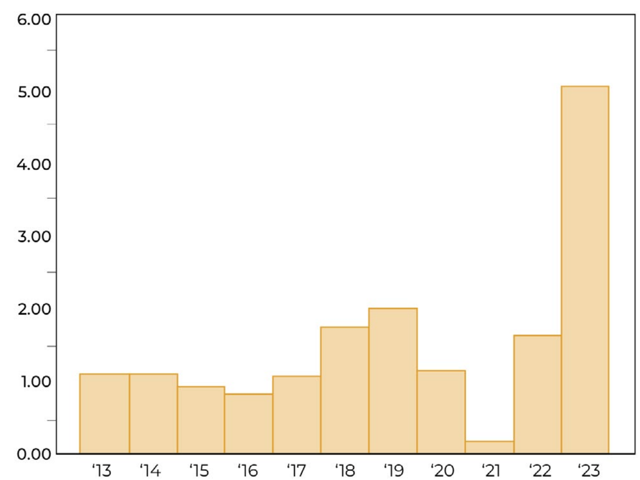
Asset class subgroups	
Cash and Cash Equivalents	4.1%
Corporate	95.5%
Federal	0.4%
TOTAL	100.00%

Annualized Investment Performance to Benchmark

Ending December 31, 2023 | Comparison



Annual returns history (ending December 31, 2023)



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	7.77%	16.21%	
Canadian Equities	Active	Scheer Rowlett & Associates	S&P TSX Composite Index	4.10%	8.89%	
U.S. Large Cap Equities	Systematic	Scientific Beta Multifactor	S&P 500 Total Return Index	12.66%	26.98%	
U.S. Small Cap Equities	Active	Hilldsale Investment Management	Russell 2000 Total Return Index	3.15%	5.90%	
International Equities	Active	Sprucegrove Investment Management	MSCI EAFE Net Index	7.71%	15.82%	
International Equities	Systematic	JP Morgan Diversified Multifactor	MSCI EAFE Net Index	7.92%	15.72%	
Emerging Equities	Active	Wellington Emerging Market Opportunities	MSCI EM IMI Index	5.85%	10.01%	
Canada Core Plus Bonds	Active	Wellington Canada Universe Bonds Plus	FTSE Canada Universe Bond Index	7.46%		33.89%
Global Bonds	Active	Wellington Opportunistic Fixed Income	Bloomberg Barclay's Global Aggregate Index	8.35%		28.54%
Private Commercial Mortgages	Active	TD Greystone	60% Short bond + 40% mid bond + 50 bps	6.93%		25.78%
Emerging Market Debt	Active	Blackrock Flexi Dynamic Bond Fund	JP Morgan JEMBI Sovereign Only	6.18%		10.56%
Short Term	Active	TDAM Short Term Investments	FTSE Canada 91 day T-bill index	1.28%	0.47%	1.23%
Canada Private Real Estate	Active	TD Greystone	CPI + 4%	6.89%		
Global Private Real Estate	Active	TD Greystone	CPI + 4%	0.92%		
Global Private Real Estate	Active	UBS Asset Management	CPI + 4%	4.03%		
Global Private Infrastructure	Active	JP Morgan IIF	CPI + 4%	5.00%		
Global Private Infrastructure	Active	IFM	CPI + 4%	3.80%		
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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