



# Annual Report

## 2025-26

THE MEMORIAL UNIVERSITY  
PENSION PLAN

OFFICE OF THE ASSOCIATE  
VICE-PRESIDENT (FINANCE)  
AND CHIEF FINANCIAL  
OFFICER  
MEMORIAL UNIVERSITY OF  
NEWFOUNDLAND





# **Annual Report of The Memorial University Pension Plan**

**April 1, 2025 to March 31, 2026**

Pension Services  
Office of the Associate Vice-President  
(Finance) and Chief Financial Officer  
Memorial University of Newfoundland  
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August 2026

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# Chairperson's Message



## Board of Regents

St. John's, NL Canada A1C 5S7  
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Honorable Paul Dinn  
Minister of Education and Early Childhood Development  
West Block, Confederation Building  
P.O. Box 8700  
St. John's, NL  
A1B 4J6

Dear Minister Dinn:

I am pleased to submit the 2025-26 Annual Report of the Memorial University Pension Plan, a Category 3 entity under the **Transparency and Accountability Act**. This report covers the period April 1, 2025 to March 31, 2026.

This is the third, and final, performance-based report to be presented under the Memorial University Pension Plan's Activity Plan for 2023-2026. This document sets forth in clear language how the University has addressed the objectives that were outlined in the plan.

My signature below is on behalf of the Board of Regents and is indicative of our accountability for the actual results reported.

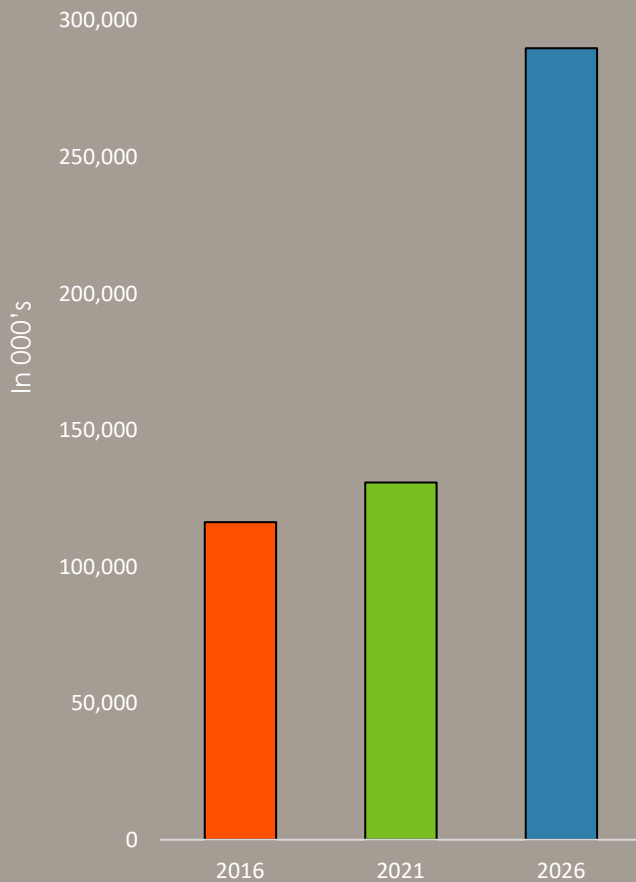
Sincerely yours,

A handwritten signature in blue ink, appearing to read "Justin Ladha".

Mr. Justin Ladha  
Chair, Board of Regents

# Pension Plan Highlights

## Investment Income Comparison



116.3%

Funded  
Ratio  
(market)

12.3%

Annual Rate of  
Return

Benchmark  
Return

16.4%

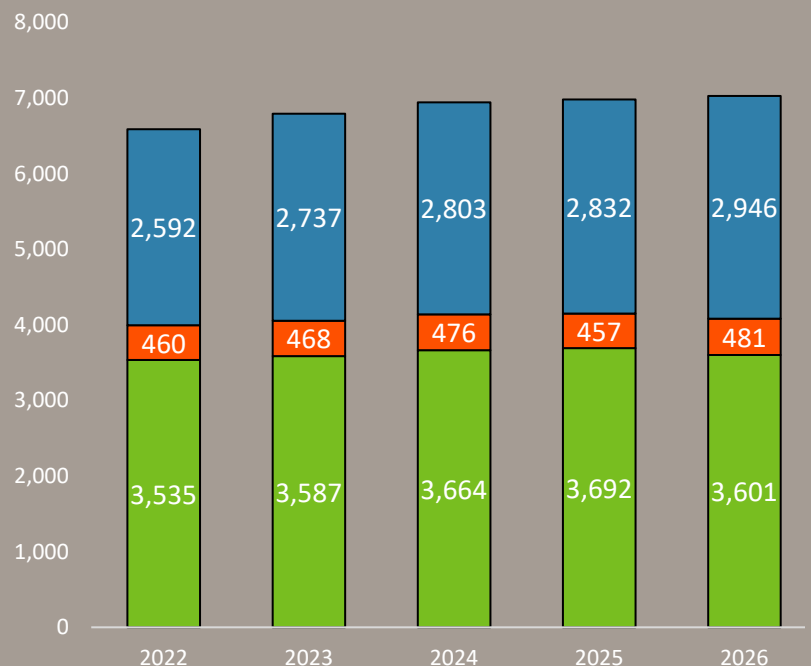
\$2.6  
Billion

Net Assets  
Available  
for Benefits

- Retirees & principal beneficiaries
- Deferred pensioners
- Active members

The number of active members increased by 1.9% over the last 5 years and the number of retirees increased by 13.7%.

## Membership Profile



# Plan Membership Highlights

2,007

Females (56%)

ACTIVE  
MEMBERS

Males (44%)

1,594

Active Member to  
Retiree Ratio

2016

2.0 : 1



2026

1.2 : 1

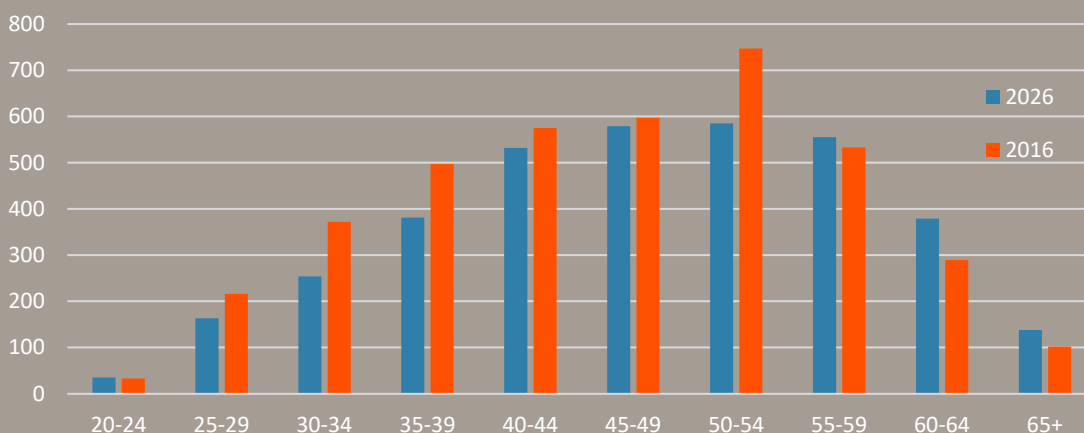


38

Active  
employees  
over age 71  
receiving a  
pension

|                               | March 31 |       |       |       |       |
|-------------------------------|----------|-------|-------|-------|-------|
|                               | 2026     | 2025  | 2024  | 2023  | 2022  |
| Active Members                | 3,601    | 3,692 | 3,664 | 3,587 | 3,535 |
| Average Age of Active Members | 47.8     | 47.6  | 47.7  | 47.7  | 47.8  |
| Retirees (incl. Prin. Ben.)   | 2,946    | 2,832 | 2,803 | 2,737 | 2,592 |
| Deferred Pensioners           | 481      | 457   | 476   | 468   | 460   |
| Average Age at Retirement     | 61.9     | 61.2  | 62.3  | 61.3  | 60.8  |

Age Distribution - Active Members  
2026 vs. 2016



# Pension Plan Overview

The three-year Activity Plan prepared for the Memorial University Pension Plan (the “Plan”) set out the Plan’s objectives for the period April 1, 2023 to March 31, 2026. This Annual Report discusses the outcome of those objectives for the period April 1, 2025 to March 31, 2026 and provides additional information on the operation of the Plan for the year then ended. The Board of Regents, as trustee of the Fund, is responsible to ensure compliance with the **Memorial University Pensions Act** and operates under its own vision, mission, and mandate.

## About the Plan

The Memorial University Pension Plan is one of the largest public sector pension plans in the province and provides a lifetime defined benefit pension upon retirement. The Plan is funded through contributions made by employees and the University, as well as income from its investments. The majority of employees at the University’s campuses are participants in the Plan (i.e. Grenfell Campus, Marine Institute, Labrador Institute, and the St. John’s Campus).

## Pension Plan Design

The Plan is a contributory defined benefit pension plan, established in 1950 under statute of the provincial legislature. It is designed to provide retirement benefits to full-time permanent employees and qualifying contractual employees of the University. In addition, employees of certain separately incorporated entities of the University and affiliated employers are eligible to participate in the Plan. Benefits, which are integrated with the Canada Pension Plan, are based upon employees’ years of pensionable service, best five-year average pensionable salary, and a two per cent accrual factor.



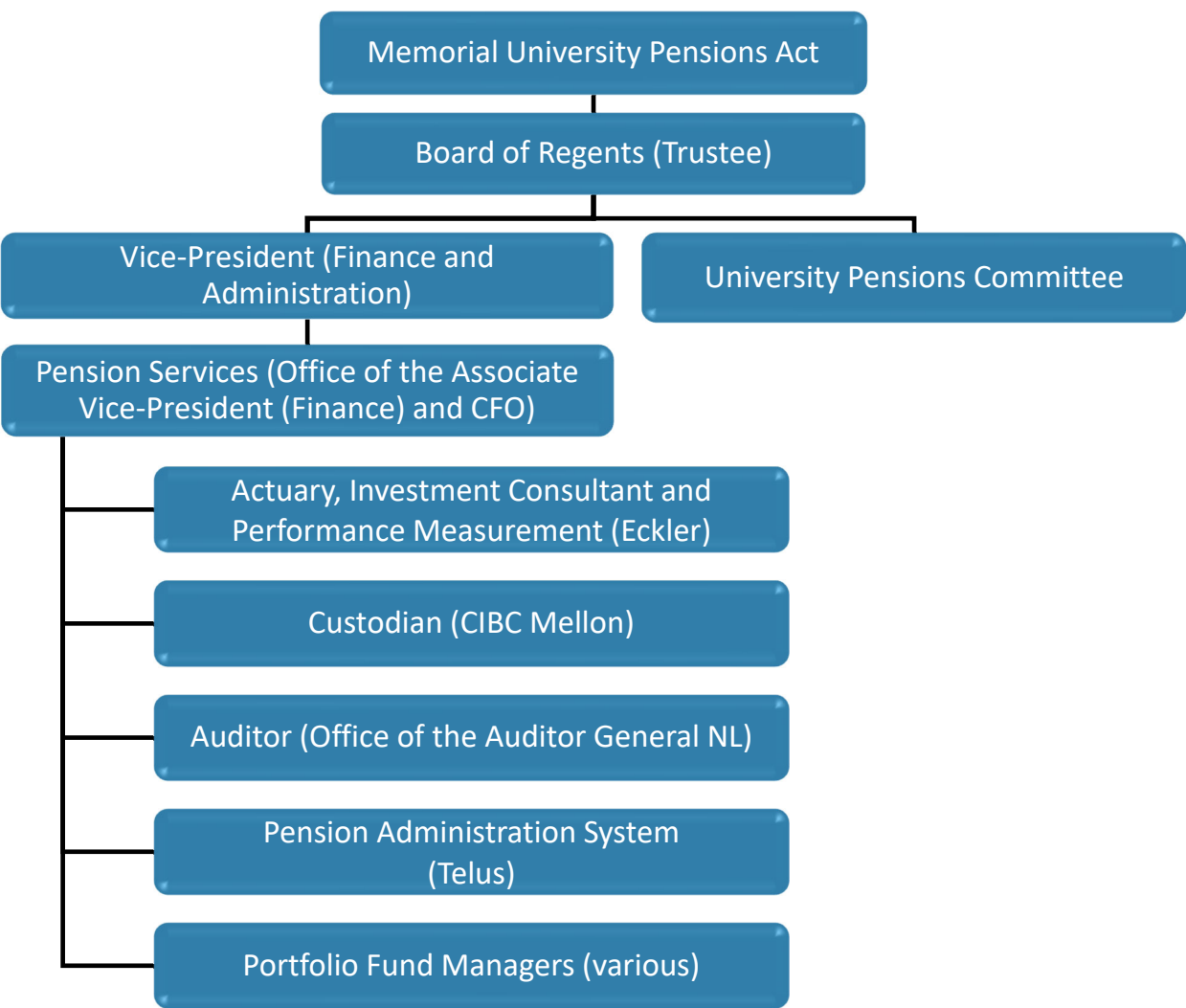
### PENSION FORMULA:

**2% x best 5-year  
average salary x  
years of pensionable  
service (inclusive  
of a “bridge benefit”  
to age 65)**

The Plan operates under authority of the **Memorial University Pensions Act**, which prescribes the Board of Regents of the University as trustee. To assist with its responsibilities as trustee, the Board has established a University Pensions Committee to provide advice on matters relating to the Plan. This advisory committee, which has representation from across the entire University community, operates under terms of reference set out by the Board. The actual administration of the Plan, including the investment of the pension fund is carried out by Pension Services, a branch of the University's Office of the Associate Vice-President (Finance) and Chief Financial Officer.

The administrative and governance structure of the Plan is outlined below:

Figure 1: Organization Chart

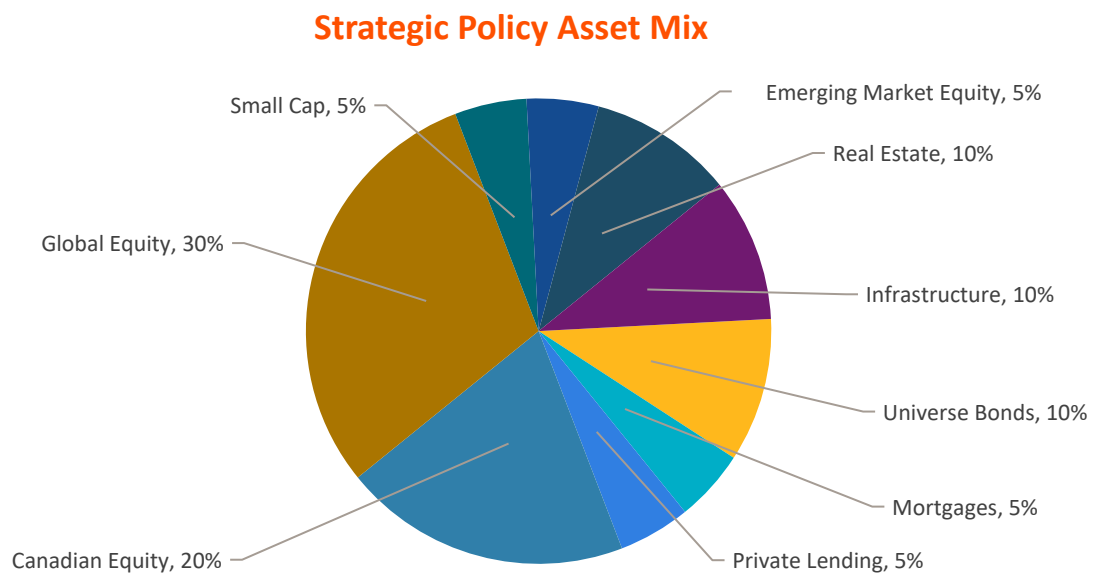


# Investments

All employee and University contributions are paid into the Memorial University Pension Fund (the Fund) for investment by external investment managers. The Statement of Investment Policy and Objectives that has been developed to guide the investment of the Fund, sets out a policy asset mix with the objective of maintaining predictable and stable benefit costs and contributions within a reasonable and acceptable level of risk.

The Board approved a new strategic asset mix for the Fund in 2021-22 that enhanced diversification and provided modest improvements to long-term expected returns. This asset allocation model reduced the Plan's exposure to universe bonds and added two new alternative asset classes to the mix, private lending at a five per cent allocation and infrastructure at ten per cent. In addition, emerging market and small cap equity are now separately identified mandates at five per cent each. Previously these were incorporated into the Fund on an opportunistic basis through the Canadian and international equity portfolios.

Figure 2: Strategic Policy Asset Mix



## Strategic Policy Asset Mix

The process of transitioning the Fund to the strategic policy asset mix began during fiscal year 2021-22 and is substantially completed.

The asset mix for the investment of the Fund and associated benchmarks are set out below:

Table 1: Policy Asset Mix and Benchmarks

| Asset Class             | Percentage Allocation | Benchmark Index                    |
|-------------------------|-----------------------|------------------------------------|
| Canadian Fixed Income   | 10%                   | FTSE TMX Universe                  |
| Canadian Equity         | 20%                   | S&P/TSX                            |
| US Equity               | 15%                   | S&P 500                            |
| International Equity    | 15%                   | MSCI ACWI ex-US                    |
| Emerging Market Equity  | 5%                    | MSCI Emerging Market               |
| Global Small Cap Equity | 5%                    | MSCI ACWI Small Cap                |
| Real Estate             | 10%                   | MSCI Realpac                       |
| Infrastructure          | 10%                   | CPI +4%                            |
| Mortgages               | 5%                    | 60% TMX Short + 40% TMX Mid + 0.5% |
| Private Lending         | 5%                    | 8% Net                             |

### Investing Locally

In its real estate portfolio, the pension plan has invested in local commercial real estate:

Office: 351 Water Street, Scotia Place and O'Leary Business Park  
Industrial: Beclin Business Park

# Investment Manager Portfolio Distribution

The Fund is invested by external institutional investment management firms in a variety of mandates. As the Fund concludes its transition the asset mix will be managed to the strategic policy targets. The mandates and fund allocations are detailed in the table below:

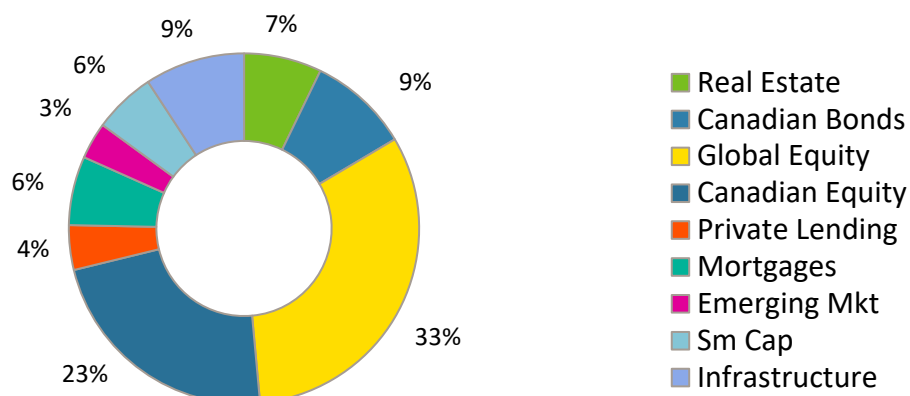
Table 2: Asset Allocation

| Manager                     | Mandate                 | Strategic Policy Target | Actual Allocation March 31, 2026 |
|-----------------------------|-------------------------|-------------------------|----------------------------------|
| CIBC Global Asset Mgmt      | Indexed Bonds           | 10.0%                   | 8.4%                             |
| Jarislowsky Fraser          | Canadian Equity         | 10.0%                   | 9.9%                             |
| Connor, Clark & Lunn        | Canadian Equity         | 5.0%                    | 6.8%                             |
| Fidelity Investments Canada | Canadian Equity         | 5.0%                    | 6.3%                             |
| Alliance Bernstein          | US Equity               | 7.5%                    | 7.3%                             |
| CIBC Capital Markets        | US Equity               | 7.5%                    | 10.5%                            |
| Fiera Capital               | International Equity    | 5.625%                  | 5.2%                             |
| Wellington Management       | International Equity    | 5.625%                  | 6.3%                             |
| Baillie Gifford             | International Equity    | 3.75%                   | 3.3%                             |
| Connor, Clark & Lunn *      | Emerging Market Equity  | 5.0%                    | 3.4%                             |
| Connor, Clark & Lunn        | Global Small Cap Equity | 5.0%                    | 5.8%                             |
| Fiera Real Estate           | Real Estate             | 4.0%                    | 2.9%                             |
| TD Greystone                | Real Estate             | 6.0%                    | 4.4%                             |
| CBRE Caledon                | Infrastructure          | 5.0%                    | 4.9%                             |
| Northleaf                   | Infrastructure          | 5.0%                    | 4.5%                             |
| TD Greystone                | Mortgages               | 5.0%                    | 5.4%                             |
| Monroe Capital              | Private Lending         | 2.5%                    | 2.1%                             |
| Northleaf                   | Private Lending         | 2.5%                    | 2.1%                             |

\* 2.5% allocated to Connor Clark & Lunn with balance invested opportunistically within the US and international mandates.

The relative distribution of assets across the entire Fund, as at March 31, 2026, is illustrated in the following chart:

Figure 3: Distribution of Assets

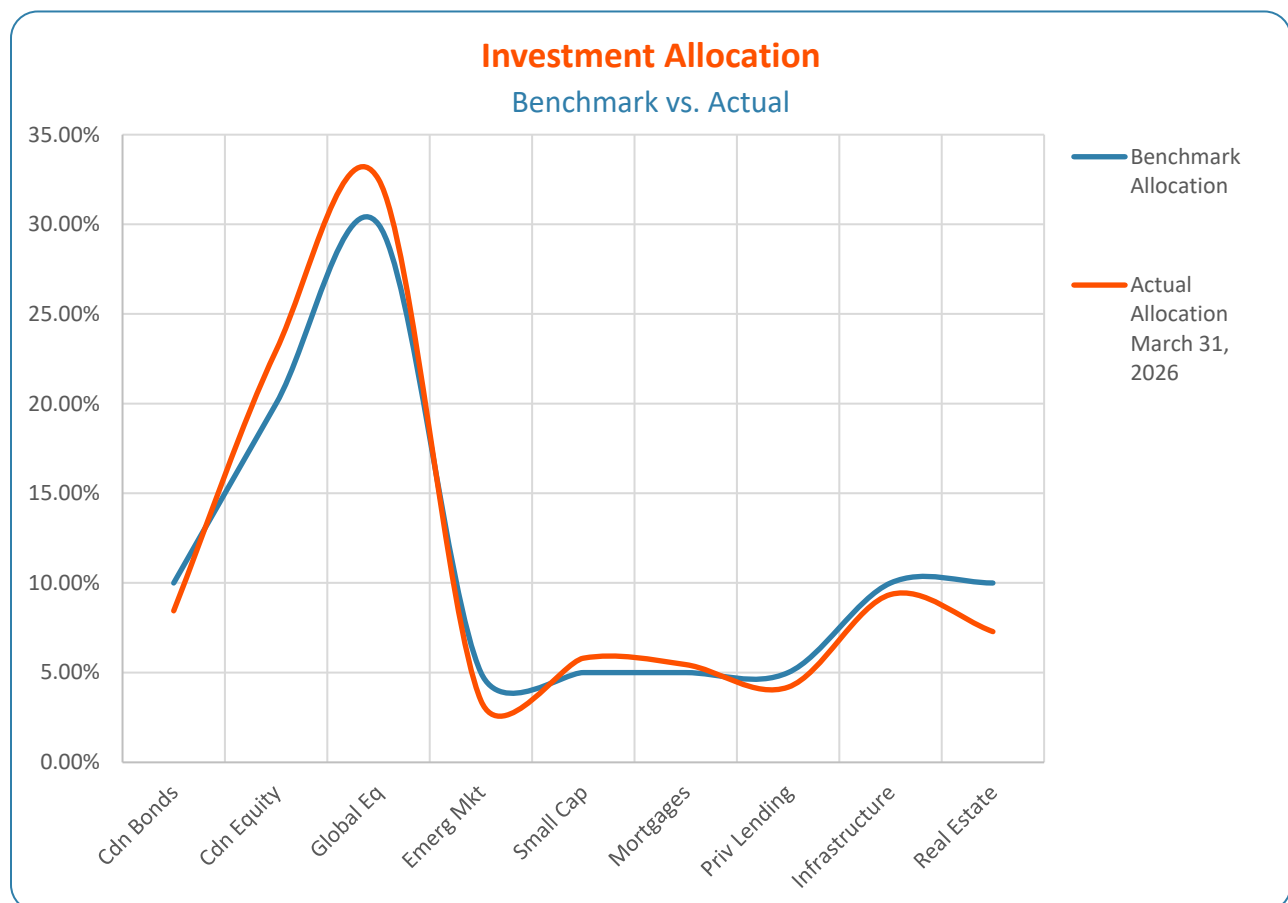


## Rebalancing of Assets

The actual distribution of assets will vary from the policy asset mix over time due to the impact of market forces. Once an asset class moves outside a pre-determined range, a re-balancing will be performed by the University to move funds to or from that asset class to bring it back in line with investment policy limits.

Figure 4: Investment Allocation

Fund allocation will be adjusted to within the target range.



|                    | Fund Value<br>(\$ Millions) | Quarterly<br>Return (%) |
|--------------------|-----------------------------|-------------------------|
| March 31, 2025     | 2,386.6                     | 0.0                     |
| June 30, 2025      | 2,477.7                     | 3.9                     |
| September 30, 2025 | 2,619.4                     | 5.9                     |
| December 31, 2025  | 2,654.1                     | 1.2                     |
| March 31, 2026     | 2,636.7                     | (0.4)                   |



The Fund ended the year with a one-year return of 12.3 per cent which was 4.1 per cent below the benchmark return objective of 16.4 per cent. Annual performance was well in excess of the Plan's long term hurdle rate, also known as the discount rate, of 5.7 per cent. This placed the Fund in the 43<sup>rd</sup> percentile in a universe of comparator funds. A first percentile ranking represents the top performer in the universe whereas the 100<sup>th</sup> percentile represents the worst.

Annual Return:

March 31, 2026: 12.3%  
March 31, 2025: 11.4%

Over the longer term the Fund continues to perform well relative to its benchmark and comparator universe. The five-year annualized return of 8.8 per cent trailed the benchmark by 0.2 percentage points. On a ten-year basis the Fund has generated an annualized return of 9.2 per cent, an excess of 0.5 percentage points over its benchmark, ranking it in the 9<sup>th</sup> percentile.

The Fund has surpassed its benchmark in eight out of the past ten years and has ranked above the median balanced fund in its comparator universe in nine of those years. Selected performance metrics are as follows:

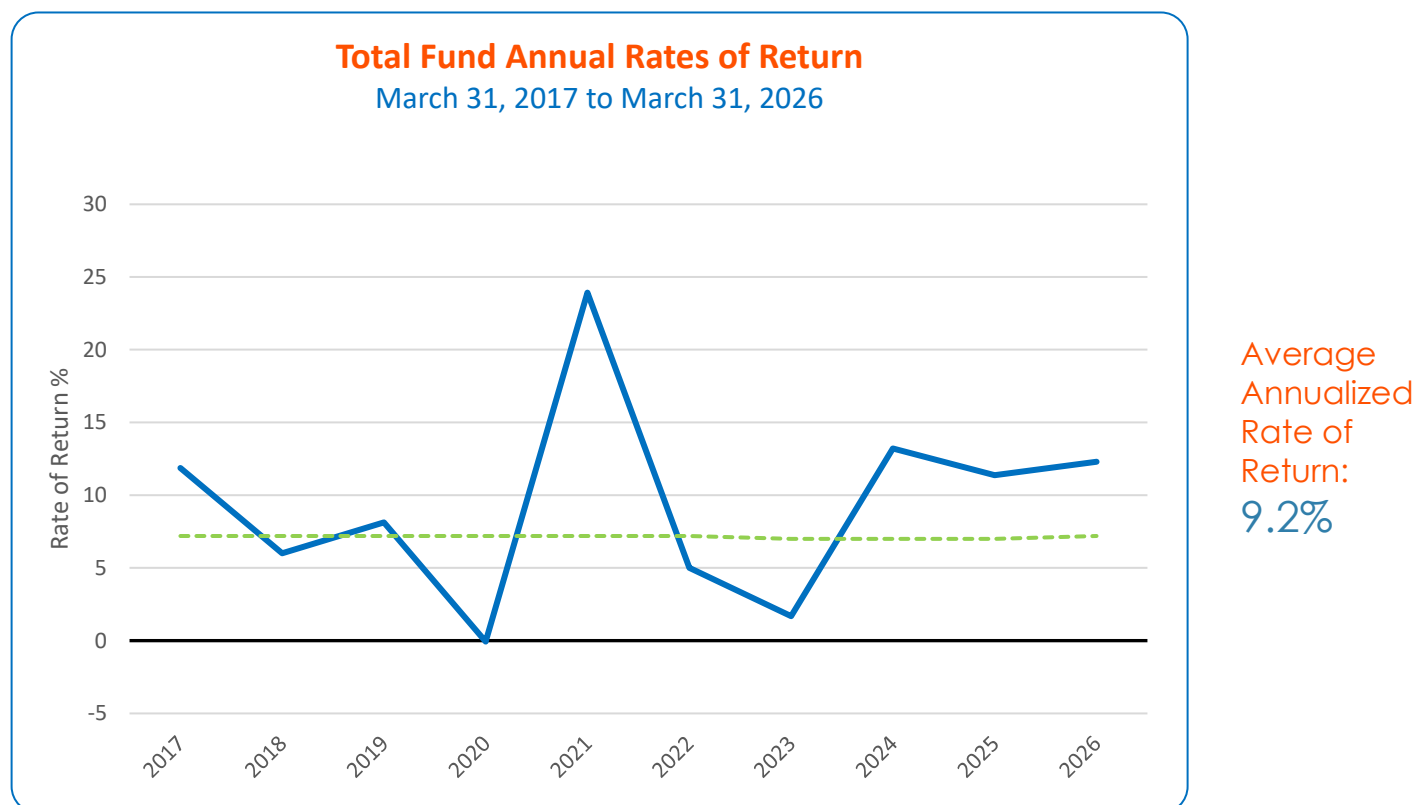
Table 3: Investment Performance (March 31)

|                    | 1 year        | 4 years     | 5 years       | 10 years    |
|--------------------|---------------|-------------|---------------|-------------|
| Annualized Return  | 12.3%         | 9.8%        | 8.8%          | 9.2%        |
| Benchmark Return*  | 16.4%         | 9.5%        | 9.0%          | 8.7%        |
| <b>Value Added</b> | <b>(4.1)%</b> | <b>0.3%</b> | <b>(0.2)%</b> | <b>0.5%</b> |
| Percentile Ranking | 43            | 9           | 29            | 9           |

\* The benchmark is the expected return of the Fund based upon a passive investment in the indices underlying the policy asset mix.

Figure 5: Rate of Return

Annual fund returns over the ten-year period 2017 to 2026 are presented in the chart below.



Note: Past returns should not be viewed as an indicator of future Fund performance.

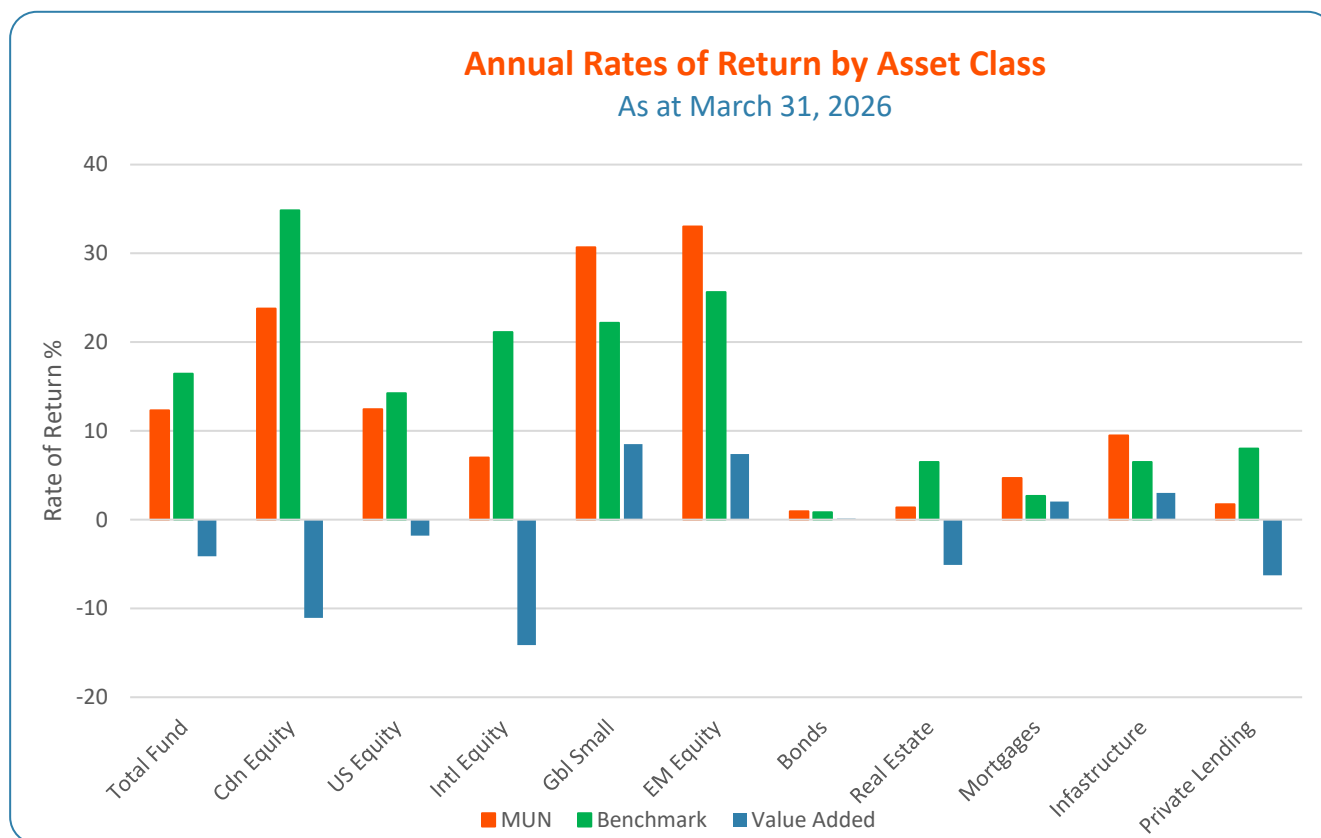
## Mandate Performance

**33%** of the Fund's mandates outperformed their respective benchmarks over 12 months ending March 31, 2026.

**36%** of the Fund's mandates with 4-year performance track records outperformed their respective benchmarks over 4 years ending March 31, 2026.

Figure 6: Asset Class Rate of Return

Annual returns by asset class for the one-year period ended March 31, 2026 are shown below:



# Actuarial Valuation

An actuarial valuation of the Plan was performed as at December 31, 2024 and the results have been extrapolated to March 31, 2026 for reporting purposes. The previous actuarial valuation was performed as at December 31, 2022.

In addition to reporting on the solvency position of the Pension Plan, an actuarial valuation is performed to determine the ability of the Pension Plan to meet its obligations or "pension promises" on a going concern basis. It is also used to project the cost of benefits that will accrue to active plan members in the years following the valuation. The results of the extrapolation to March 31, 2026 and the December 31, 2024 valuation are highlighted in the following table together with comparative figures for an extrapolation of the Pension Plan's financial position to March 31, 2025:

Table 4: Actuarial Results

| Actuarial Balance Sheet                |                                 |                   |                                 |                   |                                    |          |
|----------------------------------------|---------------------------------|-------------------|---------------------------------|-------------------|------------------------------------|----------|
|                                        | March 31, 2026<br>(\$ Millions) |                   | March 31, 2025<br>(\$ Millions) |                   | December 31, 2024<br>(\$ Millions) |          |
|                                        | Going Concern <sup>1</sup>      | Solvency          | Going Concern <sup>1</sup>      | Solvency          | Going Concern <sup>1</sup>         | Solvency |
| Actuarial Value of Assets <sup>2</sup> | 2,487.9                         | See Note 3) below | 2,270.9                         | See Note 3) below | 2,258.6                            | 2,401.1  |
| Actuarial Liabilities                  | 2,265.6                         |                   | 2,193.9                         |                   | 2,177.1                            | 2,226.8  |
| Surplus (Unfunded Liability)           | 222.3                           |                   | 77.0                            |                   | 81.5                               | 174.3    |

Notes:

- 1) The going concern financial position does not include a future payment stream related to the introduction of indexing in July 2004. A financing plan is in place to amortize past service costs of indexing (approximately \$63.7 million at December 31, 2024) over a remaining period of 19.5 years from December 31, 2024.
- 2) The actuarial value of assets includes a fair value adjustment to smooth market effects over a three-year period.
- 3) An extrapolation of the solvency position was not performed as at March 31, 2025 or March 31, 2026.

The next actuarial valuation for funding is due no later than December 31, 2027 [i.e., within three years of the December 31, 2024 actuarial valuation].

An actuarial valuation of the Pension Plan for funding purposes was performed at December 31, 2024. The valuation revealed a going concern surplus position of \$81.5 million and a solvency surplus of \$174.3 million.

These surplus positions do not include approximately \$63.7 million in expected future cash flows in respect of the past service costs associated with the introduction of indexing in 2004. By special provision of the **Pension Benefits Act, 1997** (PBA), the University and employees are financing the indexing liability over a remaining period of 18.25 years from March 31, 2026 through contributions equivalent to 1.2 per cent of pensionable payroll (shared equally by the University and employees).

As a result of the Pension Plan having both a going concern and solvency surplus at December 31, 2024, no future special payments are scheduled.

The Plan's funding policy is addressed as Issue Two in the Report on Performance section of this Activity Report.

# Current Service Cost

Current service cost is the basis upon which the Plan's contribution rate for both employees and the University is determined. The December 31, 2024 actuarial valuation revealed that current service cost has decreased by 0.8 percentage points over levels identified in the previous funding valuation, at December 31, 2021. Current service cost is shared equally between employees and the University.

Based on the December 31, 2024 valuation and in accordance with the University's practice of implementing contribution rate adjustments on January 1 of the year following receipt of the valuation, effective January 1, 2026 pension contributions are based upon the rate structure set out below:

Table 5: Contribution Rate

| Rate Structure                                                                                                                          | Previous Contribution Rate | Current Contribution Rate January 1, 2026 |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------------------|
| Earnings up to Year's Basic Exemption under Canada Pension Plan                                                                         | 11.4%                      | 11.0%                                     |
| Earnings between Year's Basic Exemption under Canada Pension Plan and the Year's Maximum Pensionable Earnings under Canada Pension Plan | 9.6%                       | 9.2%                                      |
| Earnings above Year's Maximum Pensionable Earnings under Canada Pension Plan                                                            | 11.4%                      | 11.0%                                     |

Report On

# Performance 2025-26

Three primary issues and related goals and objectives as identified in the 2023-2026 Activity Plan

### Responsible stewardship in the collection, investment, and disbursement of the Pension Fund

The Board of Regents, as trustee of the Fund, is responsible to ensure that funding objectives for the Plan are met and that contributions are invested in a prudent and timely manner. The funding objectives include an actuarially sound contribution rate, an appropriate investment strategy, and a special payment stream to liquidate unfunded liabilities. The special payment stream is addressed in Issue Two. The Board must further ensure that the Plan is administered in accordance with the **Memorial University Pensions Act** and other governing legislation.

Over the past year of the Plan, the Board of Regents ensured that the funding objectives of the Plan were met and that current contributions were invested in a timely and prudent manner in accordance with all governing legislation. In doing so, they successfully achieved their objective as outlined in the 2023-2026 Activity Plan. During the period April 1, 2025 to March 31, 2026 a total of \$67.8 million in contributions from the University and its employees were paid into the pension fund for investment while the plan paid out a total of \$108.4 million in benefits to eligible retired employees and their beneficiaries. Over that same period, \$11.6 million in administrative expenses were paid in addition to \$5.0 million in termination benefits. The following details the Plan's successful achievement of the indicators, and therefore the objective presented in the activity plan for the 2025-26 fiscal year.

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### Objective

By March 31, 2024, 2025 and 2026 the Memorial University Pension Plan will have met its funding objectives, including the awarding of monies to eligible retired members or their principal beneficiaries<sup>1</sup> and the payment of administrative expenses.

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#### Indicators:

- Collected and invested contributions

During the 2025-26 fiscal year, the Plan collected a total of \$67,780,000 in contributions, representing amounts paid by the University and its employees and funds transferred from other employers' plans. All contributions are paid into the Pension Fund for investment by external investment managers.

- Eligible retired members/principal beneficiaries are receiving pension benefits

The Plan paid a total of \$108,411,000 in benefits to eligible retired employees or their beneficiaries in 2025-26.

- Paid associated administrative expenses

During 2025-26, the Plan paid a total of \$11,601,000 in administrative expenses and \$4,957,000 in termination benefits.

<sup>1</sup> The University has replaced the term "survivor" with "principal beneficiary" in Plan documentation and communications.

### Funding Policy for Sustainability of the Pension Fund

As the employer, the University must comply with the pension plan funding requirements of the **Pension Benefits Act, 1997** (PBA). When the Plan experiences funding deficiencies, as measured by periodic actuarial valuations, the University must make additional special payments into the Plan. The PBA requires that going concern deficiencies be amortized over a period not greater than 15 years, while solvency deficiencies must be paid over not more than 5 years. In addition, through special provision under the PBA, the past service costs associated with the introduction of indexing in 2004 are being amortized over a remaining period of 18.25 years from March 31, 2026.

An actuarial valuation of the Plan was performed at December 31, 2024 for funding purposes. The previous funding valuation was performed at December 31, 2021.

The Plan was fully funded at December 31, 2024 with a going concern surplus of \$81.5 million and a solvency surplus of \$174.3 million. This financial position does not include the present value of future indexing contributions from employees and the University valued at a total of approximately \$63.7 million, as of that date.

With respect to the sustainability of the Pension Fund, the University and employee groups jointly monitor the performance of the Fund through the University Pensions Committee and provide input to the Board of Regents on investment policy construction and asset allocation. The investment of the Fund is guided by the Plan's Statement of Investment Policy and Objectives.

An extrapolation of the Plan's financial position to March 31, 2026 showed that the actuarial going concern surplus had increased to \$222.3 million as a result of investment market performance.

---

### Objective

By March 31, 2024, 2025 and 2026, Memorial University will have prudently managed the Memorial University Pension Fund.

---

**Indicators:**

- Reviewed, amended and implemented the Plan's Statement of Investment Policy and Objectives to ensure the sustainability of the Pension Fund.

During fiscal 2023-24, 2024-25, and 2025-26 the Plan was funded in accordance with the PBA and the Plan has a going concern surplus at March 31, 2026.

With the implementation of the Statement of Investment Policy and Objectives, Memorial University has prudently managed the Pension Fund.

### Joint Sponsorship of the Memorial University Pension Plan

Other large public sector pension plans in Newfoundland and Labrador have undergone a transformational pension reform process which has culminated in the establishment of shared responsibility for pension plan management and funding.

In consideration of the Plan's status as a public sector pension plan and in recognition of funding challenges, the Provincial Government has requested that the University and Plan stakeholders also move to establish joint sponsorship of the Plan and formulate a funding policy to guide its future sustainability. Under this structure, the Plan would be jointly sponsored by the University and employee groups and the sponsors would share equally in the Plan's management and funding. This change would be developed in consultation with the Provincial Government.

In 2023-24 employee groups indicated to the University that they were no longer interested in pursuing joint sponsorship of the Plan. During the 2025-26 fiscal year no further progress was made on joint sponsorship and the issue remains in abeyance.

---

### Objective

By March 31, 2024, 2025 and 2026 the Memorial University Pension Plan will have continued work towards transitioning to a jointly sponsored pension plan.

---

#### Indicators:

- Continued the development of a joint sponsorship governance model for the future management and funding of the Pension Plan.

In 2023-24 employee groups indicated to the University that they were no longer interested in pursuing joint sponsorship of the Plan. During the year no further progress was made, and the University did not meet the objective of continuing to work towards transitioning to a jointly sponsored pension plan.

# Plan Highlights

## Financial Highlights

Selected financial highlights for the Plan are shown in the table below. More detailed information can be found in the audited financial statements beginning on page 29 of this report.

Table 6: Financial Highlights

|                                     | March 31      |               |
|-------------------------------------|---------------|---------------|
|                                     | 2026          | 2025          |
| Net Assets Available for Benefits * | 2,633,819,000 | 2,393,253,000 |
| One-Year Annual Rate of Return      | 12.30%        | 11.37%        |
| Realized Investment Income          | 289,883,000   | 349,750,000   |
| Pensions Paid**                     | 108,411,000   | 104,769,000   |
| Current Contributions: Employee     | 33,391,000    | 33,080,000    |
| University                          | 32,966,000    | 33,082,000    |
| Buyback Contributions: Employee     | 1,379,000     | 1,179,000     |
| University                          | 44,000        | 47,000        |
| University special payments:        |               |               |
| Going Concern                       | Nil           | Nil           |
| Solvency deficit (refunds)          | Nil           | 1,976,000     |

\* Net assets available for benefits is reported at fair value and does not include the actuarial smoothing adjustment. Refer to note 6 of the accompanying financial statements for further information.

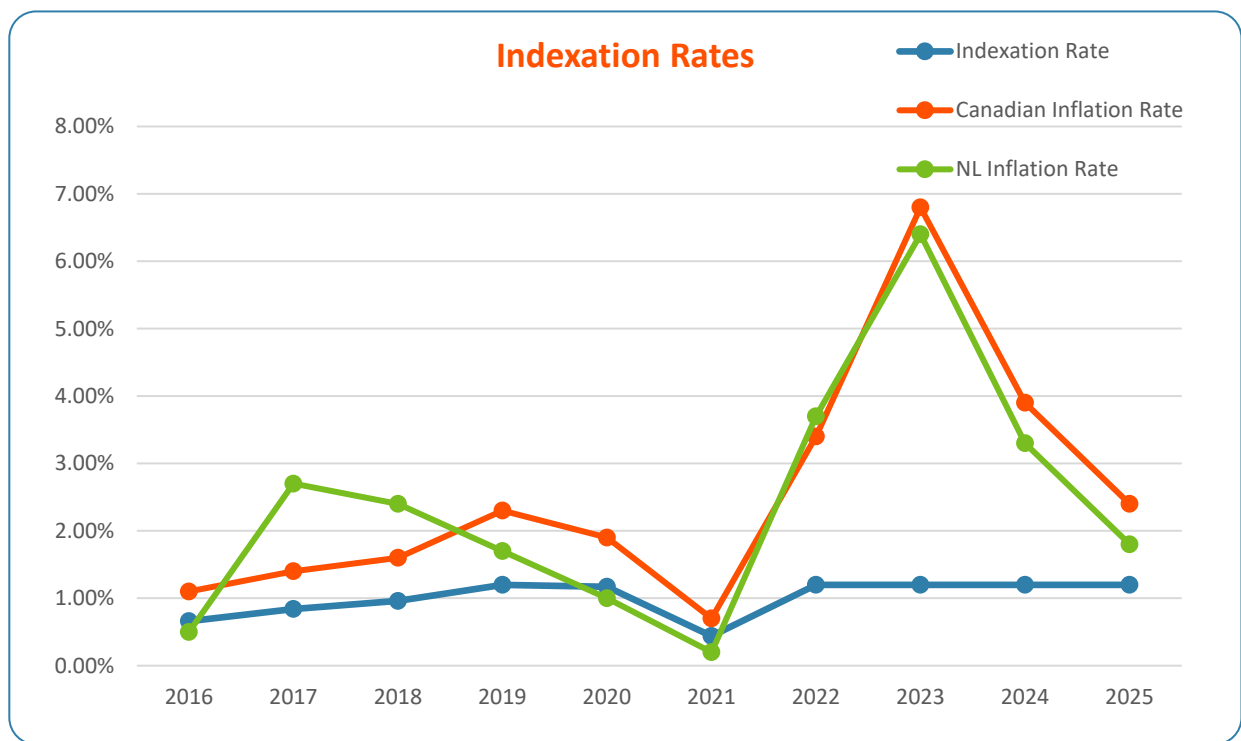
\*\* Not inclusive of death benefits or refunds.

## Pension Indexing

On July 1, 2025, 2,331 retirees and principal beneficiaries received a 1.2 per cent indexing adjustment to their pensions (July 1, 2024 - 2,248 pensions were increased by 1.2 per cent). Indexing was introduced to the Plan in July 2004, with yearly adjustments calculated as 60 per cent of the annual change in the consumer price index, as measured by Statistics Canada, to a maximum yearly increase of 1.2 per cent.

Figure 7: Indexation Rates

Indexation rates from 2016 to 2025 are shown in the chart below:



Average Indexation Rate:

1.01%

For the 10-year period from 2016 to 2025.

## Membership Movement and Distribution

Throughout the fiscal year the Plan's participant distribution will inevitably change (e.g. retirements, new hires). Movement within the 2025-26 fiscal year is shown below:

Table 7: Membership Movement

| Membership Group        | March 31, 2026 | April 1, 2025 |
|-------------------------|----------------|---------------|
| Actives                 | 3,601          | 3,692         |
| Retirees                | 2,512          | 2,466         |
| Principal Beneficiaries | 434            | 366           |
| Deferred                | 481            | 457           |

## Actuarial Valuation and Financial Position

A full valuation of the Plan was performed at December 31, 2024 and has been extrapolated to March 31, 2025 and March 31, 2026 for financial reporting purposes. The results of this valuation are reported in an earlier section.

At December 31, 2024, the Plan had a going concern surplus of \$81.5 million. By March 31, 2026, the surplus had decreased to \$222.3 million.

For the year ended March 31, 2026 the pension fund generated an annual return of 12.30%, well in excess of the Plan's hurdle or discount rate of 5.7%.

A five-year history of the Plan's financial position is presented below:

Table 8: Financial Position

|                             | March 31       |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
|                             | 2026<br>(000s) | 2025<br>(000s) | 2024<br>(000s) | 2023<br>(000s) | 2022<br>(000s) |
| Net Assets at Market Value  | 2,633,818      | 2,393,253      | 2,195,672      | 1,994,202      | 2,012,364      |
| Pension Obligations         | 2,265,559      | 2,193,878      | 2,105,780      | 2,038,190      | 2,024,185      |
| Surplus (Deficit) at Market | 368,259        | 199,375        | 89,892         | (43,988)       | (11,821)       |
| Smoothing Adjustment        | (145,923)      | (122,394)      | (54,447)       | 58,887         | (88,496)       |
| Surplus (Deficit) Smoothed  | 222,336        | 76,981         | 35,445         | 14,899         | (100,317)      |
| Funded Ratio at Market      | 116.3%         | 109.0%         | 104.3%         | 98%            | 99%            |

- Results of December 31 valuations are extrapolated to March 31 for financial reporting.
- Financial positions and funded ratios are reported at market value as per Pension Plan financial statements and do not reflect asset "smoothing" adjustments contained in actuarial valuation reports.

# Opportunities and Challenges Ahead

## Opportunities

The following areas of opportunity have been identified for 2026-27:

- Continue the implementation of new resourcing and governance model approved for the administration of the Plan and its investment fund.
- Complete an Asset-Liability Study to re-assess the optimal asset mix for the Plan.

## Challenges

The following challenges have been identified for 2026-27:

- Monitoring and assessment of the performance of investment fund managers;
- Assessment of US equity strategy and conversion of S&P 500 index-linked mandate;
- Re-engagement with employee stakeholder groups with the objective of developing a joint sponsorship framework for the pension plan.



Financial Statements  
**Memorial University of Newfoundland  
Pension Plan**

March 31, 2026

Financial Statements

**Memorial University of Newfoundland  
Pension Plan**

March 31, 2026



OFFICE OF THE AUDITOR GENERAL  
NEWFOUNDLAND AND LABRADOR

## INDEPENDENT AUDITOR'S REPORT

To the Board of Regents  
Memorial University of Newfoundland  
St. John's, Newfoundland and Labrador

### Opinion

I have audited the financial statements of the Memorial University of Newfoundland Pension Plan (the Plan), which comprise the statement of financial position as at March 31, 2026, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at March 31, 2026 and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

### Basis for Opinion

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

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

## **Independent Auditor's Report (cont.)**

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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

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

In preparing the 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.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the 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 my 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 my 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.

## **Independent Auditor's Report (cont.)**

- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



**DENISE HANRAHAN, CPA, MBA, ICD.D**  
**Auditor General**

July 22, 2026  
St. John's, Newfoundland and Labrador

# Memorial University of Newfoundland Pension Plan

## STATEMENT OF FINANCIAL POSITION

As at March 31

[thousands of dollars]

|                                                       | 2026             | 2025             |
|-------------------------------------------------------|------------------|------------------|
| <b>ASSETS</b>                                         |                  |                  |
| <b>Receivables</b>                                    |                  |                  |
| Contributions receivable                              | 1,157            | 977              |
| Harmonized Sales Tax receivable                       | 350              | 359              |
| Accrued interest and dividends                        | 4,319            | 5,584            |
| Amounts due from pending trades                       | 563              | 1,103            |
| Due from Memorial University of Newfoundland [note 4] | -                | 4,979            |
|                                                       | <b>6,389</b>     | <b>13,002</b>    |
| <b>Investments [notes 5 &amp; 9]</b>                  |                  |                  |
| Cash and short-term investments                       | 14,697           | 17,272           |
| Bonds and debentures                                  | 222,712          | 220,615          |
| Equities                                              | 1,706,502        | 1,476,251        |
| Real estate                                           | 192,171          | 192,837          |
| Infrastructure                                        | 246,631          | 227,987          |
| Private Lending                                       | 110,414          | 114,531          |
| Mortgages                                             | 143,563          | 137,135          |
|                                                       | <b>2,636,690</b> | <b>2,386,628</b> |
| <b>Total assets</b>                                   | <b>2,643,079</b> | <b>2,399,630</b> |
| <b>LIABILITIES</b>                                    |                  |                  |
| Accounts payable and accrued expenses                 | 2,249            | 2,221            |
| Due to Memorial University of Newfoundland [note 4]   | 1,287            | -                |
| Accrued pension refunds                               | 2,424            | 3,863            |
| Amounts payable from pending trades                   | 3,300            | 293              |
| <b>Total liabilities</b>                              | <b>9,260</b>     | <b>6,377</b>     |
| <b>Net assets available for benefits</b>              | <b>2,633,819</b> | <b>2,393,253</b> |
| <br>                                                  |                  |                  |
| Pension obligations                                   | (2,265,559)      | (2,193,878)      |
| Surplus                                               | <b>368,260</b>   | <b>199,375</b>   |

See accompanying notes

On behalf of the Board:



Chair of the Board of Regents



Chair of the Audit & Finance Committee

**Memorial University of Newfoundland Pension Plan**

**STATEMENT OF CHANGES IN NET ASSETS  
AVAILABLE FOR BENEFITS**

Year ended March 31  
[thousands of dollars]

|                                                                 | 2026             | 2025             |
|-----------------------------------------------------------------|------------------|------------------|
| <b>INCREASE IN ASSETS</b>                                       |                  |                  |
| <b>Investment income</b>                                        |                  |                  |
| Interest income                                                 | 15,048           | 17,707           |
| Dividend income                                                 | 48,148           | 46,913           |
| Current period increase (decrease) in fair value of investments | 7,872            | (92,646)         |
| Realized gain on sale of investments                            | 226,687          | 285,130          |
|                                                                 | <u>297,755</u>   | <u>257,104</u>   |
| <b>Contributions [note 7]</b>                                   |                  |                  |
| Employee - current service                                      | 33,391           | 33,080           |
| - past service                                                  | 1,379            | 1,179            |
| Employer - current service                                      | 32,966           | 33,082           |
| - past service                                                  | 44               | 47               |
| - special payments                                              | -                | 1,976            |
|                                                                 | <u>67,780</u>    | <u>69,364</u>    |
| <b>Total increase in assets</b>                                 | <u>365,535</u>   | <u>326,468</u>   |
| <b>DECREASE IN ASSETS</b>                                       |                  |                  |
| Benefits paid                                                   | 108,411          | 104,769          |
| Refunds of contributions                                        | 4,860            | 7,191            |
| Death benefits                                                  | 97               | 3,878            |
| Administrative expenses [note 8]                                | 11,601           | 13,049           |
| <b>Total decrease in assets</b>                                 | <u>124,969</u>   | <u>128,887</u>   |
| <b>Increase in net assets</b>                                   | <u>240,566</u>   | <u>197,581</u>   |
| Net assets available for benefits, beginning of year            | <u>2,393,253</u> | <u>2,195,672</u> |
| <b>Net assets available for benefits, end of year</b>           | <u>2,633,819</u> | <u>2,393,253</u> |

*See accompanying notes*

## Memorial University of Newfoundland Pension Plan

### STATEMENT OF CHANGES IN PENSION OBLIGATIONS

Year ended March 31  
[thousands of dollars]

|                                                                              | 2026      | 2025      |
|------------------------------------------------------------------------------|-----------|-----------|
| Actuarial present value of accrued pension benefits,<br>beginning of year    | 2,193,878 | 2,105,780 |
| Experience (gain) / loss                                                     | -         | (4,094)   |
| Changes in actuarial assumptions/methodology                                 | -         | 26,905    |
| Interest accrued on benefits                                                 | 123,572   | 121,608   |
| Benefits accrued                                                             | 61,477    | 59,517    |
| Benefits paid, death benefits and refunds of contributions                   | (113,368) | (115,838) |
| Actuarial present value of accrued pension benefits,<br>end of year [note 6] | 2,265,559 | 2,193,878 |

See accompanying notes

## **Memorial University of Newfoundland Pension Plan**

### **NOTES TO FINANCIAL STATEMENTS**

March 31, 2026

[tabular amounts in thousands of dollars]

#### **1. DESCRIPTION OF PLAN**

The following description of the Memorial University of Newfoundland Pension Plan [the “Plan”] is a summary only. For more complete information, reference should be made to the *Memorial University Pensions Act* [the “Act”].

##### **General**

The Plan is a contributory defined benefit pension plan covering eligible employees of Memorial University of Newfoundland [the “University”] in accordance with the Act.

Where differences exist between the provisions of the Act and the Newfoundland *Pensions Benefits Act, 1997* [the “PBA”], the minimum standards prescribed by the PBA will prevail unless the Plan provisions exceed these standards.

##### **Funding policy**

The Plan is subject to the funding provisions of section 35 of the PBA and section 12 of the PBA Regulations which require that the employer contribute an amount equal to the normal actuarial cost allocated to the employer in the most recently filed actuarial valuation. In addition, where the Plan experiences a solvency deficiency, the employer is required to contribute an amount sufficient to liquidate the solvency deficiency within five years of the solvency valuation date. Likewise, going concern unfunded liabilities are required to be liquidated by the employer over a period not exceeding fifteen years.

##### **Provincial guarantee**

The Plan is underwritten by the Province of Newfoundland and Labrador. Section 6 of the Act states:

All pensions, payments, and refunds and all expenses of the administration of this Act are a charge upon and payable out of the fund and if at any time there is not sufficient money at the credit of the fund for those purposes as they fall due for payment the Minister of Finance shall pay to the board an amount to cover the deficiency, and the board shall deposit that amount to the fund.

##### **Service pensions**

A service pension is available based on the number of years of service times two percent of the best five-year average pensionable salary. Pensions are indexed from age 65 at the rate of 60% of the annual change in the Consumer Price Index, as measured by Statistics Canada, to a maximum annual increase of 1.2%.

## **Memorial University of Newfoundland Pension Plan**

### **NOTES TO FINANCIAL STATEMENTS**

March 31, 2026

[tabular amounts in thousands of dollars]

#### **Survivors' pensions**

A survivor pension is paid to a surviving principal beneficiary or dependent child, as defined in the Act, of a member who has a minimum of two years' credited service.

#### **Death refunds**

A death refund is payable to the estate of a pensioner or survivor where such pensions have not been paid to the full extent of the individual's contributions plus interest. In a similar manner, a death refund is payable to the estate of a contributor where no survivor pension is paid. A death refund may also be paid to a surviving principal beneficiary who elects to transfer the commuted value of their survivor pension from the Plan where the death of a contributor precedes the commencement of their pension.

#### **Refunds**

Upon application and subject to locking-in provisions, a terminated employee may be entitled to withdraw their contributions and accumulated interest or transfer the commuted value of their pension from the Plan.

#### **Income taxes**

The Plan is a Registered Pension Trust as defined in the *Income Tax Act* and is not subject to income taxes.

### **2. BASIS OF PRESENTATION**

These financial statements have been prepared on a going concern basis as set out in Section 4600, Pension Plans, in Part IV of the Chartered Professional Accountants of Canada ["CPA Canada"] Accounting Handbook. These financial statements present the information of the Plan as a separate reporting entity independent of the sponsor and participants of the Plan.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Use of estimates**

The preparation of financial statements in conformity 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 financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period during which they become

## **Memorial University of Newfoundland Pension Plan**

### **NOTES TO FINANCIAL STATEMENTS**

March 31, 2026

[tabular amounts in thousands of dollars]

known. Areas of key estimation include the actuarial assumptions for the determination of the pension obligations [see note 6] and the fair value of investments [see note 9].

#### **Investments**

Investments are stated at fair value and transactions are recorded as of the trade date. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. In determining fair value, adjustments have not been made for transaction costs as they are not considered to be significant. The change in the difference between the fair value and cost of investments, at the beginning and end of each fiscal year, is reflected in the statement of changes in net assets available for benefits as current-period change in fair value of investments.

Fair value of investments is determined as follows:

Equities are valued at year-end quoted market prices based upon the mid-point of the bid-ask spread. Where quoted prices are not available, estimated fair value is calculated using comparable securities. Equities included a passive S&P 500 index linked asset which was marked-to-market at year end quoted market prices plus an accrued guaranteed outperformance premium.

Pooled fund investments are valued at the unit value supplied by the pooled fund administrator, which represents the Plan's proportionate share of underlying net assets at fair value determined using closing market prices.

The investment in real estate is comprised of units in both a closed-end real estate fund and an open-end real estate fund. The fair value of properties in both funds is determined at least annually by independent accredited appraisers. New acquisitions are carried at cost for the first 12 months.

Private lending and infrastructure assets held in open and closed end pooled funds are not publicly traded and valuations are provided by the respective fund managers on a three-month lagging basis. Valuations are adjusted for capital calls and distributions received in the inter-valuation period.

#### **Investment income**

Investment income, which is recorded on the accrual basis, includes realized gains (losses) on the sale of investments, interest income, dividends and unrealized changes in fair value.

#### **Realized gain on sale of investments**

The realized gain on the sale of investments is the difference between proceeds received and the average cost of investments sold.

## **Memorial University of Newfoundland Pension Plan**

### **NOTES TO FINANCIAL STATEMENTS**

March 31, 2026

[tabular amounts in thousands of dollars]

#### **Recognition of contributions and benefits**

Contributions and benefits are recognized on the accrual basis of accounting.

All current service and required contributions from the University and Plan participants, respectively, are reflected in the year of the Plan participant's earnings.

#### **Foreign currency translation**

The fair value of foreign currency denominated investments, included in the statement of net assets available for benefits, is translated into Canadian dollars at year-end rates of exchange. Gains and losses arising from translations are included in the current-period increase (decrease) in fair value of investments.

Foreign currency denominated transactions including cost amounts, are translated into Canadian dollars at the rates of exchange in effect on the dates of the related transactions.

#### **Fair value of financial instruments**

Investment assets and liabilities are measured at fair value as disclosed elsewhere in these financial statements. Other assets and liabilities do not have significant fair value risk as they are all due within twelve months.

#### **4. DUE TO/FROM MEMORIAL UNIVERSITY OF NEWFOUNDLAND**

The treasury function of the Plan is administered by the University and, therefore, the Due to/from Memorial University of Newfoundland account represents funds owed to/from the Plan by the University.

## Memorial University of Newfoundland Pension Plan

### NOTES TO FINANCIAL STATEMENTS

March 31, 2026

[tabular amounts in thousands of dollars]

#### 5. INVESTMENTS

[a] The following table summarizes investments at fair value:

|                                                | 2026      | 2025      |
|------------------------------------------------|-----------|-----------|
| Cash and short-term investments                | 14,697    | 17,272    |
| Canadian bonds and debentures:<br>Pooled funds | 222,712   | 220,615   |
| Canadian equities:<br>Common stock             | 425,495   | 482,680   |
| Pooled funds                                   | 180,079   | 130,391   |
|                                                | 605,574   | 613,071   |
| Foreign equities:<br>Common stock              | 468,783   | 431,876   |
| Pooled funds                                   | 632,145   | 431,304   |
|                                                | 1,100,928 | 863,180   |
| Total equities                                 | 1,706,502 | 1,476,251 |
| Canadian real estate                           | 192,171   | 192,837   |
| Private lending                                | 110,414   | 114,531   |
| Canadian mortgages                             | 143,563   | 137,135   |
| Infrastructure                                 | 246,631   | 227,987   |
|                                                | 2,636,690 | 2,386,628 |

[b] Realized gains arising from foreign currency translation amounted to \$5,420,751 for the year ended March 31, 2026 [2025 – Gain of \$3,325,897]. For financial statement presentation purposes, these amounts have been included in realized gain on sale of investments.

## Memorial University of Newfoundland Pension Plan

### NOTES TO FINANCIAL STATEMENTS

March 31, 2026

[tabular amounts in thousands of dollars]

#### 6. OBLIGATION FOR PENSION BENEFITS

The present value of accrued pension benefits was determined using the projected benefits method prorated on service and the administrator's best estimate assumptions. The Actuary, Eckler Limited, performed an actuarial valuation as at December 31, 2024, and extrapolated the results to March 31, 2026. The previous actuarial valuation was performed at December 31, 2022.

The actuarial present value of benefits as at March 31, 2026, was estimated to be \$2,265,559 [2025 – \$2,193,878]. The statement of changes in pension obligations outlines the principal components of change in actuarial present value from one year to the next.

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant long-term actuarial assumptions used in the December 31, 2024, valuation were:

##### Discount rate

5.7% [2022 – 5.8%] pre- and post-retirement

##### Salary escalation rate

3.75% [2022 – 3.75%] per annum

The actuarial value of net assets available for benefits has been determined at amounts that reflect long-term market trends [consistent with assumptions underlying the valuation of the accrued pension benefits]. The fair value is the underlying basis and incorporates an investment reserve calculated as the unamortized difference between expected and actual investment returns over a period of three years.

The actuarial asset values used in the extrapolations for 2026 and 2025 were as follows:

|                                                                   | 2026      | 2025      |
|-------------------------------------------------------------------|-----------|-----------|
| Net assets available for benefits                                 | 2,633,819 | 2,393,253 |
| Actuarial value changes not reflected in fair value of net assets | (145,923) | (122,394) |
| Actuarial value of net assets available for benefits              | 2,487,896 | 2,270,859 |

## Memorial University of Newfoundland Pension Plan

### NOTES TO FINANCIAL STATEMENTS

March 31, 2026

[tabular amounts in thousands of dollars]

#### 7. FUNDING POLICY

An actuarial valuation of the Plan for funding purposes was performed by the Actuary as at December 31, 2024. The valuation disclosed a going concern surplus of \$81.5 million and a solvency surplus of \$174.3 million. The going concern results have been extrapolated to March 31, 2026, for financial statement reporting. The extrapolation revealed a going concern surplus of \$222.3 million at March 31, 2026 (2025 – \$77.0 million), based on current Plan provisions, PBA requirements and asset smoothing. Based upon market values, the surplus was \$368.3 million at March 31, 2026 (2025 – \$199.4 million).

The December 31, 2024 actuarial valuation revealed that the cost of pension benefits being earned by members had decreased by 0.8 percentage points over levels identified in the previous valuation. In accordance with the Plan's administrative practice of implementing contribution rate adjustments on January 1 of the year following receipt of the valuation, effective January 1, 2026, and pursuant to the Act, pension contributions have been changed based upon the rate structure set out below:

| Contribution<br>Rate Prior to<br>Jan. 1, 2026 | Contribution<br>Rate After<br>Jan. 1, 2026 |                                                                                                                                                       |
|-----------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11.4%                                         | 11.0%                                      | of pensionable earnings up to the Year's Basic Exemption ["YBE"] under the <i>Canada Pension Plan Act</i> ;                                           |
| 9.6%                                          | 9.2%                                       | of pensionable earnings above the YBE up to and including the Year's Maximum Pensionable Earnings ["YMPE"] under the <i>Canada Pension Plan Act</i> ; |
| 11.4%                                         | 11.0%                                      | of pensionable earnings above the YMPE.                                                                                                               |

The University is required to contribute an amount equal to the contributions paid by employees and any additional amounts required to be paid by an employer under the PBA. As the last actuarial valuation of the Plan disclosed both a going concern surplus and a solvency surplus, no special payments are required. Where the solvency wind-up ratio is below prescribed limits the University will, however, make special payments into the fund representing the solvency deficiency on refunds and transfers paid out of the fund.

The financial position of the Plan does not reflect a future payment stream incorporated into the contribution rate related to the past service cost of indexing, introduced under the Plan, effective July 1, 2004. A funding arrangement was implemented coincident with the introduction of indexing to liquidate the initial past service unfunded liability over a period of 40 years. At March 31, 2026, approximately 18.25 years are remaining in the amortization schedule. The indexing liability is amortized on a declining balance basis along with recognition that if the indexing contributions exceed the originally scheduled amortization payment, then 15 years' worth of these excess contributions can be accounted for when determining the university's special payments, if applicable.

## Memorial University of Newfoundland Pension Plan

### NOTES TO FINANCIAL STATEMENTS

March 31, 2026

[tabular amounts in thousands of dollars]

The Plan will be funded in accordance with the December 31, 2024 actuarial valuation. The next actuarial valuation for funding is due no later than December 31, 2027 [i.e., within three years of the December 31, 2024 actuarial valuation].

#### 8. ADMINISTRATIVE EXPENSES

Administrative expenses are paid by the University on behalf of the Plan. The Plan then reimburses the University on a monthly basis. A detailed breakdown of these expenses is as follows:

|                                          | 2026          | 2025          |
|------------------------------------------|---------------|---------------|
| Administrative expenses:                 |               |               |
| Actuarial and investment consulting fees | 174           | 97            |
| Administrative services                  | 443           | 409           |
| Custodial fees                           | 438           | 389           |
| Investment management fees               | 9,777         | 11,569        |
| Salaries and benefits                    | 747           | 576           |
| Miscellaneous expenses                   | 22            | 9             |
|                                          | <u>11,601</u> | <u>13,049</u> |

## Memorial University of Newfoundland Pension Plan

### NOTES TO FINANCIAL STATEMENTS

March 31, 2026

[tabular amounts in thousands of dollars]

#### 9. FAIR VALUE MEASUREMENTS, FINANCIAL RISKS AND RISK MANAGEMENT

The fair value of investments is as described in notes 3 and 5[a]. The fair value of other financial assets and liabilities, namely contributions receivable, accrued interest and dividends, due to/from Memorial University of Newfoundland, accounts payable and accrued expenses, and accrued pension refunds are measured at amortized cost. The fair value of amounts due from pending trades and amounts payable from pending trades is represented by the fair value of the underlying securities.

##### Fair value hierarchy

|                                    | 2026             | 2025             |
|------------------------------------|------------------|------------------|
| <b>Level 1</b>                     |                  |                  |
| Cash & short-term investments      | 14,697           | 17,272           |
| Equities                           | 894,278          | 653,870          |
|                                    | 908,975          | 671,142          |
| <b>Level 2</b>                     |                  |                  |
| Equities – Pooled funds            | 812,224          | 561,695          |
| Equities – Index-linked derivative | -                | 260,686          |
| Bonds & debentures                 | 222,712          | 220,615          |
| Mortgages                          | 143,563          | 137,135          |
|                                    | 1,178,499        | 1,180,131        |
| <b>Level 3</b>                     |                  |                  |
| Private lending                    | 110,414          | 114,531          |
| Infrastructure                     | 246,631          | 227,987          |
| Real estate                        | 192,171          | 192,837          |
|                                    | 549,216          | 535,355          |
| <b>Total</b>                       | <b>2,636,690</b> | <b>2,386,628</b> |

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the data used to perform each valuation. The fair value hierarchy is made up of the following levels:

Level 1- valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2- valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability and derived, either directly as prices or indirectly from prices;

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Level 3- valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable data on the market each time such data exists. A financial instrument is classified at the lowest level of hierarchy for which significant input has been considered in measuring fair value. There have been no significant transfers between Levels for all reporting periods presented.

The following table summarizes the changes in the fair value of financial instruments classified in Level 3 for the year ended March 31:

| <b>Level 3</b>                                        | <b>Private Lending</b> | <b>Infrastructure</b> | <b>Real Estate</b> | <b>2026</b>    |
|-------------------------------------------------------|------------------------|-----------------------|--------------------|----------------|
| Balance at beginning of year                          | 114,531                | 227,987               | 192,837            | 535,355        |
| Add: Level 1 investments from prior year              | 1,067                  | -                     | -                  | 1,067          |
| Net purchases                                         | -                      | -                     | -                  | -              |
| Net dispositions                                      | -                      | -                     | -                  | -              |
| Net dividends earned                                  | -                      | -                     | 83                 | 83             |
| Net dividends transferred out                         | -                      | -                     | -                  | -              |
| Net realized gains (losses)                           | (78)                   | 44                    | -                  | (34)           |
| Net cash transfer                                     | (8,737)                | (2,949)               | (3,454)            | (15,140)       |
| Net unrealized gains (losses)                         | (9,418)                | 22,192                | (748)              | 12,026         |
| Venture capital income                                | 8,662                  | -                     | 3,299              | 11,961         |
| Partnership income                                    | 6,108                  | 342                   | -                  | 6,450          |
| Interest income                                       | 74                     | -                     | -                  | 74             |
| Administrative expenses                               | (1,795)                | (985)                 | 154                | (2,626)        |
| (Distribution to) received from plan administrator    | -                      | -                     | -                  | -              |
| Balance at end of year, including Level 1 investments | 110,414                | 246,631               | 192,171            | 549,216        |
| Less: Level 1 investments                             | -                      | -                     | -                  | -              |
| <b>Balance at end of year</b>                         | <b>110,414</b>         | <b>246,631</b>        | <b>192,171</b>     | <b>549,216</b> |

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|                                                       | Private Lending | Infrastructure | Real Estate    | 2025           |
|-------------------------------------------------------|-----------------|----------------|----------------|----------------|
| Balance at beginning of year                          | 107,286         | 206,025        | 191,920        | 505,231        |
| Net purchases                                         | -               | -              | -              | -              |
| Net dispositions                                      | -               | -              | -              | -              |
| Net dividends earned                                  | -               | 3              | 3,000          | 3,003          |
| Net dividends transferred out                         | -               | -              | -              | -              |
| Net realized gains (losses)                           | 150             | (8)            | -              | 142            |
| Net cash transfer                                     | (9,915)         | (11,147)       | (4,987)        | (26,049)       |
| Net unrealized gains (losses)                         | 1,088           | 18,422         | 2,749          | 22,259         |
| Venture capital income                                | 10,876          | -              | -              | 10,876         |
| Partnership income                                    | 7,832           | 675            | -              | 8,507          |
| Interest income                                       | 38              | -              | -              | 38             |
| Administrative expenses                               | (2,392)         | (925)          | 155            | (3,162)        |
| (Distribution to) received from plan administrator    | 635             | 14,942         | -              | 15,577         |
| Balance at end of year, including Level I investments | 115,598         | 227,987        | 192,837        | 536,422        |
| Less: Level I investments                             | 1,067           | -              | -              | 1,067          |
| <b>Balance at end of year</b>                         | <b>114,531</b>  | <b>227,987</b> | <b>192,837</b> | <b>535,355</b> |

Fair values of investments are exposed to price risk, liquidity risk and credit risk.

#### Price risk

Price risk is comprised of currency risk, interest rate risk, and market risk.

- [a] **Currency risk:** Currency risk relates to the possibility that the investments will change in value due to future fluctuations in the U.S., Euro, and other international foreign exchange rates. For example, a 5% strengthening of the Canadian dollar against the U.S. dollar at March 31, 2026, would have decreased the U.S. investment value by approximately \$42,000,000. Conversely, a 5% weakening of the Canadian dollar against the U.S. dollar at March 31, 2026, would have increased the U.S. investment value by approximately \$42,000,000.

A 5% strengthening of the Canadian dollar against the Euro at March 31, 2026, would have decreased the European investment value by approximately \$7,000,000. Conversely, a 5% weakening of the Canadian dollar against the Euro at March 31, 2026, would have increased the European investment value by approximately \$7,000,000.

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A 5% strengthening of the Canadian dollar against the U.K. Pound at March 31, 2026, would have decreased the U.K. investment value by approximately \$3,000,000. Conversely, a 5% weakening of the Canadian dollar against the U.K. Pound at March 31, 2026, would have increased the U.K. investment value by approximately \$3,000,000.

A 5% strengthening of the Canadian dollar against the Japanese Yen at March 31, 2026, would have decreased the Japanese investment value by approximately \$2,000,000. Conversely, a 5% weakening of the Canadian dollar against the Japanese Yen at March 31, 2026, would have increased the Japanese investment value by approximately \$2,000,000.

A 5% strengthening of the Canadian dollar against the Hong Kong Dollar at March 31, 2026, would have decreased the Hong Kong investment value by approximately \$2,000,000. Conversely, a 5% weakening of the Canadian dollar against the Hong Kong Dollar at March 31, 2026, would have increased the Hong Kong investment value by approximately \$2,000,000.

- [b] **Interest rate risk:** Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates, thereby impacting pension liabilities which are exposed to longer-term fixed-income instruments. Duration is an appropriate measure of interest rate risk for fixed-income funds as a rise in interest rates will cause a decrease in bond prices: the longer the duration, the greater the effect. At March 31, 2026, the average duration of the bond portfolio, excluding cash, was 6.8 years. Therefore, if interest rates were to increase by 1%, the value of the bond portfolio would drop by 6.8%.

|                                       | Within<br>1-year | No<br>specific<br>maturity | Total          |
|---------------------------------------|------------------|----------------------------|----------------|
| Cash and<br>short-term<br>investments | 14,697           | —                          | 14,697         |
| Bonds and debentures                  |                  |                            |                |
| Pooled funds                          | —                | 222,712                    | 222,712        |
| <b>Total fixed income</b>             | <b>14,697</b>    | <b>222,712</b>             | <b>237,409</b> |

- [c] **Market risk:** Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices. This risk is reduced by the Plan's investment policy which incorporates diversification of the investment portfolio across various asset classes and within each asset class. Equity price risk is managed by investing in Canadian, U.S., international, and emerging market equities through the use of seven external investment

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managers utilizing differing investment styles. The equity portfolio is diversified across a range of economic sectors and companies and is limited to stocks traded on recognized stock exchanges.

Fixed-income market risk is managed by diversifying across various government and corporate issuers and by maintaining minimum quality ratings of "A" as determined by recognized bond rating agencies. The minimum quality rating for the pooled index bond fund is "BBB".

Price risk can be measured in terms of volatility, i.e., the standard deviation of change in the value of a financial instrument within a specific time horizon. Based on the volatility of the Plan's current asset class holdings shown below, the expectation is that over the long term (15 years), the Plan will return approximately 6.6%, with a 95% probability of the 15-year annualized return falling within the range of 2.2% to 10.3%.

|                                 | <b><u>Estimated<br/>volatility %</u></b> |
|---------------------------------|------------------------------------------|
| <b>Asset class</b>              |                                          |
| Canadian equities               | +/- 16.00                                |
| U.S. equities                   | +/- 16.30                                |
| International equities          | +/- 15.50                                |
| Emerging market equities        | +/- 21.80                                |
| Global small cap equities       | +/- 19.60                                |
| Real estate                     | +/- 8.20                                 |
| Mortgages                       | +/- 2.90                                 |
| Private debt                    | +/- 4.60                                 |
| Infrastructure                  | +/- 10.40                                |
| Cash and short-term investments | +/- 1.50                                 |
| Canadian bonds and debentures   | +/- 4.30                                 |

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|                                    | Market value at<br>March 31, 2026 | Investments<br>% |
|------------------------------------|-----------------------------------|------------------|
| <b>Held-for-trading securities</b> |                                   |                  |
| Canadian equities                  | 605,574                           | 23.0             |
| U.S. equities                      | 468,782                           | 17.8             |
| International equities             | 388,373                           | 14.7             |
| Emerging market equities           | 90,788                            | 3.4              |
| Global small cap equities          | 152,985                           | 5.8              |
| Canadian real estate               | 192,171                           | 7.3              |
| Canadian mortgages                 | 143,563                           | 5.4              |
| Private lending                    | 110,414                           | 4.2              |
| Infrastructure                     | 246,631                           | 9.4              |
| Cash and short-term investments    | 14,697                            | 0.6              |
| Canadian bonds and debentures      | 222,712                           | 8.4              |
| <b>Total</b>                       | <b>2,636,690</b>                  | <b>100</b>       |

|                                   | % change  | Net impact on<br>market value |
|-----------------------------------|-----------|-------------------------------|
| <b>Benchmark for investments</b>  |           |                               |
| S&P/TSX Composite Index           | +/- 16.00 | +/- 96,191                    |
| S&P 500 C\$                       | +/- 16.30 | +/- 76,242                    |
| MSCI ACWI ex-US                   | +/- 15.50 | +/- 60,203                    |
| MSCI EM C\$                       | +/- 21.80 | +/- 19,754                    |
| MSCI ACWI Small Cap Index         | +/- 19.60 | +/- 30,029                    |
| CPI                               | +/- 8.20  | +/- 15,709                    |
| Blended FTSE (60% short; 40% mid) | +/- 2.90  | +/- 4,123                     |
| 8% Net of all Fees                | +/- 4.60  | +/- 5,098                     |
| CPI                               | +/- 10.40 | +/- 25,618                    |
| FTSE Universe                     | +/- 4.30  | +/- 9,649                     |

#### Liquidity risk

Liquidity risk is the risk of being unable to generate sufficient cash or its equivalent in a timely and cost-effective manner in order to meet commitments as they come due. The primary liabilities in the Plan are future benefit obligations [see note 6] and operating expenses. Liquidity requirements are managed through net monthly contributions and by investing in sufficiently liquid [e.g., publicly traded] equities, pooled funds and other easily marketable instruments.

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#### Credit risk

Credit risk relates to the possibility that a loss may occur from failure of a fixed-income security issuer. At March 31, 2026, the maximum risk exposure for this type of investment amounts to \$222,712,211. The Plan owns units of an indexed bond fund which will hold fixed-income instruments with credit ratings of "BBB" and above.

The following table shows the percentage of fixed-income holdings in the portfolio by credit rating:

| Rating    | %    |
|-----------|------|
| AAA       | 43.3 |
| AA        | 27.4 |
| A         | 16.7 |
| BBB       | 11.9 |
| Not Rated | 0.7  |

#### 10. CAPITAL DISCLOSURES

The purpose of the Plan is to provide pension benefits to Plan members. The Plan's objective when managing capital is to preserve assets in a manner that provides it with the ability to continue as a going concern. To accomplish this objective, a broadly diversified investment portfolio is utilized to achieve the highest rate of return within an acceptable level of risk. With the assistance of an outside consultant, the Plan's pension advisory committee and the University's administration department regularly monitor the asset mix to ensure compliance with the Statement of Investment Policies and Objectives.

#### 11. RELATED PARTY TRANSACTIONS

Memorial University of Newfoundland is the pension plan administrator and expenses associated with the operation and management of the pension plan are paid from the pension fund in accordance with the *Memorial University Pensions Act*. The University's Board of Regents is trustee for the pension fund.

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