TTC Pension Plan

Driving Forward

2023 Annual Report

We're making moves.
Going the distance.
Committed to doing what it takes to do right by you.

We're taking real steps every day.
Always striving to improve.
Always working to ensure that we deliver on our promise of a pension you can count on, for life.

The road ahead is clear.
We're ready for what's next.
And we're driving forward.

Confident in the journey ahead

Guided by our prudent investment approach, we remain assured about the long-term performance and viability of the Plan. You can trust that your pension will be there to support you throughout your retirement.

Moving with a clear direction

Our strategic plan provides us with a roadmap for how we can best deliver for our members. It helps shape the initiatives we're undertaking as we strive to continually meet your needs and ensure your retirement security for life.

On a steady track

Stability is a cornerstone of the Plan. Our careful stewardship and forward-thinking investment approach ensure the Plan's resilience and strength for the long term. You can rest assured your pension is well funded and will always be there for you.

Mission, Vision and Values

OUR VISION IS CLEAR

To always be there for our members — today and for a lifetime.

THIS IS OUR MISSION

Providing a financially secure retirement for our members by delivering a pension for life at a reasonable cost.

Supporting our members with responsiveness, open communication and hands-on service, now and throughout their retirement.

WE LIVE OUR VALUES EVERY DAY

Sustainability

We take a long-term view because nothing is more important than ensuring our members can count on a retirement income for life.

Accountability

We are careful stewards of the funds our members have trusted to us. We know how important their pension is to them and we take that responsibility seriously.

Communication

We are responsive to our members and strive to always keep them informed.

Knowledge

We value expertise and continual learning, drawing on this wealth of understanding to make the best strategic investment decisions.

Professionalism

We take pride in our work and believe in always treating everyone with dignity and respect.

Membership Highlights

1,466
NEW MEMBERS

15,984
ACTIVE MEMBERS

1,150
DEFERRED MEMBERS

10,584
RETIRED MEMBERS

443
RETIREMENTS IN 2023

61.12
AVERAGE AGE OF MEMBERS RETIRING IN 2023

Member Service

2,278
online pension estimates generated

734
pension estimates issued

22,941
visits to the website

7,866
calls answered

2,773
emails answered

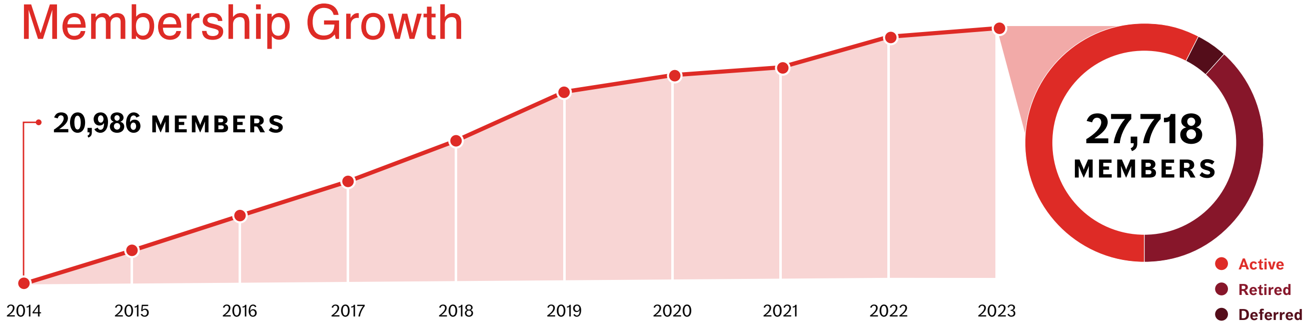
587
one-on-one in-person meetings

- **458** retirement meetings
- **129** pension estimate reviews

643
members attended a pension webinar

- **98%** would recommend attending a webinar to a co-worker.
- **98%** thought the information presented was relevant to them.

Membership Growth



Financial Highlights

2023 was a strong year for the Plan, as its performance consistently met and surpassed its long-term financial targets.

Plan Net Returns vs. Benchmarks

6.9% > 6.8%

10-YEAR NET ANNUALIZED RETURN | **10-YEAR BENCHMARK NET ANNUALIZED RETURN**

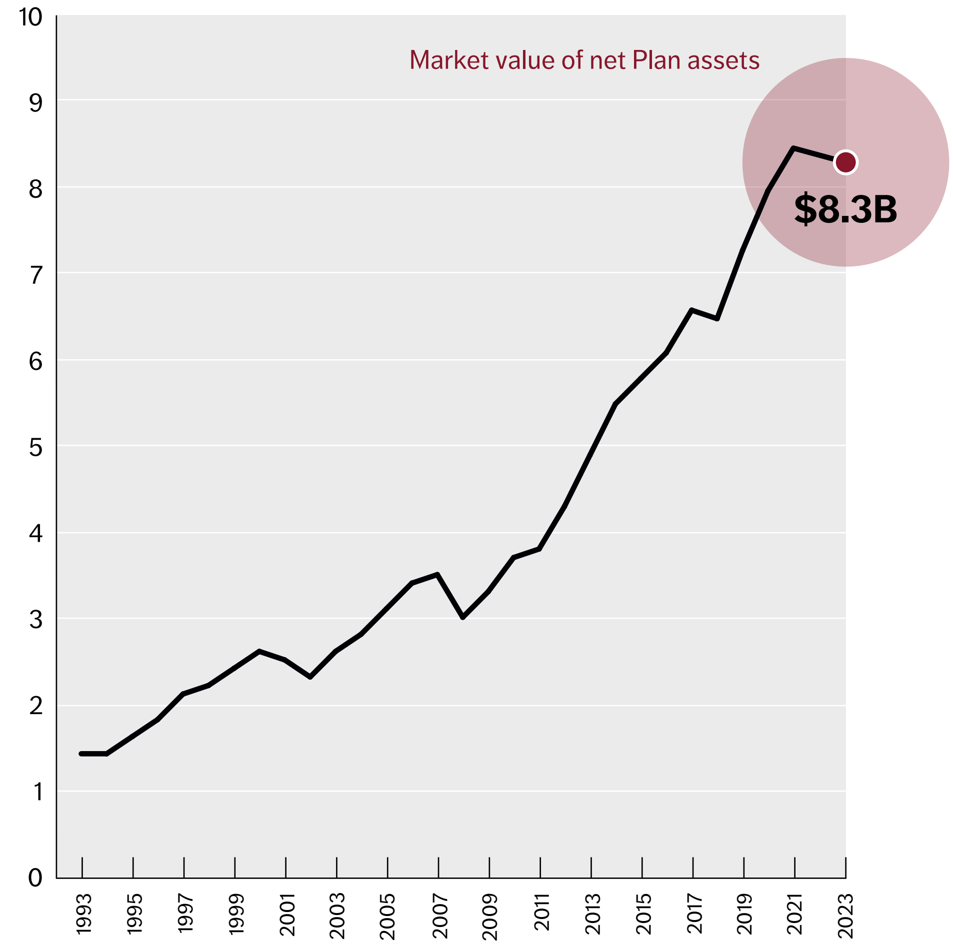
6.9% = 6.9%

5-YEAR NET ANNUALIZED RETURN | **5-YEAR BENCHMARK NET ANNUALIZED RETURN**

9.0% < 11.7%

1-YEAR NET ANNUALIZED RETURN | **1-YEAR BENCHMARK NET ANNUALIZED RETURN**

GROWTH OF NET ASSETS AVAILABLE FOR BENEFITS ($B)



$280M
CONTRIBUTIONS

$439M
BENEFIT PAYMENTS

Fully funded*
GOING-CONCERN FUNDED STATUS

**Going-concern basis, excludes provision for future benefit increases.*

Message from the Board

We are steadfast in our commitment to safeguarding TTC Pension Plan's ability to provide sustainable pensions for our members, now and in the years to come.

In our roles as members of the Board of Directors of TTC Pension Plan, we bear the responsibility of overseeing the Plan and supporting the management team in securing pensions for our members throughout their retirement years. Upholding our fiduciary obligations, we maintain vigilant oversight over investment performance, funding status and expenditures, all the while upholding stringent governance policies.

Emerging from the challenges of recent years, TTC Pension Plan remains in a strong position, attributed to the prudent investment strategies implemented by the management team. The Plan met its long-term financial performance targets and benchmarks and remains well funded, ensuring ample resources to meet both current and future pension obligations.

Annually, the Board conducts a thorough actuarial review to evaluate the feasibility of implementing benefit improvements, considering both affordability and the Plan's long-term viability. We are pleased to announce that, for the 12th consecutive year, the Board has approved an update to the base period and a cost-of-living adjustment, effective January 1, 2024. It's important to note that while these enhancements have been approved, there exists no contractual obligation to provide them, nor are future upgrades guaranteed. The Board remains committed to managing risks diligently and adapting strategies as necessary to ensure the sustained viability of the Plan, prioritizing the long-term pension security of our members.

We would like to extend our sincere appreciation to Sean Hewitt, who recently departed his role as Chief Executive Officer. The Board wishes Sean every success in his new chapter. We are grateful for the invaluable contributions he made to TTC Pension Plan during his 8-year tenure as our inaugural CEO.

James Clarkson, our current Chief Financial Officer and Treasurer, has assumed responsibilities as Acting CEO on an interim basis. The Board is confident in James's ability to provide stable and effective leadership during this transitional period. With over 20 years of pension expertise in finance, operations, strategic leadership, investments, compliance and administration, James is well suited to navigate us through this phase, leveraging his 12-year tenure with TTCPP.

As we undergo this transition, the Board is optimistic about the future. We are committed to conducting a thorough search to identify a suitable candidate for the permanent CEO role. The Board is confident that we will find a qualified and capable individual to continue advancing TTCPP's mission, vision and values for our members.

In closing, we want to express our heartfelt gratitude to our members for their ongoing support and confidence in TTC Pension Plan. We recognize the significance of securing your retirement, and we remain steadfast in our dedication to upholding this vital commitment. Rest assured we are fully dedicated to continually striving to fulfill this mission to provide every member with dependable retirement security throughout their lifetime.

Message from the CEO

The Plan enjoyed a positive year in 2023, earning a 9.0% return, net of fees and expenses. We continue to remain confident about its long-term sustainability.

I am pleased to report that 2023 was a strong year for TTC Pension Plan. Having weathered the challenges of the market over recent years, the Plan emerged in a remarkably robust position. Performance continued to align with our expectations. The 10-year return of 6.9%, net of all fees and expenses, surpassed our benchmark by 0.1%, equating to an excess return of approximately $8 million. The Plan remains fully funded*, ensuring our ability to fulfill both present and future pension commitments.

Thanks to our prudent investment approach and focus on long-term sustainability, the Plan is well designed to withstand the ups and downs of the market. Leveraging our solid financial footing, we proactively adjusted the Plan's long-term asset mix to optimize the gains we've made.

With our Strategic Plan 2023–2026 finalized, we have set the foundation for driving TTC Pension Plan forward. Aligned with the core pillars of our strategic plan, we are undertaking the following initiatives:

- → Enhancing our Member Engagement Communications Strategy, which focuses on expanding outreach and communications with our members, along with expanded key performance indicators (KPIs) to measure success
- → Embarking on a comprehensive, multiyear environmental, social and governance (ESG) work plan that delves into bolstering our risk analytics capabilities concerning sustainable investing in the Plan
- → Migrating all investments to a new custodian to ensure heightened accuracy in records, performance and investment analytics
- → Continuing work on our pension administration system overhaul to get better information faster

I wish to extend my appreciation to the Board and leadership team of TTCPP for their support over these past eight years. The Plan is in an excellent place, and I have the utmost confidence in the team to guide TTCPP through the next phase of its growth.

I'd also like to extend my gratitude to our dedicated staff for their unwavering commitment and tireless efforts in serving our members. From working to enhance our communication efforts to expanding our member outreach, our people are steadfast in their commitment to serving our members effectively.

I'm excited about the road ahead for TTCPP. On behalf of our team, we look forward to continuing to enhance the ways we serve our members and to deliver the secure retirement pension they count on for life.

We're driving forward for you.

Sean Hewitt
Departing Chief Executive Officer

**Going-concern basis, excludes provision for future benefit*

Board of Directors*

Marvin Alfred
President

Michelle Jones
Vice-President

Steve Anderson

Michael Atlas

Alex Cassar

Angie Clark

Scott Gordon

Frank Malta

Max Matharu

Anja Schiralli

Investment Committee

Michelle Jones (Chair)
Steve Anderson
Angie Clark
Frank Malta

Governance and Human Resources Committee

Scott Gordon (Chair)
Michelle Jones
Max Matharu
Anja Schiralli

Audit and Risk Committee

Anja Schiralli (Chair)
Michael Atlas
Frank Malta
Max Matharu

External Advisor

Graham Pugh

Leadership Team

Sean Hewitt
Chief Executive Officer (Departing March 2024)

James Clarkson
Chief Financial Officer & Treasurer (Acting CEO, March 2024)

Titi Desbiens
Director, Human Resources

Andrew Greene
Chief Investment Officer

Donna Miyasaki
Director, Communications

Helen Redmond
Secretary & Director, Pension Administration

Actuaries

Geoffrey Melbourne
Mercer

Karen Koop
Mercer

Auditor

KPMG LLP

Custodian

Northern Trust

As of December 31, 2023

Governance Structure

The Toronto Transit Commission Pension Fund Society ("TTC Pension Plan" or "TTCPP") was incorporated in 1940 under Part XVI of *The Companies Act* of Ontario. Through its Board of Directors (the "Board"), TTCPP administers a contributory, defined benefit pension plan (the "Plan"). The Board consists of 10 voting members, 5 each from the Toronto Transit Commission and the Amalgamated Transit Union Local 113. The terms of the Plan are set out in the Bylaws of TTCPP (the "Bylaws"), which are amended from time to time.

Providing effective guidance

The Board is supported by three committees:

Investment Committee

The Investment Committee advises the Board on investment management and oversight of the Plan. Members provide guidance on investment manager implementation and the construction of investment policies and strategies. They are also responsible for reviewing total Plan and investment manager performance.

2023 highlights:

- Completed a public equity proxy voting audit
- Oversaw the asset liability study and recommended the Board approve the new long-term mix
- Recommended the Board approve a new public equity mandate, the sales of two assets and the restructuring of the Canadian real estate portfolio
- Oversaw deployment of investments in private assets

Governance and Human Resources Committee

The Governance and Human Resources Committee advises the Board on matters of governance policies and human resources policies, organization structure and compensation.

2023 highlights:

- Developed an HR Risk Assessment in accordance with the Enterprise Risk Management program
- Developed a Succession Planning framework to support the evaluation and development of its people
- Developed and executed on employee resourcing to meet the growth and development of the organization
- Developed and presented people workforce analytics, culture and employee resource groups

Audit and Risk Committee

The Audit and Risk Committee advises the Board on financial reporting and internal controls. Members review the annual audited financial statements and annual budgets, and they make recommendations to the Board.

2023 highlights:

- Confirmed the appointment of the external auditor (KPMG)
- Approved the 2022 financial statements of the TTCPP Board
- Approved the 2024 budget of the TTCPP Board
- Reviewed the ongoing development of the Enterprise Risk Management program
- Selected new custody vendor (CIBC Mellon)

Committee review

The scope of the mandate for the committees is reviewed every two years to ensure each continues to suitably address the governance requirements of the Plan. The next review is scheduled in 2025.

About the Plan

TTCPP is a defined benefit pension plan designed to provide secure pension retirement income for life. Active members of the Plan include employees of the Toronto Transit Commission (TTC), the Amalgamated Transit Union (ATU) Local 113 and TTCPP who have completed six months of continuous service. Active members contribute a percentage of their earnings to the Plan, and their employers contribute an equal amount to the Plan. The Board sets the contribution rates, subject to the funding requirements determined in the actuarial reports and subject to limitations in the Sponsors Agreement.

Contributions of Plan members and participating sponsors are collectively invested and managed by external investment managers.

Members' pensions are determined using a formula based on their eligible earnings and years of service in the Plan.

Plan Features

Normal retirement

- → 30 years of service, regardless of age; or
- → 60 years of age, regardless of service; or
- → 29 years of service and age plus service equals at least 80

30 Years of Service

OR

60 Years of Age

OR

29 Years of Service & Age + Service ≥ 80 Years

Reduced early retirement

- → At least age 50 with less than 29 years of service

≥ 50 Years of Age & < 29 Years of Service

Cost-of-living adjustments (COLAs) in retirement

COLAs in retirement are conditional and provided by the Board when deemed affordable based on external actuarial reports.

Contributions

Every pay period, Plan members contribute a percentage of their earnings into the Plan, and these contributions are matched by participating employers. Plan members' contributions are as follows:

EARNINGS UP TO YMPE*	ABOVE YMPE*
9.25%	10.85%

**The YMPE is the year's maximum pensionable earnings, which is an amount defined under the Canada Pension Plan. In 2023, this amount was $66,600.*

Plan Updates

The following Plan updates were approved by the TTCPP Board of Directors after careful actuarial consideration of the affordability and the long-term health of the Plan. Each year, Bylaw amendments are also presented to the TTC Board for sanctioning and then presented at the AGM for membership approval.

Including the updates below, the Plan remains fully funded.*
The following changes to the Plan benefits were approved:

→ For members who have retired on or after Jan. 1, 2024, your pensionable earnings in 2023 will now be included in the base period for calculating your pension benefits. The base-period formula will now be the average of your best four years of pensionable earnings up to Dec. 31, 2023.

→ With this formula update, the survivor benefit date has been moved to Jan. 1, 2024. This means that, for married members, the 60% survivorship option will have no cost for all pension service prior to Jan. 1, 2024.

→ Also, members who retired before Jan. 1, 2024, will receive an ad hoc cost-of-living adjustment (COLA) of 4.77%. If you retired in 2023, your COLA will be prorated for the number of days you were retired in 2023.

As a reminder, there exists no contractual obligation to provide benefit improvements, nor are future enhancements guaranteed. The Board will continue to manage the risks and pursue adjustments to our strategies as needed to ensure the Plan remains sustainable and meets the pension security needs of our members for the long term.

Additional Bylaw amendments
In addition to amendments required as a result of Board-approved formula improvements, TTC Pension Plan administration and the Board of Directors have recommended a revision to the Plan's treatment of a deferred Plan member's pension entitlement when they return to work and are eligible to rejoin the Plan. The new change allows any Plan member with a deferred pension entitlement to resume membership in the Plan immediately upon rehire.

**There is no contractual obligation to provide benefit improvements and future Plan enhancements are not guaranteed.*

Investment Management

The TTCPP investment portfolio is managed in accordance with the Statement of Investment Policies and Procedures (the "Investment Policy"), which is reviewed by the Board on an annual basis.

The Investment Policy provides a framework for how the Plan's assets are invested, ensuring they are managed prudently to fulfill our pension commitments with an acceptable level of risk. In adhering to the Investment Policy, the Plan uses a sustainable long-term approach that invests in a diversified manner across a wide variety of asset classes, with different risk-return characteristics and degrees of liquidity.

A professional investment management team oversees the Plan and is responsible for executing the investment framework set out in the Investment Policy. The approach utilized by TTCPP includes a mix of external and internal investment management. Our team selects highly qualified investment management firms that have the specific expertise to implement the required strategies and asset mix. In some investments, we may manage those investments alongside a partner. The team continually monitors the firms and their investments on a qualitative and quantitative performance basis against targets for both returns and risk level. This approach helps ensure the sustainability of the Plan by reducing overall risk and balancing pension security with affordability.

We consider it part of our fiduciary duty to our members to consider all the risks related to the investment of the Plan's assets. This includes consideration of nonfinancial risks, such as environmental, social and governance (ESG) factors. We believe that over the long term, companies with sound corporate governance structures and practices are the companies that will remain sustainable and less likely to experience negative surprises.

Growth of the Plan's assets comes from members' contributions, the matching contributions of their employers and investment earnings. As the Plan continues to mature, more reliance is placed on investment returns, which offset 80% of pension payments. Our primary objective is to grow the Plan assets at a rate that exceeds the amount of our pension obligations over the long term. This focus on maintaining our highly funded status and contribution stability strengthens our overall financial condition. Improvements in our funded status strengthen our ability to provide a base-period update and pension indexing.

Investment Management

Market Overview

The year 2023 began with financial markets bracing against a host of challenging headwinds, in an environment dominated by high inflation and recessionary fears with restrictive monetary policies as central banks sought to tame levels of inflation not seen in decades. The geopolitical tensions that defined 2022 only escalated as the year advanced. The war in Ukraine continued unabated with no sign of peace. U.S.-China relations reached their lowest point in decades amid increasing strategic competition and the spy balloon incident. Tensions in the Middle East intensified. This has exacerbated political issues in the region and has led to the disruption of global supply chains as coordinated attacks against commercial vessels in the Red Sea continue to occur on a daily basis. The potential escalation of the Red Sea crisis posed significant risks to the oil and commodity markets, ultimately challenging the fight to reduce inflation.

In the first half of the year, the financial landscape was reshaped as central banks implemented policy rate hikes to counteract inflation, a move that inadvertently led to the downfall of three U.S. regional banks, ushering in the most severe banking crisis since 2008. Strong support from the U.S. government ultimately mitigated fallout across the banking sector, and by June, the S&P 500 had regained all territory lost during the tumultuous opening quarters.

Throughout the middle of 2023, concerns over the feasibility of an economic soft landing and stagflation signalled a new potential vector of attack on portfolios that investors needed to carefully consider. Ultimately, many of the perceived issues and expected catalysts did not manifest, and both equity and fixed-income indices posted strong returns.

On the domestic front, the Canadian economy faced pressures brought on by rapidly rising interest rates. The Bank of Canada has raised rates by 475 basis points (4.75%) since early 2022, marking the fastest rate acceleration in modern Canadian history. Additionally, the Canadian yield curve remains steeply inverted at key maturities (an inverted yield curve is generally a leading indicator of a recession). Later in the year, GDP growth stabilized, aligning with expectations of a soft-landing scenario, and the Bank of Canada paused rate hikes in September. Inflation trended downwards throughout the year, with only occasional, short-lived increases.

Investment Management

Canadian equities produced moderate results, returning 11.75% (CAD) after detracting in 2022 by 5.8% (CAD). This comeback was largely driven by the information technology sector, with Shopify returning 119% in 2023. Financials, which are a significant part of the index, performed well on the back of higher interest rates. Energy and commodities producers also performed well as inflationary pressures increased prices.

Global equities ended the year with the MSCI World posting a 20.5% return (CAD) and MSCI ACWI returning 18.9% (CAD). Performance was significantly attributable to U.S. equity market dominance driven by mega-cap technology stocks, which led market gains amid bullishness surrounding the growth and impact of artificial intelligence (AI). Interest in AI exploded as OpenAI's ChatGPT found millions of daily users utilizing a product at the leading edge of technological advancement. The AI-beneficiary theme had a massive impact on equity markets globally, driven by the Magnificent 7 group of stocks comprising Apple, Microsoft, Nvidia, Amazon, Meta, Tesla and Alphabet.

These companies are deemed by investors to have a significant stake in the advancement, evolution and monetization of AI. The S&P 500 ultimately closed the year with a 22.9% return (CAD).

Emerging markets continued to be plagued by exposure to China-related issues. The Chinese economy was expected to rebound strongly in 2023 as COVID-era restrictions were lifted and expectations of consumer demand drove earnings for domestic companies. However, a protracted real estate crisis, high debt levels, significant foreign direct investment drying up and poor U.S.-China relations led the China CSI 300 Index to decline 15.5% (CAD).

Investors have responded to U.S.-China tensions by pulling money out of China. Other emerging market countries, such as India and Brazil, which are viewed as relatively unaligned, did not suffer the same fate and posted strong returns for the year. However, the drag from Chinese equity returns offset these positives as the MSCI EM Index posted a return of 6.9% (CAD).

Investment Management

The year 2023 saw a massive reversal in Japanese equity market sentiment with the Nikkei touching near all-time highs and posting an 18.8% (CAD) return. This has been predominantly driven by a weaker yen increasing the competitiveness of the export-driven economy.

Global government bond yields have risen sharply in 2023 as increased policy rates fed into the market. Bonds became a much more competitive asset class overall despite phases of heightened yield volatility throughout the year.

Within the Canadian fixed-income market, the FTSE Canada Long Term Bond Index provided a return of 9.5% (CAD), outpacing the FTSE Canada Universe Bond Index, which returned 6.7% (CAD), and FTSE Canadian Universe Corporate Bond Index, which provided an 8.4% (CAD) return for the year. On the international stage, high-yield bonds (classified as having higher perceived levels of default risk) outperformed investment-grade (usually classified as having lower levels of default risk) as fears of a recession and increasing default rates were hampered by stronger-than-expected economic conditions. The Bloomberg Global High Yield Index achieved a return of 11.0% (CAD) while the Bloomberg US Aggregate Bond Index returned 2.7% (CAD).

The Canadian dollar experienced a depreciation against the U.S. dollar, closing the year with a 2.68% decline, influenced by the U.S. Federal Reserve's interest rate hikes throughout 2023. Given the structure of the Canadian economy, the strength of the Canadian dollar is closely tied to the commodities market, which has a pronounced impact on the currency's valuation. As Canada is a leading exporter of oil, the Canadian dollar often moves in tandem with crude oil prices. In times of global economic uncertainty, the Canadian dollar might depreciate as investors flock to traditionally safer or reserve currencies such as US Dollar, British Pound Sterling and the Swiss Franc.

Building a Diversified Portfolio

At TTCPP, we include an array of investments that can be summarized into three broad categories:*

Fixed-income investments

Investments that reduce funded status volatility from year to year. They include rate-sensitive investments in Canadian government, provincial and corporate bonds of a variety of maturities (short, medium and long). Fixed-income investments represent 40% of the Plan.

Growth assets

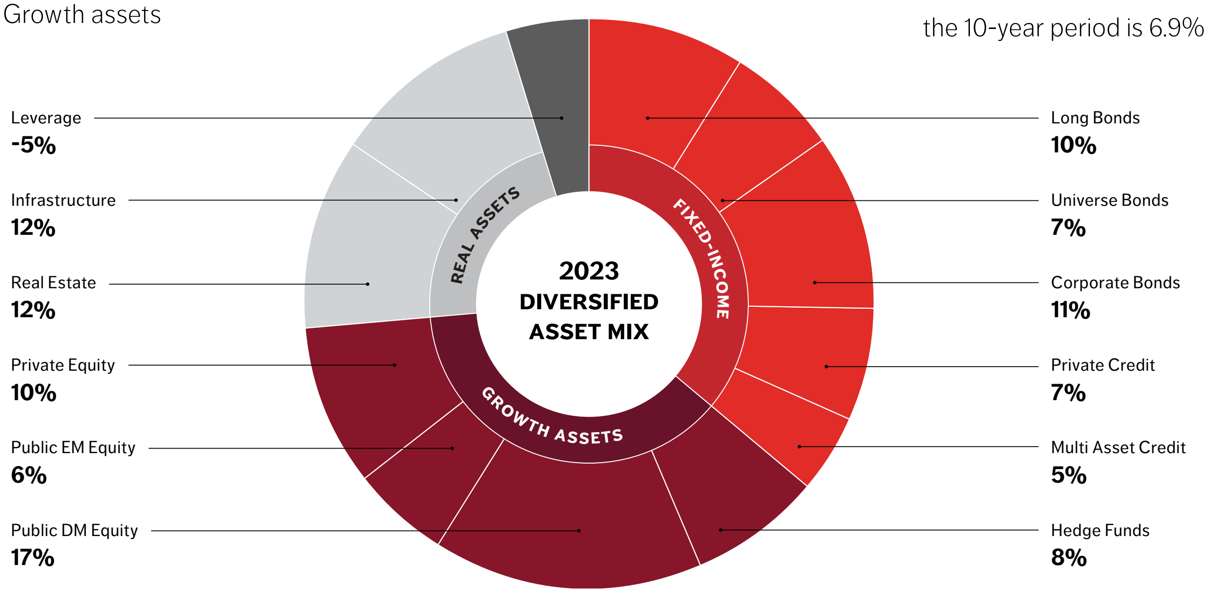
Investments that seek a higher return than liability-matching assets, but are also characterized by higher volatility. Our Growth Assets Portfolio contains Canadian and non-Canadian equities, private equity and absolute return investments. Growth assets represent 41% of the Plan.

Real assets

Investments that share characteristics of both liability-matching assets and growth assets. They tend to offer higher long-term returns than bonds but generally don't have the volatility associated with growth assets, and they provide some protection against inflation. Our holdings in real estate and infrastructure are included in this category. Real assets represent 24% of the Plan.

Return vs. policy benchmark

To evaluate the success of our investment strategies, we use a set of Board-approved policy benchmarks as a comparison tool. The total-fund benchmark return is calculated by aggregating the benchmark returns of each individual asset class and weighting them according to the Plan's policy benchmark. Net assets in the Plan totalled $8.3 billion at year-end. The Plan delivered a positive 9.0% return for the year vs. benchmark 11.7%. Net investment return for the 5-year period ending December 31, 2023, is a positive 6.9% vs. benchmark 6.9%. Net investment return for the 10-year period is 6.9% vs. benchmark 6.8%.



Asset categories are gross leverage (5%).

Investment Highlights

We prioritize companies with robust corporate governance frameworks and practices, while also taking into account nonfinancial risks, such as environmental and social considerations. This prudent strategy is integral to guaranteeing our ability to fulfill pension obligations to our members during retirement, both presently and well into the future.

Novo Nordisk

Novo Nordisk is a global healthcare company with more than 95 years of innovation and leadership in diabetes care. Novo Nordisk employs approximately 45,300 people in 80 countries and markets its products in around 170 countries. The company is focused on advancing treatments and discovering new solutions within its areas of expertise.

Partner:
Walter Scott & Partners Limited

Investment Date:
February 2019

Locations:
Global, with headquarters in Denmark

Website:
novonordisk.com

U.S. Semiconductor Facility

U.S. Semiconductor Facility is a joint-venture partnership with Intel to construct a $30 billion semiconductor fabrication facility in Chandler, Arizona. In this strategic partnership with Intel, the investment underscores a broader trend of onshoring critical semiconductor manufacturing capabilities to the United States, reflecting a commitment to enhancing national technological infrastructure.

Partner:
Brookfield Asset Management

Investment Date:
November 2022

Location:
United States

Website:
brookfield.com

Triton International

Triton International is the world's largest owner and lessor of intermodal shipping containers, with a fleet of over four million units. By acquiring Triton, Brookfield is making a strategic investment in essential infrastructure to support the continuous growth of global commerce and enhance the efficiency and reliability of key logistics operations.

Partner:
Brookfield Asset Management

Investment Date:
July 2023

Location:
Global

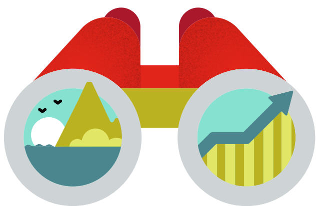
Website:
brookfield.com

10-Year Snapshot

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Financials ($M)											
Fixed income and cash	2,437	2,316	2,675	2,534	2,358	2,574	2,902	2,681	2,788	2,613	2,051
Equities	2,694	2,662	3,359	3,238	2,805	2,445	2,558	2,356	2,526	2,415	2,513
Alternative investments	3,476	3,184	2,810	2,449	2,393	1,831	1,449	1,389	819	710	562
Investment receivables and other	78	34	20	65	55	18	59	38	23	46	54
Investment liabilities	-367	-401	-329	-311	-284	-332	-322	-328	-346	-286	-276
Total net assets	8,318	7,795	8,535	7,975	7,316	6,536	6,646	6,136	5,810	5,498	4,904
Contributions	279	268	260	258	255	239	234	224	216	207	202
Investment income (loss)	719	-549	726	796	894	-15	583	377	352	621	647
Benefit payments	-439	-428	-395	-371	-350	-320	-291	-258	-239	-216	-200
Expenses	-37	-31	-31	-24	-19	-14	-16	-17	-17	-18	-16
Change in net assets	522	-740	560	659	780	-110	510	326	312	594	633
Membership											
Active	15,984	15,393	14,860	15,384	15,217	14,649	14,287	14,091	13,686	13,237	13,013
Retired	10,584	10,322	10,065	9,729	9,457	9,027	8,539	8,091	7,699	7,375	7,092
Deferred	1,150	1,063	1,136	765	813	668	561	400	378	374	354
Total members	27,718	26,778	26,061	25,878	25,487	24,344	23,387	22,582	21,763	20,986	20,459
Active members per retiree	1.510	1.490	1.480	1.581	1.609	1.623	1.673	1.742	1.778	1.795	1.835
Retirements	413	441	464	439	544	621	613	572	431	443	409

Strategic Plan

The Strategic Plan 2023–2026 serves as our compass, directing our ongoing efforts to enhance our service to members and ensure long-term pension security. Aligned with the foundational pillars of our strategic plan, we have set out several key initiatives in support of our goals:



Sustainability

Continue to enhance sustainability of the Plan

Key initiatives for 2024

→ Embark on a multiyear ESG work plan to better understand investment risks, including those that are posed by ESG matters

→ Establish operational protocols that support our Enterprise Risk Management program to govern the organization

Engagement

Enhance engagement with active and retired members, our Board and stakeholders

Key initiatives for 2024

→ Revamp retirement seminars to offer separate one-day sessions targeted to different life stages (midcareer and ready for retirement)

→ Reach out to members where they work with 12 on-site information sessions

→ Offer one-on-one Pension Pop-Ins at work locations

→ Ensure proactive and timely email news updates

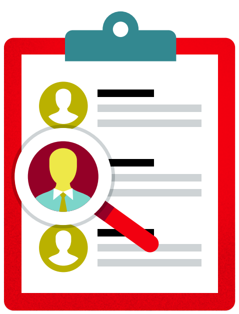
Strategic Plan

Service

Enable service excellence by investing in our systems to get better information, faster

Key initiatives for 2024

- → Launch our new pension administration system, Encore, to streamline workflow and elevate member service levels
- → Continue work on a dedicated member portal to deliver a seamless member experience
- → Reduce processing time for retirement papers/packages
- → Respond to calls and emails within 24 business hours
- → Enhance clarity of our communications
- → Make it easy for members to connect with us through real-time appointment bookings and modifications on website



Talent

Continue to cultivate talent and nurture a purpose-driven workplace culture

Key initiatives for 2024

- → Strengthen our leadership team by appointing a new Vice President Human Resources, dedicated to enhancing our HR function and fostering a positive workplace ethos
- → Invest in our staff through tailored training and development programs aimed at supporting our members and fostering professional growth
- → Facilitate the growth of employee resource groups, such as Diversity, Equity & Inclusion and social committees, to nurture connections, engagement, awareness and ongoing education

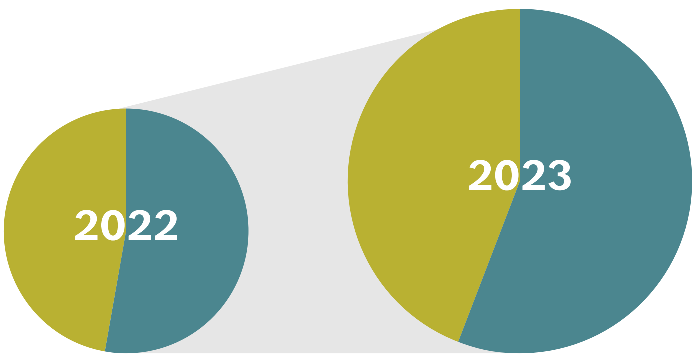
Members Survey

One of the important pillars of our new strategic plan is a commitment to enhancing member outreach and engagement. The annual members survey is an important way for us to gauge how well we are doing in achieving these goals. Feedback from our members helps shape the initiatives we undertake each year as we strive to continually meet their needs.

See the full summary of our survey responses on our website at **ttcpp.ca/memberssurvey**.

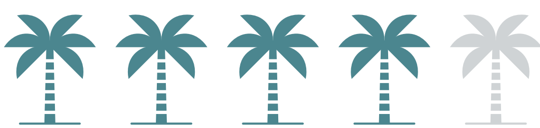
- ACTIVE
- RETIRED

In total, 373 members participated in the survey, an increase of nearly 41% from 2022. Respondents included a cross-section of both active and retired members.

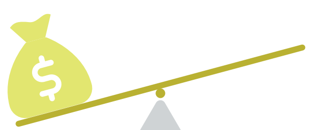


For the second consecutive year, the top priority for both active and retired members is making sure the Plan provides retirement income that will last their lifetime.

Active	Retired	Priority
1	1	Providing retirement income that will last my lifetime
2	2	Periodically increasing payments to retired members for inflation
3	3	Hiring the best investment professionals to manage the Plan's assets
4	5	Delivering payments to retirees on time
5	6	Providing a survivorship option so my spouse has some income after I pass on
6	4	Making sure TTCPP is viable for future generations of members



80% OF RETIRED MEMBERS are "very satisfied" or "somewhat satisfied" with TTCPP.



63% OF ACTIVE MEMBERS feel "very financially secure" or "somewhat financially secure."

75% OF RESPONDENTS rated their overall satisfaction of interactions with TTCPP as either "excellent" or "very good."

Audited Financial Statements

Actuaries' Opinion

Mercer (Canada) Limited was retained by the Board of the Toronto Transit Commission Pension Fund Society (the TTC Pension Plan) to perform an actuarial valuation of the assets and Section 4600 accounting liabilities of the TTC Pension Plan as at December 31, 2023, for inclusion in the TTC Pension Plan's financial statements. We have completed such a valuation and provided our report to the Board.

The valuation of the TTC Pension Plan's Section 4600 accounting liabilities was based on:

- Membership data as at January 1, 2023, supplied by the TTC Pension Plan and used to extrapolate valuation results to December 31, 2023,
- Methods prescribed by Section 4600 of the CPA Canada Handbook – Accounting for pension plan financial statements, and
- Assumptions about future events (including mortality levels, future investment returns, and future pay levels), which have been developed by the Board with input from the actuaries and the auditors, and have been adopted by the Board as its best estimates for accounting purposes, in accordance with Section 4600 of the CPA Canada Handbook.

The valuation of the TTC Pension Plan's assets was based on information provided by the TTC Pension Plan.

The objective of the financial statements is to fairly present the financial position of the TTC Pension Plan on December 31, 2023, in accordance with accounting practices. This is very different from the statutory funding valuation required by the Pension Benefits Act to ensure that the TTC Pension Plan meets the funding requirements for the benefits being provided. As a result, the valuation results presented in the financial statements and notes are not indicative of the TTC Pension Plan's ability to meet its funding requirements or of the benefit levels which it is able to provide.

While the actuarial assumptions used to estimate liabilities for the TTC Pension Plan's financial statements represent the Board's best estimate of future events and market conditions at the end of 2023, the TTC Pension Plan's future experience will inevitably differ, perhaps significantly, from the actuarial assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains and losses in future valuations.

We have tested the data used for the valuation for reasonableness and consistency, and in our opinion, the data are sufficient and reliable for purposes of the valuation and we believe that the methods employed are appropriate for purposes of the valuation. Our opinions have been given, and our valuation has been prepared, in accordance with accepted actuarial practice in Canada..

Karen E. Koop

Geoffrey Melbourne
Fellow of the Canadian Institute of Actuaries
June 3, 2024

Karen E. Koop
Fellow of the Canadian Institute of Actuaries
June 3, 2024

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Toronto Transit Commission Pension Fund Society

Opinion

We have audited the financial statements of Toronto Transit Commission Pension Fund Society Plan (the Plan), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in pension benefit obligations for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the 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

Our 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 our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

Statement of Financial Position

(In thousands of Canadian dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Cash	$38,158	$33,943
Investments (NOTE 3)	$8,569,011	$8,128,320
Investment-related receivables (NOTE 3)	94,719	45,448
Contributions receivable:		
Members	5,801	5,147
Employers	5,820	5,151
Other assets	4,164	3,198
Total assets	8,717,673	8,221,207
Liabilities		
Investment-related liabilities (NOTE 3)	367,123	401,225
Other liabilities (NOTE 7)	32,517	24,710
Total liabilities	399,640	425,935
Net assets available for benefits	8,318,033	7,795,272
Pension benefit obligation (NOTE 9)	6,314,322	5,754,916
Surplus	**$2,003,711**	**$2,040,356**

See accompanying notes to financial statements.

MARVIN ALFRED, DIRECTOR

MICHELLE JONES, DIRECTOR

Statement of Changes in Net Assets Available for Benefits

(In thousands of Canadian dollars)
Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Increase in net assets available for benefits:		
Net investment income (NOTE 11)	229,943	274,485
Net increase in fair values of investments (including total gains and losses) (NOTE 11)	489,414	–
Contributions:		
Members	137,810	131,914
Employers	142,002	136,013
	999,169	542,412
Decrease in net assets available for benefits		
Net decrease in fair values of investments (including total gains and losses) (NOTE 11)	–	823,814
Benefit payments:		
Pension	409,861	380,933
Death	6,388	10,667
Termination refunds	21,561	34,772
Marriage breakdown	1,206	1,263
Investment and plan administration expenses (NOTE 12)	37,392	30,681
	476,408	1,282,130
Increase (decrease) in net assets available for benefits	522,761	(739,718)
Net assets available for benefits, beginning of year	7,795,272	8,534,990
Net assets available for benefits, end of year	**$8,318,033**	**$7,795,272**

See accompanying notes to financial statements.

Statement of Changes in Pension Benefit Obligations

(In thousands of Canadian dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Pension benefit obligation, beginning of year	$5,754,916	$6,104,066
Benefits accrued	148,398	160,929
Benefits paid	(439,016)	(427,635)
Interest accrued on benefits	419,345	381,661
Changes in actuarial assumptions	198,531	(584,490)
Experience losses	9,691	15,742
Plan amendments	222,457	104,643
Net increase (decrease) in pension benefit obligation	559,406	(349,150)
Pension benefit obligation, end of year	**$6,314,322**	**$5,754,916**

See accompanying notes to financial statements.

1. Description of the Plan:

The following is a description of the Toronto Transit Commission Pension Fund Society (the "Plan"). For more complete information, reference should be made to the Bylaws of the Plan. The Plan is administered by Toronto Transit Commission Pension Plan ("TTCPP").

(A) GENERAL:

The Plan commenced operations on January 3, 1940, as a corporation pursuant to letters patent under Part XVI of the Corporations Act of the Province of Ontario. The Board of Directors (the "Board"), which consists of ten voting members, five of whom are appointed from the Toronto Transit Commission ("TTC") and five of whom are appointed by Amalgamated Transit Union Local 113 ("ATU"), administers the affairs of the Plan. Pursuant to the Sponsors' Agreement between ATU and TTC (the "Sponsors"), the Plan is registered as a Jointly Sponsored Pension Plan ("JSPP") effective January 1, 2011.

The Plan covers substantially all employees of the TTC, ATU and TTCPP who have completed six months of continuous service. Under the Plan, contributions are made by members and matched by their employers. The Plan is registered with the Financial Services Regulatory Authority of Ontario ("FSRA") under the Pension Benefits Act (Ontario) ("PBA") and the Income Tax Act (Canada) (registration number 0317586) and, therefore, is exempt from taxation on its income under Part I of the Income Tax Act (Canada). The Plan may be liable for taxes in other jurisdictions where full tax exemptions are not available.

The Plan is a defined benefit plan. The Board sets the employer and employee contribution rates, subject to the funding requirements determined in the actuarial report and subject to limitations in the Sponsors' Agreement between the ATU and TTC. Members' benefits are determined using a modified career average formula based on pensionable earnings and years of credited service. Plan improvements, including increases to the career average base period and pension indexing may be adopted by the Board. Improvements may be granted if affordable, taking into account the Plan's funded status. There is no contractual obligation to provide benefit improvements, and future enhancements are not guaranteed.

(B) FUNDING:

The Plan is funded by contributions and investment earnings. The Board has adopted a Funding Policy that aims to achieve long-term funding stability, with the objective of supporting benefit levels higher than the contractual benefits, including base period updates and pension increases as stipulated in the Bylaws. Actuarial funding valuations are conducted to determine the pension liabilities, the funded position and the contribution rates of the Plan.

(C) CONTRIBUTIONS:

In 2023, each member employed by the TTC, ATU and TTCPP contributed 9.25% (2022 – 9.25%) of their earnings to the Plan up to the year's maximum pensionable earnings ("YMPE") of $66,600 (2022 – $64,900) and 10.85% (2022 – 10.85%) of earnings above the YMPE. The TTC, ATU and TTCPP contributed an amount equivalent to each member's annual contribution.

In an effort to provide greater flexibility and autonomy, the Plan's Board submitted a proposal to the TTC in 2018, whereby the Plan would fund most administrative expenses (salaries, benefits, overhead expenses) in exchange for an ongoing, additional cash and notional contribution. In 2023, this amount was $2,537 (2022 – $2,375). The contribution is indexed to a positive change in the Toronto consumer price index ("CPI"), for a 12-month period ending in August.

The Board establishes and maintains the contribution rate for members, within an upper and lower limit. The limits are defined in the Memorandum of Agreement, dated May 27, 2011, which established the Plan as a JSPP. A contribution rate outside of this corridor must be approved by the Sponsors.

The TTC is also obligated to make contributions for certain early retirement benefits after 29 years of service and some temporary supplements. These payments are indefinite and are adjusted based on the most recent actuarial valuation filed.

(D) BENEFITS:

Pensions are payable from the Plan based primarily on years of credited service and members' highest four-year career average pensionable earnings up to the current base period-end date of December 31, 2022 (2022 – December 31, 2021). The benefits provided are those that can be actuarially supported by the Plan's assets and the contributions to the Plan based on funding requirements specified in the PBA and priorities outlined in the Bylaws.

Death benefits, marriage breakdown and lump sum payments on termination before eligibility for retirement are also available from the Plan. Death benefits may take the form of a survivor pension or lump-sum payments.

2. Significant accounting policies:

(A) BASIS OF ACCOUNTING:

These financial statements are prepared in accordance with the accounting standards for pension plans in Part IV of the Chartered Professional Accountants ("CPA") Canada Handbook – Accounting ("Section 4600") and the relevant sections of the Canadian accounting standards for private enterprises ("ASPE") in the CPA Canada Handbook – Accounting. The financial statements also include current disclosure requirements outlined by FSRA, under PE0139ORG (Disclosure of Expectations for Financial Statements Filed Pursuant to Regulation 909.76).

These financial statements are prepared on a going concern basis and present the information of the Plan as a separate financial reporting entity independent of the Sponsors and members.

(B) INVESTMENT ASSETS AND INVESTMENT LIABILITIES:

Investment assets and investment liabilities are recorded at fair value in accordance with IFRS Accounting Standard as issued by the International Accounting Standards Board ("IFRS") 13, Fair Value Measurement. All investment transactions are recorded when the risks and rewards of ownership are transferred. Investment transactions relating to marketable securities and derivatives are recorded as of the trade date. Transactions that have not yet been settled are reflected in the statement of financial position as investment-related receivables/liabilities.

(C) SUBSIDIARIES AND AFFILIATES:

The Plan does not consolidate investment related subsidiaries and affiliates; all investment-related units are recorded at fair value.

(D) FAIR VALUES:

The fair values of the investments are determined as follows:

(i) cash includes both cash and cash equivalents and is valued at cost, which approximates fair value;

(ii) short-term investments are valued at cost, which, together with accrued income, approximates fair value;

(iii) bonds are valued based on quoted market prices obtained from independent third-party pricing sources; where quoted market prices are not available, estimated values are calculated using discounted cash flows based on current market yields for comparable securities;

(iv) securities sold under agreements to repurchase are valued using discounted cash flows based on current market yields;

(v) publicly traded Canadian and non-Canadian stocks are valued at the closing price on the applicable stock exchange;

(vi) real estate property values are generally based on estimated fair values determined through independent annual appraisals of the property or the adjusted acquisition price in the year of purchase; the associated mortgages payable are measured at amortized cost;

(vii) infrastructure, private equity, private debt and hedge fund investments are valued by the general partner based on the most appropriate industry valuation models applied on an investment by investment basis;

(viii) the investment values of pooled funds and funds of hedge funds are supplied by the fund administrators which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices; and

(ix) exchange traded derivatives, such as futures, are valued at quoted market prices; for other derivative financial instruments, where market prices are not available, appropriate valuation techniques are used to estimate fair values.

(E) INVESTMENT INCOME:

Dividend income is recognized based on the ex-dividend date, and interest income is recognized on the accrual basis as earned.

Net realized gain (loss) on sale and settlement of investment assets and investment liabilities during the year represents the difference between sale or settlement proceeds and average cost. The net change in unrealized gains (losses) on investment assets and investment liabilities represents the change in the difference between the fair value and cost of investment assets and investment liabilities at the beginning and end of the year. All realized and net changes in unrealized gains and losses on investment assets and investment liabilities are recorded in the statement of changes in net assets available for benefits in the year in which they occur.

(F) FOREIGN CURRENCY TRANSLATION:

These financial statements are prepared in Canadian dollars, the Plan's functional currency. Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates in effect at year-end. The resulting realized and unrealized gains or losses are included in the statement of changes in net assets available for benefits as net increase in fair values of investments (including total gains and losses).

(G) DERIVATIVES:

Derivative financial instruments are financial contracts, the value of which is derived from the value of the underlying assets, interest rates, indices or foreign currency exchange rates. Derivative contracts are transacted either in the over-the-counter ("OTC") market or on regulated exchanges.

(H) PENSION BENEFIT OBLIGATION:

Valuation of the pension benefit obligation and changes therein during the year are based on an actuarial valuation prepared by Mercer (Canada) Limited, an independent firm of actuaries. The valuation is based on data as at the beginning of the year extrapolated to the year-end. It uses the projected benefit method pro-rated on service and the Board's best estimate of various economic and non-economic assumptions. The discount rate reflects the best estimate of the long-term expected return on plan assets.

(I) CONTRIBUTIONS:

Contributions from members and employers due to the Plan at year-end are recorded on an accrual basis. Contributions for past service purchases are recorded when received. Cash transfers from other pension plans are not permitted.

(J) BENEFITS:

Benefits paid to pensioners are recorded in the year in which they are due. Refunds to former members and the estates of deceased members are recorded in the year in which they are paid. Refunds attributable to the current year but paid after year-end are reflected in accrued pension benefits.

(K) ADMINISTRATIVE EXPENSES:

In 2019, the Plan became responsible for TTCPP administration expenses, including salaries, office expenses and other overhead, in exchange for an additional employer contribution (NOTE 1). The sole cost that the TTC continues to bear is for information technology (network, infrastructure, end user devices and software).

(L) USE OF ESTIMATES:

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets available for benefits during the reporting year. Estimates and assumptions are evaluated on an ongoing basis and take into account historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances. Significant estimates are used, primarily in the determination of the pension obligation and the fair value of certain investments. NOTE 9 explains how estimates and assumptions are used in determining accrued pension benefits. NOTE 4 explains how estimates are used to determine the fair value of investments. Actual results could materially differ from those estimates.

By their very nature, the judgments and estimates made for the purposes of preparing these financial statements relate to matters that are inherently uncertain. Management believes that the estimates of the value of the Plan's assets and liabilities are appropriate as at December 31, 2023.

3. Investments:

The Plan invests, directly or through derivatives and/or pooled funds, in fixed income, equities or alternative investments in accordance with the Statement of Investment Policies and Procedures ("SIP&P").

The following schedule summarizes the Plan's investments and investment-related receivables and liabilities before allocating the effect of derivative financial instruments:

	2023		2022	
	Fair value	Cost	Fair value	Cost
Investments (a):				
Fixed income:				
Invested cash	$103,727	$103,727	$98,435	$98,435
Short-term money market securities	5,759	5,749	19,469	21,688
Canadian bonds	1,809,107	1,802,276	1,693,448	1,804,621
Non-Canadian bonds	477,495	460,940	464,532	480,610
Funds of hedge funds	2,209	1,971	5,694	2,804
	2,398,297	2,374,663	2,281,578	2,408,158
Equities:				
Canadian	136,967	101,135	167,433	131,999
Non-Canadian	2,557,085	2,185,411	2,494,972	2,361,834
	2,694,052	2,286,546	2,662,405	2,493,833
Alternative investments:				
Real estate	768,364	537,409	823,085	537,149
U.S. real estate (NOTE 14)	242,836	227,104	224,515	179,645
Infrastructure (NOTE 14)	878,272	703,257	752,692	575,543
Hedge fund secondaries	791	1,192	1,836	1,184
Hedge funds	614,520	537,937	594,592	529,398
Private debt (NOTE 14)	456,283	350,367	366,831	248,755
Private equity (NOTE 14)	515,596	399,085	420,786	294,030
	3,476,662	2,756,351	3,184,337	2,365,704
	8,569,011	**7,417,560**	**8,128,320**	**7,267,695**
Derivative financial instruments:				
Receivable (NOTE 6(b))	69,293	–	12,056	–
Payable (NOTE 6(b))	(1,053)	–	(13,611)	–
	68,240	–	(1,555)	–
Investments-related receivables:				
Pending trades	13,081	13,065	19,619	19,589
Accrued investment income	12,369	12,369	13,773	13,773
	25,450	25,434	33,392	33,362
Investments-related liabilities:				
Bonds sold under repurchase agreements (b)	(362,625)	(362,625)	(384,708)	(384,707)
Pending trades	(3,469)	(3,461)	(2,906)	(2,907)
	(366,094)	(366,086)	(387,614)	(387,614)
	$8,296,607	**$7,076,908**	**$7,772,543**	**$6,913,443**

(a) *Includes investments in pooled funds, details of which are provided in NOTE 13(c).*

(b) *Bonds sold under repurchase agreements are secured by collateral of $435,494 (2022 – $427,349). The collateral amount in excess of the amount noted for bonds sold under repurchase agreements in the statement of financial position is $73,705 (2022 – $43,270). Collateral on the bond repurchase agreement is pledged through cash equivalent and short-term fixed income securities.*

4. Financial risk management:

(A) CAPITAL MANAGEMENT:

The capital of the Plan is represented by the net assets available for benefits less the pension benefit obligation referred to in NOTE 9. The objective of managing the Plan's capital is to ensure it is fully funded and sufficient assets are available to pay for the benefit obligations over the long term. The Board manages the Plan's capital through an annual actuarial valuation on both the going concern and solvency basis to determine the Plan's funded status. Based on the results of this valuation, the priorities set out in the Plan's bylaws and the funding policy, the Board makes decisions with respect to pension formula updates, pension indexing and Plan improvements. Investments and the use of derivatives are based on an asset mix that is projected to enable the Plan to meet or exceed its long-term funding requirements, within an acceptable level of risk, consistent with the Plan's SIP&P approved by the Board. No contributions remain past due as at December 31, 2023.

The Plan's administrator has adopted a SIP&P that states investment objectives, guidelines and benchmarks used in investing the capital of the Plan, permitted categories of investments, asset-mix diversification and rate of return expectations. The target asset mix in the SIP&P was reviewed by the Board, approved on June 15, 2023, and was effective as of January 1, 2023. The significant amendments included eliminating the interim target asset mix as well as refining the Plan's long-term target asset mix.

The Plan's investment objective, outlined in the SIP&P, is to achieve a long-term rate of return that equals or exceeds the Plan's going concern liability growth rate, consistent with available market opportunities, and at acceptable levels of expected investment risk. The discount rate derived from the Plan's financial position at December 31, 2023, under CPA 4600 is 6.8% (2022 – 7.10%).

		2023		2022	
		Portfolio weight year-end	Asset mix policy target weight	Portfolio weight year-end	Asset mix policy target weight
	Index benchmark	%	%	%	%
Fixed income:	Composite	34.4	34.5	33.9	37.0
Cash and overlay	FTSE Canada 91-day T-bill	1.1	–	1.0	–
Long-term bonds	FTSE Canada Overall Long Bond	9.0	9.5	4.2	–
Universe bonds	FTSE Canada Overall Universe Bond	7.1	7.0	12.1	13.0
Credit bonds	FTSE Canada Universe All Corporate	9.0	10.0	9.2	12.0
Alternative fixed income**	S&P/LTSA Leveraged Loans +2%	5.6	5.5	4.9	7.0
Multi Asset Credit	Composite	2.6	2.5	2.5	5.0
Equities:	Composite	32.8	33.0	34.6	31.0
Canadian	S&P/TSX Composite	32.8	33.0	34.6	31.0
U.S.	S&P 500, net in C$				
Non–North American	MSCI EAFE net in C$				
Global	MSCI World, net in C$				
Emerging Markets	MSCI EM, net in C$				
Private equity	MSCI World +3% in C$	6.4	6.5	5.2	10.0
Real estate	Composite	12.3	12.0	13.5	12.0
Infrastructure	Consumer Price Index (CAN) +4%	10.7	11.0	9.9	12.0
Absolute return*	HFRI Conservative FoF Index	7.8	8.0	7.8	8.0
Leverage	3-month CORRA	(4.4)	(5.0)	(4.9)	(10.0)
Total portfolio	**Composite**	**100.0**	**100.0**	**100.0**	**100.0**

**Absolute return includes the asset class of Hedge Funds, but excludes Hedge Fund Secondaries.*
***Includes private debt.*

The Plan's investment portfolio is subject to various risks, which may adversely affect its income, cash flows and net assets available for benefits. These risks include market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Plan manages investment-related risks through the SIP&P, which establishes long-term asset mix policies for the investment portfolio as a whole. This promotes investment diversification and limits exposure to individual investments, major asset classes, geographic markets and currencies. The long-term policy also specifies a target weighting for matching assets, which are expected to have a relatively high correlation with the Plan's actuarial liability. It also establishes mandate-specific policies for each investment manager of the Plan. The investment managers' compliance with the policies is confirmed quarterly.

(B) MARKET RISK:

Market risk is the risk of loss from changes in equity, interest and foreign exchange rates, and credit spreads. Changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

The Plan mitigates market risk through diversification of its investment portfolio, across industry sectors, investment strategies and on a geographic basis, based on asset and risk limits established in the SIP&P and through the use of derivative financial instruments.

(i) CURRENCY RISK:

Currency risk arises from the Plan's exposure to foreign currency-denominated assets. Fluctuations in the value of the Canadian dollar relative to foreign currencies may significantly increase or decrease the Plan's fair value and returns.

The Plan invests in assets denominated in foreign currencies other than the Canadian dollar in order to improve its risk and return profile. The Plan's currency risk management policies are designed to limit the overall impact of currency fluctuations on Plan returns.

The Plan's currency manager mitigates risk through the use of forward contracts; 100% of alternative fixed income, foreign real estate and infrastructure and 75% of hedge funds, the majority of which are denominated in U.S. dollars.

The following schedule summarizes the Plan's currency exposure, net of foreign exchange forward contracts used in the passive currency programs:

			2023
Net currency exposure*	**Gross exposure**	**Notional amount**	**Net exposure**
United States dollar	$4,453,713	$(2,155,275)	$2,298,438
Euro	367,350	(135,741)	231,609
Japanese yen	133,132	38	133,170
British pound sterling	94,770	203	94,973
Hong Kong dollar	94,969	–	94,969
Swiss franc	70,415	–	70,415
Taiwan dollar	64,576	–	64,576
Indian rupee	54,508	–	54,508
South Korean won	42,976	–	42,976
Australian dollar	36,836	–	36,836
Brazilian real	30,075	–	30,075
Chinese yuan renminbi	29,822	–	29,822
Danish krone	28,752	–	28,752
Swedish krona	12,278	–	12,278
Chinese yuan	6,024	–	6,024
Other	95,333	(40,839)	54,494
	$5,615,529	**$(2,331,614)**	**$3,283,915**

			2022
Net currency exposure*	**Gross exposure**	**Notional amount**	**Net exposure**
United States dollar	$4,129,786	$(1,846,249)	$2,283,537
Euro	362,467	(53,563)	308,904
Hong Kong dollar	138,343	–	138,343
Japanese yen	132,967	(20)	132,947
Taiwan dollar	59,371	–	59,371
British pound sterling	57,747	–	57,747
South Korean won	49,162	–	49,162
Chinese yuan	45,865	–	45,865
Swiss franc	42,682	–	42,682
Brazilian real	24,809	–	24,809
Danish krone	22,263	–	22,263
Chinese yuan renminbi	18,660	–	18,660
Australian dollar	18,443	–	18,443
Indian rupee	16,204	–	16,204
Swedish krona	10,868	–	10,868
Other	94,131	(39,026)	55,105
	$5,223,768	**$(1,938,858)**	**$3,284,910**

Includes pooled funds.

The following sensitivity analysis summarizes the impact on the Plan's net assets available for benefits, following a reasonably possible 5% change in foreign currency exchange rates, with all other variables and underlying values held constant, for each currency to which the Plan has a significant exposure:

Change in net assets available for benefits*	2023	2022
United States dollar	$114,922	$114,177
Euro	11,580	15,445
Japanese yen	6,659	6,647
British pound sterling	4,749	2,887
Hong Kong dollar	4,748	6,917
Swiss franc	3,521	2,134
Taiwan dollar	3,229	2,969
Indian rupee	2,725	810
South Korean won	2,149	2,458
Australian dollar	1,842	922
Brazilian real	1,504	1,240
Chinese yuan renminbi	1,491	933
Danish krone	1,438	1,113
Swedish krona	614	543
Chinese yuan	301	2,293
Other	2,725	2,755
	$164,197	**$164,243**

Includes pooled funds.

A strengthening Canadian dollar, relative to foreign currency values, results in a decrease in the market value of foreign currencies in Canadian terms.

(ii) INTEREST RATE RISK:

Interest rate risk is the effect that changing interest rates have on the market value of both the Plan's assets and liabilities. The value of the Plan's net assets available for benefits is affected by changes in nominal interest rates. The pension benefit obligation is impacted by fluctuations in long-term nominal and real interest rates.

The Plan administrator views interest rate risk on interest-bearing financial instruments as an offset to the larger interest rate risk on pension benefit liabilities. In order for this offset to significantly reduce the overall level (on assets and pension benefit liabilities) of the Plan's interest rate risk, the SIP&P has a target of 17% (2022 – 7%) of its holdings to be held in interest-bearing financial instruments with long maturities.

The following sensitivity analysis summarizes the impact on the Plan's net assets available for benefits following a reasonably possible change in interest rates for all maturities (a parallel shift in the yield curve). An increase in interest rates results in a decrease in the market value of interest-bearing financial instruments and vice versa for a decrease in interest rates.

Change in net assets available for benefits*	Interest rates	−/+ 2023	−/+ 2022
Interest-bearing financial instruments	+/− 1%	$186,547	$147,817

Includes pooled funds.

As at December 31, 2023, assuming all other factors remain constant, a 1% decrease in the assumed long-term rate of return on assets would result in the pension benefit obligation increasing by 11.3% (2022 – 11.0%) or $715,334 (2022 – $634,866).

(iii) EQUITY PRICE RISK:

One item that affects equity prices is the risk that the fair value of equities decreases as a result of changes to their related indices.

The following sensitivity analysis summarizes the impact on the Plan's net assets available for benefits, following reasonably possible changes in equity prices for each stock market benchmark to which the Plan has a significant exposure.

Change in net assets available for benefits*	Stock benchmark	Change in index value	+/− 2023*	+/− 2022*
Canadian equities	S&P/TSX comp	+/− 10%	$8,744	$11,496
Non-Canadian equities	Various	+/− 10%	254,059	257,444
			$262,803	**$268,940**

Includes pooled funds.

(iv) GEOPOLITICAL RISK:

Terrorism, war, military confrontations and related geopolitical events (and their aftermath) can lead to increased short-term market volatility and may have adverse long-term effects on the Canadian, U.S., and world economies and markets generally.

(v) NATURAL DISASTERS:
Natural and environmental disasters, such as, for example, earthquakes, fires, floods, hurricanes, tsunamis and weather-related phenomena generally, as well as wide-spread disease and virus epidemics, can be highly disruptive to economies and markets into the medium term, adversely affecting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors impacting the value of the Fund's investments.

(C) CREDIT RISK:
Credit risk is the loss potential associated with a counterparty's inability or unwillingness to fulfill its contractual obligations.

In order to mitigate against losses associated with credit risk, the Plan adheres to investment policies that require:

(i) having a minimum rating of R1 "low" by DBRS or equivalent for all cash and short-term investments;
(ii) limiting the maximum exposure to bonds issued or guaranteed by any one non-governmental entity or group of affiliated entities to 5% of the fair value of the total fixed income portfolio held by the Plan;
(iii) limiting the maximum exposure to non-investment grade bonds (defined as below BBB– or equivalent) to 10% of the fixed income portfolio held by the Plan;
(iv) dealing with counterparties to derivative transactions that have credit quality of no less than an A rating;
(v) securities lent will be secured by initial collateral of no less than 105%;
(vi) entering into International Swaps and Derivative Association Inc. agreements with over-the-counter derivative counterparties to limit the Plan's exposure to credit losses;
(vii) entering into derivative financial instruments only on an unlevered basis; and
(viii) where feasible, directing managers to enter into master netting arrangements.

Credit risk on equity and bond futures is minimal as the counterparty to every futures trade is a clearing corporation, which acts as a third party that matches trades and collects and maintains margins. These contracts are marked-to-market and margin receivables and payables are settled in cash daily.

The following are the interest-bearing financial instruments, the exposure to credit risk and the Plan's share of it.

	December 31, 2023**	December 31, 2022**
AAA*	$468,917	$476,375
AA	583,039	396,716
A	435,402	533,726
BBB	284,915	277,078
R1 or equivalent	–	–
Non-investment grade/unrated	109,858	113,266
	$1,882,131	**$1,797,161**

**Includes cash balances from fixed income account and accrued interest*
***Includes pooled funds*

(D) LIQUIDITY RISK:
Liquidity risk is the risk the Plan may be unable to meet obligations associated with pension payments and/or financial liabilities that are settled by delivering cash or another financial asset under both normal and stressed conditions.

Management of liquidity seeks to ensure that even under adverse conditions, the Plan has access to immediate cash that is necessary to cover benefits payable, withdrawals and other liabilities. The SIP&P requires a significant portion of the Plan's investments to be highly liquid so they can be converted into cash on short notice. Typically, the employee and employer contributions will offset a significant portion of the benefit payment requirements. Therefore, the Plan's exposure to liquidity risk is considered negligible.

The Plan's SIP&P (NOTE 3) was designed and stress tested, to ensure that under adverse economic conditions the Plan is able to meet its current and future obligations.

In order to meet short-term liquidity requirements, cash and short-term investments are available for $147,644 (2022 – $151,847). With the exception of the pension benefit obligation, all liabilities are current and due within one year.

In addition to cash and short-term investments, the bond holdings held also aid in managing liquidity risk and have the following maturities:

	December 31, 2023*	December 31, 2022*
1 year	$60,203	$65,080
1–5 years	493,200	599,449
5–10 years	372,841	445,546
10–20 years	375,299	320,538
20 years	580,588	366,548
**Includes pooled funds.*	**$1,882,131**	**$1,797,161**

5. Fair value hierarchy:

Financial assets and liabilities are measured at fair value and can be classified based on the method used to determine their valuation. The fair value hierarchy has the following three levels:

- Level 1 — fair value is based on quoted market prices in markets for identical financial assets or financial liabilities. Level 1 financial assets generally include equity investments traded in an active market.
- Level 2 — fair value is based on observable inputs, other than quoted prices included within Level 1, such as quoted market prices for identical financial assets or financial liabilities in markets that are not active and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the financial assets or financial liabilities. Level 2 financial assets and financial liabilities generally include pooled funds, short-term money market securities, Government of Canada, provincial and other government bonds, Canadian corporate bonds and certain derivative financial instruments.
- Level 3 — fair value is based on inputs that are not supported by observable market data. Valuation methodologies are determined by the fund administrators and independent appraisers. Level 3 financial assets and financial liabilities include the funds of hedge funds, real estate, infrastructure, hedge fund secondaries investments, private debt and private equity investments.

The following table presents the level within the fair value hierarchy for each of the financial assets and financial liabilities measured at fair value. The table excludes other financial assets and financial liabilities that are valued at their carrying amount, which represents a reasonable approximation of fair value due to their short-term nature.

December 31, 2023	Level 1	Level 2	Level 3	Total
Invested cash and short-term money market securities	$106,456	$3.030	$—	$109,486
Bonds*	163,955	1,918,169	204,484	2,286,608
Funds of hedge funds	—	—	2,209	2,209
Equities	2,093,690	600,372	—	2,694,062
Real estate	—	—	768,364	768,364
U.S. real estate	—	—	242,836	242,836
Infrastructure	—	—	878,272	878,272
Hedge funds secondaries	—	—	791	791
Hedge funds	—	—	614,520	614,520
Private equity	—	—	515,596	515,596
Private debt	—	—	456,283	456,283
Derivative financial instruments	—	68,240	—	68,240
Other investment-related assets and liabilities	(340,660)	—	—	(340,660)
	$2,023,441	**$2,589,811**	**$3,683,355**	**$8,296,607**

December 31, 2022	Level 1	Level 2	Level 3	Total
Invested cash and short-term money market securities	$101,159	$16,745	$—	$117,904
Bonds*	—	1,960,563	197,417	2,157,980
Funds of hedge funds	—	—	5,694	5,694
Equities	2,662,405	—	—	2,662,405
Real estate	—	—	823,085	823,085
U.S. real estate	—	—	224,515	224,515
Infrastructure	—	—	752,692	752,692
Hedge funds secondaries	—	—	1,836	1,836
Hedge funds	—	—	594,592	594,592
Private equity	—	—	420,786	420,786
Private debt	—	—	366,831	366,831
Derivative financial instruments	–	(1,555)	–	(1,555)
Other investment-related assets and liabilities	(354,222)	–	–	(354,222)
	$2,409,342	**$1,975,753**	**$3,387,448**	**$7,772,543**

**Bonds total is net of bonds sold under repurchase agreements of $362,625 (2022 – $384,708).*

There were no transfers between Levels 1, 2 and 3 in the years presented.

The following table summarizes the changes in the fair values of financial instruments classified in Level 3.

	Funds of hedge funds	Real estate	Foreign real estate	Infrastructure	Hedge fund secondaries	Hedge funds	Private equity	Private debt	Bonds	Total
Fair value, December 31, 2021	$5,794	$759,327	$176,606	$619,189	$13,561	$440,654	$353,544	$446,958	—	**$2,815,633**
Total unrealized gains (losses)	1,159	63,582	24,730	46,494	(12,909)	40,958	3,744	104,169	(14,419)	257,508
Purchases	—	176	24,905	125,632	1,184	112,980	106,859	48,225	211,836	419,961
Disposition	(1,259)	—	(1,726)	(38,623)	—	—	(43,361)	(218,102)	—	(303,071)
Fair value, December 31, 2022	$5,694	$823,085	$224,515	$752,692	$1,836	$594,592	$420,786	$366,831	$197,417	**$3,387,448**
Total unrealized gains (losses)	(2,653)	(54,981)	(29,138)	(2,134)	(1,053)	11,389	(10,245)	(12,159)	7,067	(93,907)
Purchases	327	260	49,527	141,675	8	31,461	123,758	113,695	—	460,711
Disposition	(1,159)	—	(2,068)	(13,961)	—	(22,922)	(18,703)	(12,084)	—	(70,897)
Fair value, December 31, 2023	$2,209	$768,364	$242,836	$878,272	$791	$614,520	$515,596	$456,283	$204,484	**$3,683,355**

Investments that are classified as Level 3 have their fair values derived using valuation techniques. The values are provided by the general partner or other external manager and therefore, in the absence of specific information to support deviating from this value, no other reasonably possible alternative assumptions can be applied.

(A) SENSITIVITY TO CHANGES IN ASSUMPTIONS:

The following analysis demonstrates the sensitivity of several Level 3 valuations to potential changes in capitalization rates, discount rates or interest rates, where applicable. These sensitivities are hypothetical and in actual experience, the change in the key factor may be the result of changes in a number of underlying assumptions that could increase or decrease the effect on the valuation.

December 31, 2023				
Asset type	Key factor	Fair value	+0.25%	−0.25%
Real estate	Capitalization rate	$1,011,200	$(27,240)	$28,993
Infrastructure	Discount rate	878,272	(15,571)	13,414
Hedge fund secondaries	Discount rate	791	(1)	1
Hedge funds	Discount rate	614,520	(2,090)	2,089
Private debt	Interest rate	456,283	(3,248)	3,286
Private equity	Discount rate	515,596	(2,142)	2,160
		$3,476,662	**$(50,292)**	**$49,943**

December 31, 2022				
Asset type	Key factor	Fair value	+0.25%	−0.25%
Real estate	Capitalization rate	$1,047,600	$(36,828)	$51,758
Infrastructure	Discount rate	752,692	(8,899)	9,355
Hedge fund secondaries	Discount rate	1,836	(5)	5
Hedge funds	Discount rate	594,592	(2,438)	2,438
Private debt	Interest rate	366,831	(2,723)	2,872
Private equity	Discount rate	420,786	(2,119)	2,097
		$3,184,337	**$(53,012)**	**$68,525**

The sensitivity analysis for the fund of hedge funds has been excluded from the above table. The impact to the fair value of the investment is not practical to determine given the underlying nature of the holdings.

6. Derivative financial instruments:

(A) DERIVATIVE PRODUCTS AND INVESTMENT OBJECTIVES:

During the year, the Plan entered into the following types of derivative financial instruments:

(i) EQUITY AND BOND FUTURES:

Futures contracts involve an agreement to buy or sell standardized amounts of equity or bond indices at a predetermined future date and price in accordance with the terms specified by a regulated futures exchange and are subject to daily cash margining. These contracts were purchased and/or sold with the primary objective of rebalancing the Plan's actual asset mix to closely align with that specified in the SIP&P. At the end of the year, the Plan no longer held any of these contracts. Although the Plan has the ability to use equity and bond futures, it is not doing so at this time.

(ii) FOREIGN EXCHANGE FORWARD CONTRACTS:

A foreign exchange forward contract is a customized agreement negotiated between two parties to buy or sell a specific amount of a foreign currency at a price specified at the origination of the contract, with settlement at a specified future date. Foreign exchange forward contracts are used to mitigate the Plan's foreign currency risk.

(B) NOTIONAL AMOUNTS:

Notional amounts of derivative financial instruments represent the dollar value of the market exposure gained through the purchase/sale of a contract. Notional amounts are not recorded as financial assets or financial liabilities on the annual statements of financial position and accrued pension benefits and surplus. The aggregate notional amounts and fair values of derivative contracts can fluctuate significantly.

The following is a schedule of notional amounts and fair values of derivative financial instruments:

December 31, 2023	Notional amount	Fair value receivable	Fair value payable
Foreign exchange forward contracts	$4,683,113	$68,240	–

December 31, 2022	Notional amount	Fair value receivable	Fair value payable
Foreign exchange forward contracts	$3,936,898	$–	$(1,555)

Derivative financial instruments held by the Plan generally have at least quarterly resets and all settle within one year.

(C) NET INVESTMENTS AFTER ALLOCATING MARKET EXPOSURE OF DERIVATIVE FINANCIAL INSTRUMENTS:

The following table summarizes the effective fair value of the Plan's investments after the allocation of market exposure of derivative financial instruments and investment-related receivables and liabilities:

	2023		2022	
	Effective net investments at fair value	Effective asset mix (%)	Effective net investments at fair value	Effective asset mix (%)
Fixed income:				
Invested cash and short-term money securities	$199,706	2.4	$146,835	1.9
Canadian bonds	1,446,483	17.4	1,308,740	16.8
Non-Canadian bonds	477,495	5.8	464,532	6.0
Funds of hedge funds	2,209	0.0	5,694	0.1
	2,125,893	25.6	1,925,801	24.8
Equities:				
Canadian	136,967	1.7	167,433	2.2
Non-Canadian	2,557,085	30.8	2,494,972	32.1
	2,694,052	32.5	2,662,405	34.3
Alternative investments:				
Real estate	1,011,200	12.2	1,047,600	13.5
Infrastructure	878,272	10.6	752,692	9.7
Hedge funds secondaries	791	0.0	1,836	0.0
Hedge funds	614,520	7.4	594,592	7.6
Private debt	456,283	5.5	366,831	4.7
Private equity	515,596	6.2	420,786	5.4
	3,476,662	41.9	3,184,337	40.9
	$8,296,607	**100.0**	**$7,772,543**	**100.0**

7. Other liabilities:

Other liabilities consist of the following:

	2023	2022
Accrued pension benefits	17,188	15,971
Fees payable to custodian, investment consultants and other advisers	10,956	5,182
Other accounts payable*	4,373	3,557
	$32,517	**$24,710**

**Includes the post-retirement benefit obligation (NOTE 8) for the employees of TTCPP.*

8. Post-retirement liability obligation:

Other retirement and post-employment benefits consist of health, dental and life insurance coverage provided to eligible retirees of the TTCPP. In order to be eligible for retiree benefits, an employee must complete a minimum of ten years of service.

In exchange for an ongoing, additional annual employer contribution from the TTC, the Plan also became responsible for both pension and other employee future benefits. The current year impact for TTCPP employees can be seen below.

The Plan measured its accrued benefit obligations for accounting purposes as at December 31, 2023. The most recent actuarial valuation of the post-retirement benefits was performed as at December 31, 2023. Information about the TTCPP's post-employment benefit plans is as follows:

Post-retirement benefits	2023	2022
Benefit obligation, beginning of year	$476	$651
Current service cost	56	81
Interest cost	25	22
Actuarial (gain) loss	80	(276)
Benefit payments	(2)	(2)
Benefit obligation, end of year	**$635**	**$476**

9. Pension benefit obligation:

An estimate of the Plan's obligation for pension benefits has been made as at December 31, 2023, by Mercer (Canada) Limited for inclusion in the Plan's financial statements. The estimate is an extrapolation of the January 1, 2022, actuarial valuation based on membership data on that date, using the methods and assumptions summarized below. The Plan's obligation for pension benefits includes all employees of the TTC, ATU and TTCPP who have completed six months of continuous service.

(A) METHODS AND ASSUMPTIONS:

The valuation is based on the requirements outlined in Section 4600 of the CPA Canada Handbook – Accounting for pension plan financial statements. The estimated actuarial present value of accrued pension benefits is determined using the projected benefit method, pro-rated on service. The pension formula in effect in the Plan's bylaws, including the current base period (average of the four calendar years before 2022 with the highest average pensionable earnings) for credited service before 2022, is used to project the pension at retirement, without provision for future updates in the base period or other changes in the Bylaws. The pro rata portion of the projected pension, which relates to past service, is then valued as the accrued pension.

Under NOTE 1, Description of the Plan, the Board has the authority to provide Plan improvements, including increases to the career average base period and also for ad hoc pension indexing. The following amendments to the Plan were adopted by the Board effective January 1, 2023:

(i) a one-year update of the base period to December 31, 2022;
(ii) a one-year update of the survivor benefit date to January 1, 2023; and
(iii) a one-time ad hoc pensioner increase of 5.35% (2022 – 2.41%) as at January 1, 2023.

As at December 31, 2023, the financial impact of these changes is $222,457 (2022– $104,643).

Assets were valued at fair value as at December 31, 2023.

The major assumptions used as best estimates of the Plan's future experience for calculating the actuarial present value of accrued pension benefits are summarized as follows:

	2023	2022
Discount rate, net of expenses	6.80%	7.10%
Rate of inflation	2.00%	2.00%
Weighted average rate of salary increase	3.25%	3.25%

(B) STATUTORY ACTUARIAL VALUATIONS:

In accordance with the PBA and the Income Tax Act (Canada), an actuarial valuation is required to be filed at least every three years to report the Plan's surplus or deficit, and to determine the Plan's funding requirements. The most recent actuarial valuation for funding purposes was conducted as at January 1, 2023, and filed with regulators on October 1, 2023. The next required funding valuation filing with the regulators will be as at January 1, 2026. The two valuations required by the PBA, the going concern basis and the solvency basis, are determined using different valuation methods and assumptions and yield different surplus or deficit amounts than those disclosed in these financial statements. A solvency (hypothetical windup) valuation must be performed on the Plan, even though the risk of its being wound up, in management's view, is remote. As a JSPP, the Plan is permitted and has elected an exemption from solvency funding requirements.

10. Related party transactions and balances:

Related parties include the Plan's Sponsors and the Plan's subsidiaries. Expenses borne by the Sponsors are listed under NOTE 12, Administrative Expenses. Information technology costs are not charged back to the Plan.

Alternative investments held in subsidiary corporations are managed on behalf of the Plan by external advisers through investment management agreements. The Plan has 12 wholly owned subsidiary corporations. The assets held within the subsidiary corporations are investments in real estate, infrastructure, private equity, hedge funds and private debt. The subsidiary corporations are 100% owned by the Plan. Regular transactions include investment income and return of capital distributions, or capital contributions. For real estate investments, the market value is comprised of both an equity component and also a note payable to the Plan relating to the initial investment.

The following schedule summarizes the Plan's net related party alternative investments:

	2023		2022	
	Fair value	Cost	Fair value	Cost
PFS Exchange Inc.*	$129,752	$77,100	$147,962	$77,100
PFS GTA Industrial Inc.*	304,508	97,025	304,101	97,025
PFS Retail Two Inc.	54,007	51,500	56,817	51,500
PFS Office One Inc.*	156,005	204,700	191,654	204,700
PFS Retail One Inc.	40,107	15,980	40,875	15,980
PFS Faubourg Inc.*	83,985	91,104	81,676	90,845
Net investment in real estate	768,364	537,409	823,085	537,150
1793177 Ontario Inc.*	407,344	338,289	390,315	306,564
TTC PFS Secondaries Inc.	791	1,192	1,836	1,184
TTC PFS Private Equities Inc.*	180,488	111,764	211,433	119,655
TTC PFS Private Debt Inc.*	210,228	222,855	207,474	222,622
TTC PFS Taurus Inc.*	205,708	123,939	189,481	121,192
TTC PFS HL Inv Blocker Inc.	43,352	42,881	15,791	16,352
	1,047,911	840,920	1,016,330	787,569
Net related party alternative investments	**$1,816,275**	**$1,378,329**	**$1,839,415**	**$1,324,719**

**Exceeds 1% of the fair value or cost of the Plan in either 2023 or 2022.*

11. Net investment income:

The following schedule summarizes investment income (loss), broken down by earned income (loss), realized gain/loss and unrealized gain/loss:

December 31, 2023	Earned income (loss)	Realized gain (loss)	Unrealized gain (loss)	Total
Fixed income:				
Invested cash	$5,633	$–	$–	$5,633
Short-term money market securities	(18,052)	(3,602)	2,229	(19,425)
Canadian bonds	61,899	(49,902)	118,004	130,001
Non-Canadian bonds	4,281	136	22,843	27,260
Fund of hedge funds	–	523	(2,652)	(2,129)
Derivatives	–	(22,951)	69,774	46,823
Equities:				
Canadian	4,061	14,131	120,924	139,116
Non-Canadian	52,151	176,738	118,010	346,899
Alternative investments:				
Real estate	31,488	–	(84,119)	(52,631)
Infrastructure	59,563	–	(2,135)	57,428
Hedge funds secondaries	82	–	(1,052)	(970)
Hedge funds	–	13,748	11,389	25,137
Private debt	10,846	–	(2,368)	8,478
Private equity	17,991	–	(10,246)	7,745
Pending Foreign Exchange	–	–	(8)	(8)
	$229,943	**$128,821**	**$360,593**	**$719,357**

December 31, 2022	Earned income (loss)	Realized gain (loss)	Unrealized gain (loss)	Total
Fixed income:				
Invested cash	$2,917	$—	$—	$2,917
Short-term money market securities	(5,727)	1,212	(3,252)	(7,767)
Canadian bonds	60,078	(259,175)	(140,173)	(339,270)
Non-Canadian bonds	4,595	1,842	(15,154)	(8,717)
Fund of hedge funds	—	258	1,265	1,523
Derivatives	—	(128,470)	5,493	(122,977)
Equities:				
Canadian	6,829	107,611	(224,734)	(110,294)
Non-Canadian	55,078	136,618	(554,167)	(362,471)
Alternative investments:				
Real estate	29,856	—	88,313	118,169
Infrastructure	54,777	—	46,493	101,270
Hedge funds secondaries	6,844	—	(12,909)	(6,065)
Hedge funds	—	(587)	40,959	40,372
Private debt	11,712	—	79,959	91,671
Private equity	47,526	1,041	3,744	52,311
Pending Foreign Exchange	—	—	(1)	(1)
	$274,485	**$(139,650)**	**$(684,164)**	**$(549,329)**

12. Investment and Plan administration expenses:

The following summarizes the expenses paid by the Plan:

	2023	2022
Investment managers' fees	$26,812	$21,889
Other plan administration expenses	9,019	7,105
Actuarial fees	660	704
Custodial fees	503	501
Legal fees	326	336
Investment consultants' fees	72	146
	$37,392	**$30,681**

13. Significant investments and statutory disclosure:

(A) SIGNIFICANT INDIVIDUAL SECURITIES:

As at December 31, 2023, the Plan held the following investments with fair value or cost exceeding 1% of the fair value or cost of the Plan, besides the pooled funds disclosed in (c):

			2023		2022	
Fund name	**Fund operator**	**Nature of investments held**	**Fair value**	**Cost**	**Fair value**	**Cost**
PFS GTA Industrial Inc.	Triovest	Real Estate	$304,508	$97,025	$304,101	$97,025
Northleaf Star Investor Corp.	Northleaf	Private Debt	225,599	140,173	237,479	139,477
Prima Mortgage Investment Trust	Prima	Private Debt	204,484	205,195	197,417	201,697
PFS Exchange Inc.	Triovest	Real Estate	129,752	77,100	147,962	77,100
PFS Office One Inc. – Tahoe	Triovest	Real Estate	114,031	109,700	130,188	109,700
Brookfield Americas Infrastructure Fund IV	Brookfield	Infrastructure	100,933	86,392	90,181	72,915
PFS Faubourg Inc.	Crestpoint	Real Estate	83,985	80,053	81,677	90,845
PFS Office One Inc. Twin Atria	Triovest	Real Estate	41,974	95,000	61,466	95,000

(B) SIGNIFICANT ISSUERS:

Fixed Income and Equities, invested by the Plan, were examined and the following Fixed Income issuers exceeded 1% of the fair value or cost of the Plan's net assets:

	2023		2022	
	Fair value	**Cost**	**Fair value**	**Cost**
Government of Canada	$237,990	$233,546	$231,642	$233,192
Province of Ontario	89,780	86,416	132,641	141,900
Province of Quebec	62,803	60,801	90,795	95,061

(C) POOLED FUND INVESTMENTS:

The Plan owns the following pooled fund investments as at December 31. The fair value of these pooled fund investments is included in the statement of financial position under the investment type to which they relate.

	2023		2022	
	Fair value	Cost	Fair value	Cost
Short-term money market securities:				
PHN Institution short-term investment fund	$—	$—	$3,123	$3,123
PHN Municipal Plus Bond Series O	—	—	9,938	12,100
PHN 9028 RBC O Fund	—	—	934	1,038
TDAM TD Emerald Canada Treasury	3,030	3,029	2,750	2,715
	3,030	3,029	16,745	18,976
Fixed income:				
Canso Corp. & Infrastructure Debt	34,939	35,800	31,213	33,677
Canso Private Loan Fund	10,362	9,705	14,297	14,528
PHN Long Bond Pension Trust*	507,138	516,999	100,416	132,309
PHN Investment Grade Corp Bond Trust*	—	—	106,973	122,399
PHN Mortgage Pension Trust Fund	—	—	12,534	13,290
Mesirow Absolute Return Fund (institutional)	2,094	1,852	4,174	2,909
PHN High Yield Bond Fund, Series O	—	—	8,694	9,004
TDAM Canadian Bond Pooled Fund Trust 1512*	242,887	218,749	229,667	234,262
TDAM Long Bond Broad Market Pooled Fund Trust*	143,897	142,366	222,567	209,497
Wellington Multi Asset Credit Pooled Fund*	100,922	91,060	91,101	91,004
Ares Multi Asset Credit Pooled Fund*	113,346	100,000	100,526	100,000
	1,155,585	1,116,531	922,162	962,879
Non-Canadian equities:				
Arrowstreet Global All Country Fund I PVAC*	647,056	622,413	613,572	593,897
Harding Loevner Emerging Market Equity*	—	—	163,180	123,331
Oaktree Capital Emerging Market Equity*	162,207	133,674	157,587	133,674
CF William Blair Emerging Market Equity*	175,269	168,089	—	—
TDAM Emerald US Equity Pooled Fund*	262,896	232,081	273,424	291,067
	1,247,428	1,156,257	1,207,763	1,141,969
Real estate:				
Blackstone U.S. Real Estate Fund*	117,049	99,437	126,312	97,996
CBRE V8 U.S. Real Estate Fund	40,779	49,645	52,608	47,012
CBRE V9 U.S. Real Estate Fund	38,149	46,274	31,191	30,546
DB Monument Holdings Real Estate Fund	19,779	20,596	—	—
Henderson Park Real Estate Fund II	27,080	19,805	14,403	11,259
	242,836	235,757	224,514	186,813
	$2,648,879	**$2,511,574**	**$2,371,184**	**$2,310,637**

**Exceeds 1% of the fair value or cost of the Plan in either 2023 or 2022.*
***Excludes currency (NOTE 4(b)), derivatives (NOTE 6(b)), pooled fund investments (NOTE 13(c)) and alternative investments (NOTE 3).*

14. Commitments:

As part of normal business operations, the Plan enters into commitments to the funding of investments. Future commitments to fund investments include investment in infrastructure, private debt, private equity and U.S. real estate. The future commitments are generally payable on demand based on the capital needs of the investment.

In particular, the Plan is committed to investing up to an additional $276,080 (2022 – $346,321) in existing infrastructure investments, $269,691 in private debt (2022 – $203,056), $540,678 in private equities (2022 – $421,826) and an additional $92,907 in foreign real estate (2022 – $80,701).

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