2021 Annual Report

On your way

TTC Pension Plan

From your first day starting out
Through every journey that follows
Wherever you are on your path to retirement
Whatever your plans for the next chapter of life

With secure income from your TTC Pension Plan
You can feel confident you're on your way.

Because your route to a secure future starts here.

Our investment approach is focused on delivering a sustainable pension for the long term. As a TTC Pension Plan member, you can rest assured that you're building towards a secure retirement with a pension income that will last your entire lifetime.

Because wherever you're going, we'll be there.

Being there for our members means doing all we can to support you, now and in your retirement. We'll be there when you need us—answering your questions, helping you navigate your options, and delivering a pension income you can count on every month for life.

Because your next stop is just the beginning.

Thanks to our prudent, long-term investment approach, we have continuously delivered on our promise of a sustainable and predictable pension income for our members. You can feel secure in your retirement knowing you have a pension for life.

Our 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.

Knowledge

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

Communication

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

Professionalism

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

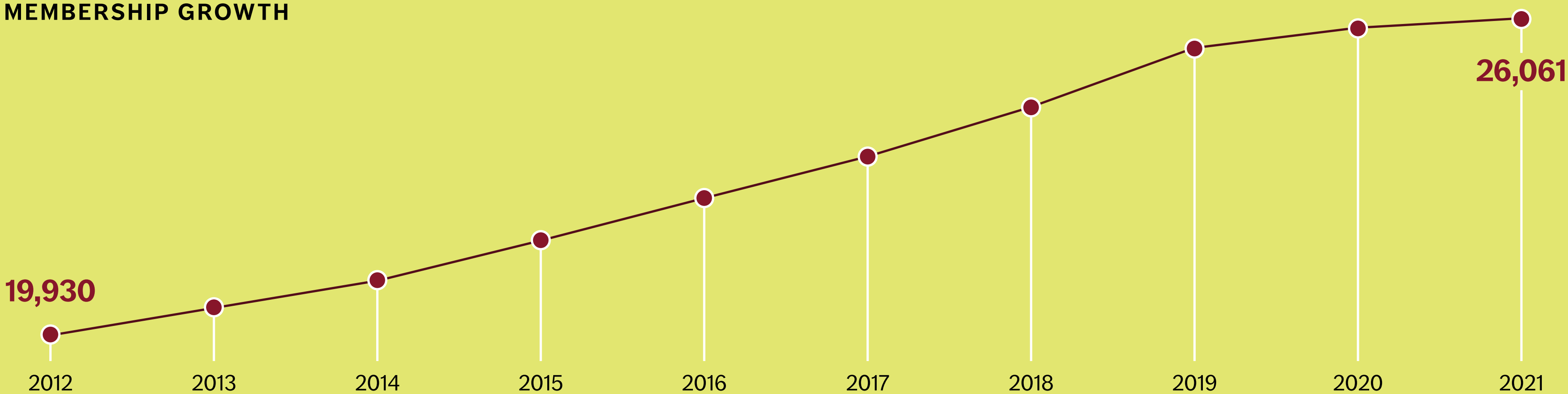
2021 Membership Highlights

14,860
Active members

1,136
Deferred members

10,065
Retired members

MEMBERSHIP GROWTH



BY THE NUMBERS

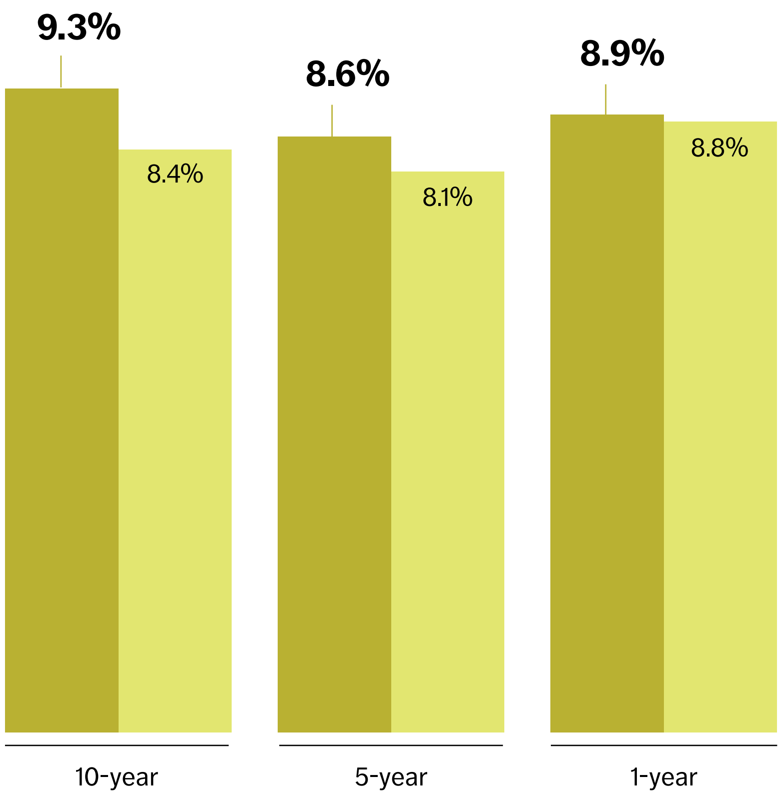
652
New members

464
Retirements in 2021

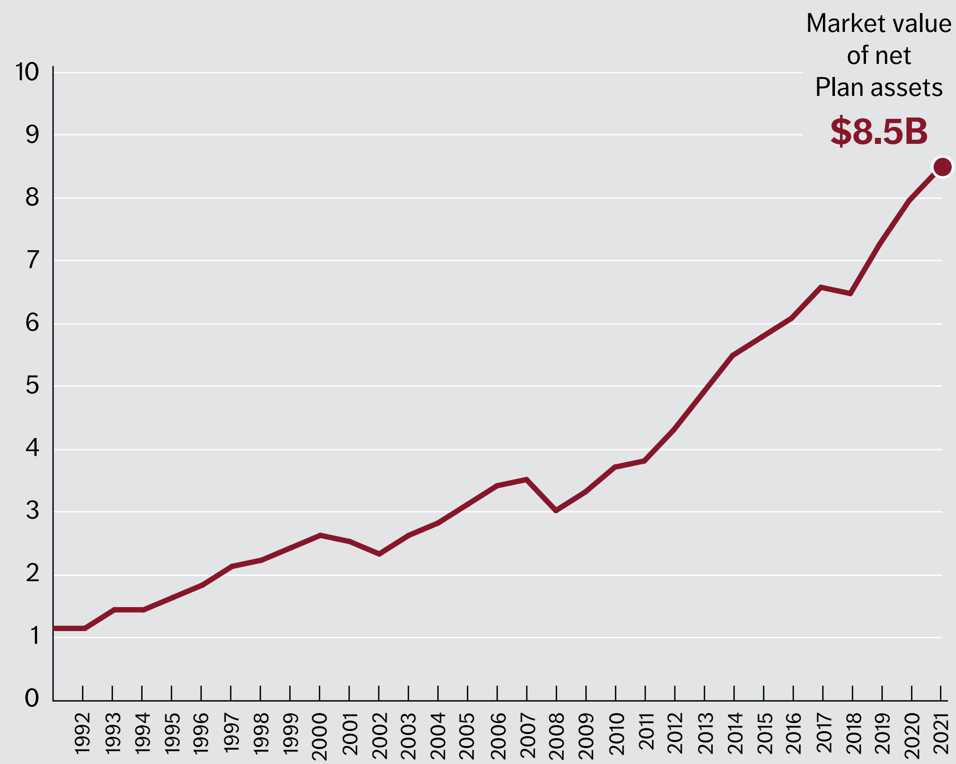
61
Average age of members retiring in 2021

2021 Financial Highlights

PLAN NET RETURNS VS. BENCHMARKS



GROWTH OF NET ASSETS AVAILABLE FOR BENEFITS ($ BILLIONS)



BY THE NUMBERS

5.1%	$260M	$395M	98%
Discount rate*	Contributions	Benefit payments	Going concern funded ratio

The discount rate is based on the best estimate of the Fund's future expected long-term rate of return minus a margin of conservatism.

Message from the Board

With the world continuing to navigate the COVID-19 pandemic, we remain focused on ensuring that TTC Pension Plan delivers on its promise of a stable and sustainable pension for all our members in their retirement.

As the Board of TTC Pension Plan, it is our duty to support the pension management team and ensure our employees have the resources they need to deliver the secure retirement pension that our members count on for life.

We are pleased to report that 2021 was another strong year for the Plan. Thanks to the prudent strategies and steady guidance of the Management team, we emerged from this period of incredible disruption in a solid position. Once again, the Plan exceeded its targets for financial performance and has extended its long-term track record of sustained growth. As a result of our strong financial position, the Board approved an update to the base period, and for members who retired in 2021 or earlier, the Board approved a cost-of-living increase of up to 2.41%, effective Jan. 1, 2022. This increase reflects the positive performance of the Plan, our stable contributions structure, and our strategic, long-term focus. As a reminder, there is no contractual obligation to provide benefit improvements, and future enhancements are not guaranteed.

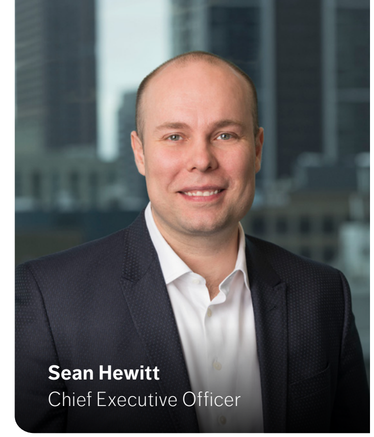
At the same time, we recognize that the ongoing pandemic and other factors are complicating the global economic recovery. Lower forward-looking returns and shifting demographics are putting greater pressure on our pension liabilities. The Board will continue to manage the risks and pursue adjustments to our strategies as needed to ensure the Plan can continue to meet its pension obligations today and for those retiring in the years to come.

We are proud of the way our team has managed to deliver for our members in these challenging times. Not only have they come through under the most difficult circumstances, they have also worked diligently in pursuit of even better ways to serve our members. Whether it's the launch of our first-ever public website or hosting online webinars to educate members about the Plan in a safe and convenient forum—our team never stopped looking for ways to improve their support for our members.

We would like to express our gratitude to retiring Board members Brian Leck, Rick Fox and Kevin Morton, as well as outgoing Board member Carlos Santos. Your commitment and trusted guidance over these years have been invaluable to our collective mission. We also welcome Marvin Alfred, Michael Atlas, Angie Clark and Max Matharu to the Board and look forward to your expertise and perspectives as we chart the way forward together.

With the strength and stability of our investment portfolio and the dedication of our team, we are confident that TTC Pension Plan will continue to provide our members with the secure retirement income they can count on—now and in the future.

Message from the CEO



In a year that offered both optimism and challenges, TTC Pension Plan continued to navigate the ongoing pandemic to deliver on our promise to our members.

In 2021, despite another year of uncertainty in the global markets, we successfully managed the Plan through the turbulence to exceed our investment targets.

It was another strong year for the Plan, with a net investment return of 8.9%. The portfolio grew from $8.0 billion to $8.5 billion, owing to the positive investment returns over the year, particularly in the fourth quarter of 2021. Net investment return for the five-year period ending Dec. 31, 2021, was a solid 8.6%, and the Plan's 10-year track record continued its long-term trend, earning 9.3% to exceed our benchmark return of 8.4%.

At TTCPP, ensuring the long-term sustainability of the Plan is at the foundation of everything we do. With this commitment in mind, the Investment team in 2021 undertook an asset and liability study to assess the long-term sustainability of the Plan. Informed by this study, we made slight adjustments to our portfolio to increase long-term target allocations to infrastructure and credit investments. We believe these modifications will position us to continue meeting our pension obligations well into the future and to withstand any challenges that might lie ahead.

Ensuring the sustainability of the Plan also means hiring the right people and reinvesting in our organization so that we can continue to best serve the interests of our members. In 2021, we welcomed the addition of five new employees to support the Pension Administration, Investment and Communications teams—adding critical bench strength to our organization.

Once again, I would like to acknowledge the hard work and dedication of our entire staff, who have worked tirelessly amid another challenging year to serve our members and move the organization forward. Among the many initiatives that we undertook in the past year, TTCPP staff continued work on developing our internal systems. This included upgrading the accounting book of record and implementing a new investment portfolio management system to provide meaningful portfolio risk insights to the Board. Paperless workflow processes were developed for managing pension payments and onboarding newly retired members. Additionally, new and stronger measurement tools were developed to inform and guide the organization on how we are serving our members.

Enhancing our member service functions was an important focus for our staff. These efforts were most notably encapsulated by the refresh of our logo and our mission to give greater clarity to our purpose. In December, TTCPP also launched our first publicly available website, which now serves as an important resource for our members to access all manner of information about the Plan. In response to the challenges posed by the COVID-19 pandemic, we also introduced online webinars where members can learn about the Plan and what it means to them. In total, 254 members attended webinars, which were very well received based on follow-up surveys.

Efforts were also made in the past year to raise the profile of TTCPP through a range of touchpoints, including TTC channels, industry organizations and regulatory authorities, a peer plan communications roundtable, and establishment of a social media presence on LinkedIn.

While 2021 presented us with tremendous uncertainty, our organization has emerged stronger for it. As we look to the future, I am optimistic about the direction we are headed in, and I am confident in our ability to continue supporting our members—throughout their entire lives and on their way to retirement.

Board of Directors

Board of Directors

Marvin Alfred

Michael Atlas

Angie Clark

Scott Gordon

Michelle Jones

Orest Kobylansky (President)

Rick Leary

Megan MacRae

Frank Malta

Max Matharu

Investment Committee

Angie Clark

Orest Kobylansky (Chair)

Megan MacRae

Frank Malta

Governance Committee

Scott Gordon

Michelle Jones

Orest Kobylansky

Megan MacRae (Chair)

Max Matharu

Audit Committee

Michelle Jones

Orest Kobylansky (Chair)

Frank Malta

Board Advisor

Graham Pugh

Leadership Team

Sean Hewitt
Chief Executive Officer

James Clarkson
Treasurer and Managing Director, Finance

Andrew Greene
Managing Director, Investments

Donna Miyasaki
Director, Communications

Helen Redmond
Corporate Secretary and Director, Pension Administration

Actuaries

Geoffrey Melbourne
Mercer

Karen E. Koop
Mercer

Auditor

KPMG LLP

Custodian

Northern Trust

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 five voting members, 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"), as 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. They 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.

2021 highlights:

- Completed an asset and liability study on the long-term sustainability of the Plan
- Developed a multiyear environmental, social and governance (ESG) work plan
- Confirmed commitments to our infrastructure, private credit and private equity programs

Audit Committee

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

2021 highlights:

- Began work to develop an enterprise risk management framework
- Reviewed and approved the 2020 financial statements
- Reviewed and approved the 2022 budget
- Approved the transition of the accounting book of record to a cloud-based system

Governance Committee

The Governance Committee advises the Board on matters of governance and human resource policies.

2021 highlights:

- Launched a successful candidate search for an independent Board advisor
- Developed Board-approved whistleblower and succession policies
- Oversaw the development and execution of the TTCPP communications plan

Committee Review

The scope of the mandate for each committee is reviewed every three years to ensure they continue to suitably address the governance requirements of the Plan. The next review is scheduled in 2022.

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), 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.

As a Plan member, your pension is determined using a formula based on your 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 Service

OR

60 Years Age

29 Years Service & Age + Service = ≥ 80

Reduced early retirement

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

≥ 50 Years Age & < 29 Years 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**	9.25%
Above YMPE**	10.85%

***The YMPE is the year's maximum pensionable earnings, which is an amount defined under the Canada Pension Plan. In 2021, this amount was $61,600.*

Learn more about the Plan

Our website is your source for all information about the Plan, including the latest updates, publications, forms, the Online Pension Estimator, and more.

Visit **ttcpp.ca**.

Plan updates

The following Plan updates are 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.

The following changes to the Plan benefits were approved:

→ For members who have retired on or after Jan. 1, 2022, your pensionable earnings in 2021 will now be included in the base period for calculating the pension benefits. The base-period formula will now be the average of your best four years of pensionable earnings up to Dec. 31, 2021.

→ Together with this formula update, the survivor benefit date has been moved to Jan. 1, 2022. This means that for married members, the 60% survivorship option will have no cost for all pension service prior to Jan. 1, 2022.

→ Members who retired before Jan. 1, 2022, will receive an ad hoc COLA increase of 2.41%. If you retired in 2021, your COLA will be prorated for the number of days you were retired in 2021.

On an annual basis, the TTC Pension Plan Board of Directors assesses affordability of benefit improvements and provides them at its discretion. There is no contractual obligation to provide benefit improvements, and future enhancements are not guaranteed.

The TTCPP Board of Directors also recommends changes to Bylaw 3.10 to provide flexibility for where and how the AGM is held, and how notification of the AGM is provided to members.

Investment Management

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

The Investment Policy provides a framework for how the Plan's assets are invested, which is done in a prudent manner with an acceptable level of risk. To meet our pension promise and in adhering to the Investment Policy, the Investment team uses a sustainable long-term approach. They invest in a diversified manner across a wide variety of asset classes that have 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. Our team selects highly qualified investment management firms that have the specific expertise to implement the required strategies and asset mix. 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.

It is 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.

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. Our primary objective is to grow the Plan assets more than 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 improves our ability to provide a base-period update and cost-of-living adjustment (COLA) increases.

Market overview

The year 2021 was filled with renewed uncertainty, cautious optimism, and hopes for a return to a semblance of normal life. Year two of the pandemic brought serious challenges as global markets faced headwinds on several fronts, including the emergence of new SARS-CoV-2 variants, a tenuous global economic recovery, a new wave of global supply chain disruptions, labour shortages, elevated inflation and growing geopolitical tensions.

Despite the many challenges, it was a year that once again showed the adaptability and resilience of people around the world. The global market continued a relatively steady rise, albeit on a bumpy road, throughout the year. This was buoyed by optimism because of effective vaccines, the removal of pandemic-related restrictions, improved corporate earnings and increased consumer demand. The strong V-shaped recovery continued over 2021, leading to global stocks rallying for the third year in a row.

Global fixed-income markets experienced more tepid returns as inflation was arguably the most significant economic news story of 2021. Headline inflation in both Canada and the U.S. was at the highest levels in over 30 years as market participants debated whether it was transitory or longer lasting.

The potential for sustained inflation to take root prompted central banks globally toward scaling back asset purchase programs and raising key policy rates to dampen inflationary pressures. Domestically, the Bank of Canada jolted investors in a similar fashion by signalling an earlier move on interest rates, leading to negative performances across all domestic fixed-income markets.

Canadian equities performed admirably, comparable to their global peers, with the S&P/TSX Composite Index rising 25.1% (total return) in 2021, after a moderate 5.6% return in 2020, led by energy and real estate.

The U.S. equity market continued to climb to new highs (S&P 500 Index, Dow Jones Industrial Average, NASDAQ Composite Index, and Russell 2000 Index benchmarks all posted new records). Despite the COVID-19 pandemic continuing into the fourth quarter, the S&P 500 rebounded strongly, returning 27.6% (CAD) for the year and outperforming other major developed markets. In international equities, the MSCI EAFE Index delivered a 10.3% total return in 2021.

Global bond yields had an extraordinary year following the resurgence of long dormant inflation and the unwinding of unprecedented stimulus triggered by COVID-19. The Bank of Canada has committed to raising interest rates in 2022 in response to persistently high inflation. This clear signal has resulted in yield hikes across the yield curve. The FTSE Canada Universe Bond Index returned –2.5%, while Long Term bonds returned –4.5%, following 2020's strong 8.7% return.

On the back of strong profitability and earnings at corporations, credit spreads continued to narrow in 2021. Investment grade corporate bonds continued to outperform government debt. High-yield bonds were by far the best performer as the S&P Canada High Yield Corporate Bond Index returned in the mid-single digits. Within the government sector, federal bonds outperformed provincial and municipal bonds.

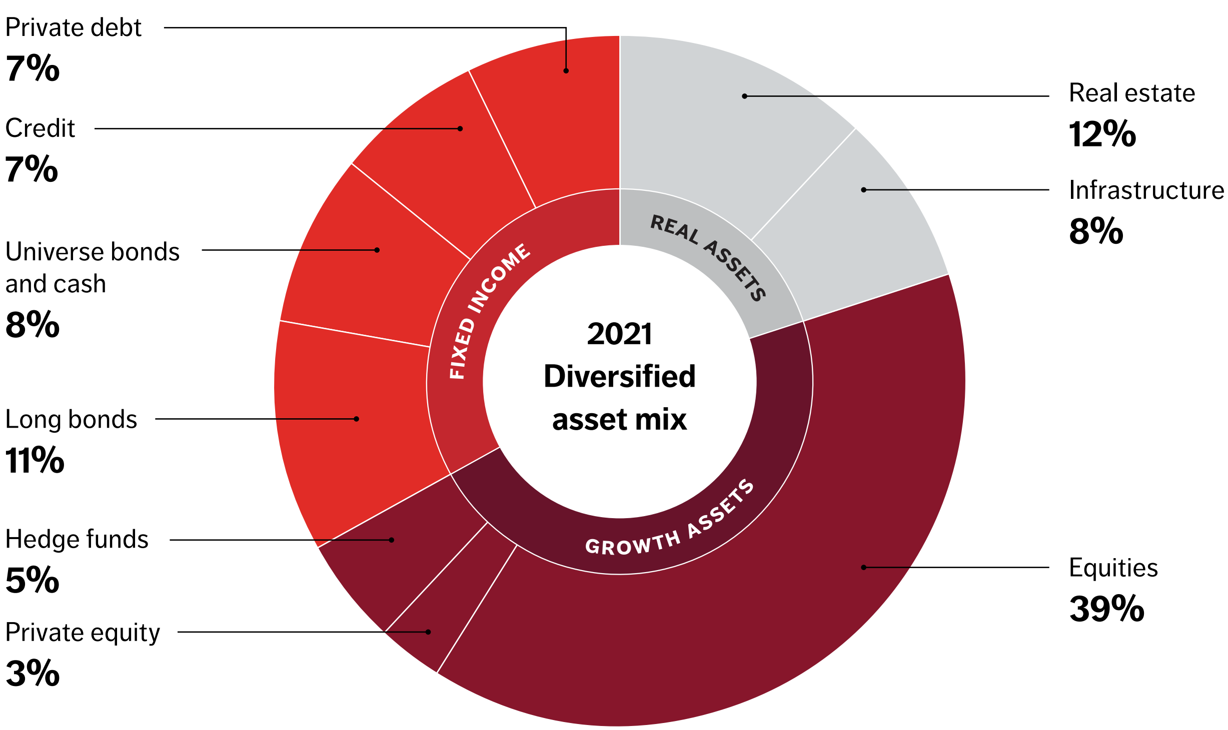
Building a diversified portfolio

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 interest rate–sensitive investments in Canadian government, provincial and corporate bonds of a variety of maturities (short, medium and long). Fixed-income investments represent 33% of the Plan.

Growth assets
Investments that seek a higher return than liability-matching assets, but they 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 47% 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 20% 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 $8.5 billion at year-end. The Plan delivered a positive 8.9% return for the year [vs. benchmark 8.8%]. Net investment return for the five-year period ending Dec. 31, 2021, is a positive 8.6% [vs. benchmark 8.1%]. Net investment return for the 10-year return period is 9.3% [vs. benchmark 8.4%].

Investment Highlights

TTCPP's long-term approach to investing reflects our focus on pursuing investment strategies and selecting assets that support the sustainability of the Plan well into the future. We seek out companies that have sound corporate governance structures and practices while also considering nonfinancial risks, including environmental and social factors. This prudent approach helps ensure that we will be able to meet our pension obligations to our members in retirement—now and in the future.

Recent investment highlights:

Brookfield Global Transition Fund

The Brookfield Global Transition Fund is managed by Brookfield Asset Management for investing in and facilitating the global transition to a net-zero-carbon economy. This initiative will invest in the development and accessibility of renewable energy sources and the transformation of carbon-intensive businesses. Each investment will be measured against the objectives of the Paris Agreement goal to reach global net-zero emissions by 2050.

Partner:
Brookfield Asset Management

Investment date:
December 2021

Locations:
North America, Europe, South America and Asia Pacific

Website:
bam.brookfield.com

RadioOnkologieNetzwerk GmbH

RadioOnkologieNetzwerk GmbH ("RON") is the leading radiotherapy platform in Germany with an extensive network, providing cancer care services at 17 different sites across five states. Combined with an existing investment, DWS Group's acquisition of RON creates a leading pan-European provider of cancer care and advanced diagnostic imaging services.

Partner:
DWS Group

Investment date:
November 2021

Location:
Germany

Website:
radioonkologienetzwerk.de

Articulate

Articulate helps learning and development professionals design innovative e-learning tools ranging from compliance training to skills development. Over 100 million learners have taken courses designed through Articulate to date. With all 100 of the Fortune 100 as customers, Articulate continues to develop and launch products to assist current and new customers with course authoring tools.

Partner:
ICONIQ Capital

Investment date:
July 2021

Location:
United States

Website:
articulate.com

10 Years of Continued Growth

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Financials ($ millions)										
Fixed income and cash	2,675	2,534	2,358	2,574	2,902	2,681	2,788	2,613	2,051	2,055
Equities	3,359	3,238	2,805	2,445	2,558	2,356	2,526	2,415	2,513	2,040
Alternative investments	2,810	2,449	2,393	1,831	1,449	1,389	819	710	562	378
Investment receivables and other	20	65	44	18	59	38	23	46	54	288
Investment liabilities	(329)	(311)	(284)	(332)	(322)	(328)	(346)	(286)	(276)	(490)
Total net assets	8,535	7,975	7,316	6,536	6,646	6,136	5,810	5,498	4,904	4,271
Contributions	260	258	255	239	234	224	216	207	202	194
Investment income (loss)	726	796	894	(15)	583	377	352	621	647	457
Benefit payments	(395)	(371)	(350)	(320)	(291)	(258)	(239)	(216)	(200)	(188)
Expenses	(31)	(24)	(19)	(14)	(16)	(17)	(17)	(18)	(16)	(15)
Change in net assets	560	659	780	(110)	510	326	312	594	633	448
Membership										
Active	14,860	15,384	15,217	14,649	14,287	14,091	13,686	13,237	13,013	12,767
Retired	10,065	9,729	9,457	9,027	8,539	8,091	7,699	7,375	7,092	6,824
Deferred	1,136	765	813	668	561	400	378	374	354	339
Total members	26,061	25,878	25,487	24,344	23,387	22,582	21,763	20,986	20,459	19,930
Active members per retiree	1.48	1.58	1.61	1.62	1.67	1.74	1.78	1.79	1.83	1.87
Retirements	464	439	544	621	613	572	431	443	409	384

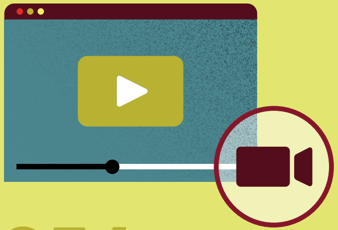
Member Service Highlights
Expanding Our Outreach

In 2021, we made great strides in expanding our outreach and introducing new ways to connect with our members and raising the profile of TTCPP.

WE'RE NOW ON LINKEDIN

PENSION WEBINARS

In 2021, we launched our webinars to help members get to know their pension plan and what it means for their retirement.



254

Pension webinars attendees

90%

Would be somewhat or very likely to recommend attending a webinar to a coworker†

70%

Had more understanding of the Plan after attending a webinar†

†Based on a 41% survey response rate.

Introducing our first TTCPP website

Find out everything you want to know about your pension plan. Visit **ttcpp.ca**.

PEER PLAN COMMUNICATIONS ROUNDTABLE

In Jan. 2021, TTCPP, in partnership with Wise Trust, established a quarterly round-table that brings together representatives from 12 Canadian pension plans to share ideas and strategies. The roundtable discussions cover a wide range of functions, including member and employer engagement, communications, plan operations, as well as topical issues such as ESG, risk management and organizational reputation.

INTERACTIONS WITH MEMBERS

5,168 Calls answered	**1,635** Emails answered	**113** One-on-one pension estimate reviews
930 Pension estimates	**376** Retirement meetings	**1,310** Visits to *Online Pension Estimator*

Financial Statements

Mercer

welcome to brighter

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, 2021, 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, 2021, supplied by the TTC Pension Plan and used to extrapolate valuation results to December 31, 2021,
- 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, 2021, 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 2021, 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.

Geoffrey Melbourne
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

June 9, 2022

Karen E. Koop

Karen E. Koop
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

June 9, 2022

A business of Marsh McLennan

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Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' 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, 2021
- 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, 2021, 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.

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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 ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' 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.

Auditors' 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 auditors' 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.

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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 auditors' 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 auditors' 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

June 9, 2022

Statement of Financial Position

(In thousands of Canadian dollars)

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Cash	$31,977	$33,049
Investments (NOTE 3)	8,812,186	8,188,183
Investment-related receivables (NOTE 3)	34,329	77,014
Contributions receivable:		
Members	4,795	4,577
Employers	4,818	4,577
Other assets	2,450	2,319
Total assets	8,890,555	8,309,719
Liabilities		
Investment-related liabilities (NOTE 3)	329,340	310,503
Other liabilities (NOTE 7)	26,225	24,556
	355,565	335,059
Net assets available for benefits	8,534,990	7,974,660
Pension benefit obligation (NOTE 9)	6,104,066	6,608,702
Surplus	**$2,430,924**	**$1,365,958**

See accompanying notes to financial statements.

O.Z. Kobylansky

OREST KOBYLANSKY, DIRECTOR

MARVIN ALFRED, DIRECTOR

Statement of Changes in Net Assets Available for Benefits

(In thousands of Canadian dollars)
Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Increase in net assets available for benefits		
Net investment income (NOTE 11)	$311,766	$298,614
Net increase in fair values of investments (including total gains and losses) (NOTE 11)	414,609	498,047
Contributions:		
Members	127,924	127,255
Employers	131,863	130,837
	986,162	1,054,753
Decrease in net assets available for benefits		
Benefit payments:		
Pension	359,038	342,865
Death	3,817	8,234
Termination refunds	32,061	18,418
Marriage breakdown	202	1,848
Investment and plan administration expenses (NOTE 12)	30,714	24,449
	425,832	395,814
Increase in net assets available for benefits	560,330	658,939
Net assets available for benefits, beginning of year	7,974,660	7,315,721
Net assets available for benefits, end of year	**$8,534,990**	**$7,974,660**

See accompanying notes to financial statements.

Statement of Changes in Pension Benefit Obligations

(In thousands of Canadian dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Pension benefit obligation, beginning of year	$6,608,702	$6,147,902
Benefits accrued	191,903	181,394
Benefits paid	(395,118)	(371,364)
Interest accrued on benefits	350,464	343,627
Changes in actuarial assumptions	(735,784)	184,126
Experience losses	11,446	18,872
Plan amendments	72,453	104,145
Net increase in pension benefit obligation	504,636	460,800
Pension benefit obligation, end of year	**$6,104,066**	**$6,608,702**

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 the 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.

(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 2021, each member employed by the TTC, ATU and TTCPP contributed 9.25% (2020 – 9.25%) of their earnings to the Plan up to the year's maximum pensionable earnings ("YMPE") of $61,600 (2020 – $58,700) and 10.85% (2020 – 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 2021, this amount was $2,300 (2020 – $2,300). 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 or the Sponsors establish and maintain a contribution rate for members. 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, 2020 (2020 – December 31, 2019). 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 International Financial Reporting Standard ("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 period. 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. The Plan has detailed controls and procedures, consistently applied from period to period, that are intended to ensure these judgments and estimates are well controlled and independently reviewed. Management believes that the estimates of the value of the Plan's assets and liabilities are appropriate as at December 31, 2021.

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:

	2021		2020	
	Fair value	Cost	Fair value	Cost
Investments (a):				
Fixed income:				
Invested cash	$103,187	$103,187	$76,489	$76,489
Short-term money market securities	45,343	44,310	58,536	57,563
Canadian bonds	2,297,540	2,269,787	2,170,049	2,008,757
Non-Canadian bonds	191,172	181,086	185,594	168,921
Funds of hedge funds	5,794	4,161	10,567	7,334
	2,643,036	2,602,531	2,501,235	2,319,064
Equities:				
Canadian	407,902	268,181	347,345	254,226
Non-Canadian	2,951,409	2,143,675	2,890,748	2,196,348
	3,359,311	2,411,856	3,238,093	2,450,574
Alternative investments:				
Real estate	759,327	536,973	709,589	505,679
U.S. real estate (NOTE 14)	176,606	156,465	155,736	143,908
Infrastructure (NOTE 14)	619,189	488,534	562,731	425,340
Hedge fund secondaries (NOTE 14)	13,561	—	14,870	—
Hedge funds	440,654	416,419	367,398	367,330
Private debt (NOTE 14)	446,958	418,632	433,868	400,576
Private equity (NOTE 14)	353,544	230,533	204,663	127,225
	2,809,839	2,247,556	2,448,855	1,970,058
	8,812,186	**7,261,943**	**8,188,183**	**6,739,696**
Derivative financial instruments:				
Receivable (NOTE 6(b))	—	—	24,065	—
Payable (NOTE 6(b))	(6,953)	—	(20)	—
	(6,953)	—	24,045	—
Investments-related receivables:				
Pending trades	20,819	20,887	39,905	39,905
Accrued investment income	13,510	13,510	13,044	13,044
	34,329	34,397	52,949	52,949
Investments-related liabilities:				
Bonds sold under repurchase agreements (b)	(322,266)	(322,266)	(309,150)	(309,150)
Pending trades	(121)	(123)	(1,333)	(1,333)
	(322,387)	(322,389)	(310,483)	(310,483)
	$8,517,175	**$6,973,951**	**$7,954,694**	**$6,482,162**

(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 $370,832 (2020 – $343,500). The collateral amount in excess of the amount noted for bonds sold under repurchase agreements in the statement of financial position is $48,566 (2020 – $34,350). 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 by mandating 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, 2021.

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 December 10, 2021, and will be effective as of January 1, 2022. 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 form the Plan's financial position at December 31, 2021 under CPA 4600 is 6.20% (2020 – 5.25%).

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.

		2021		2020	
		Portfolio weight year-end	Asset mix policy target weight	Portfolio weight year-end	Asset mix policy target weight
	Index benchmark	%	%	%	%
Fixed income:	Composite	36.5	37.0	37.2	37.0
Cash and overlay	FTSE TMX 91-day T-bill	1.0	—	1.0	—
Long-term bonds	FTSE TMX Long Bond	9.8	11.0	11.3	11.0
Universe bonds	FTSE TMX Universe Bond	12.9	12.0	11.9	12.0
Credit bonds	FTSE TMX All Corporate	7.4	7.0	7.3	7.0
Alternative fixed income**	FTSE TMX 91 T bills +3%	5.4	7.0	5.7	7.0
Equities:	Composite	39.7	39.0	43.6	39.0
Canadian	S&P/TSX Composite				
U.S.	S&P 500, net in C$				
Non–North American	MSCI EAFE net in C$	39.7	39.0	43.6	39.0
Global	MSCI World, net in C$				
Emerging Markets	MSCI EM, net in C$				
Private equity	MSCI World +3% in C$	4.2	3.0	2.6	3.0
Real estate	Consumer Price Index +4%	11.0	12.0	10.9	12.0
Infrastructure	Consumer Price Index +4%	7.3	8.0	7.1	8.0
Absolute return*	FTSE TMX 91-day T-bill	5.2	5.0	5.1	5.0
Leverage		(3.9)	(4.0)	(3.9)	(4.0)
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.*

(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:

			2021
Net currency exposure*	**Gross exposure**	**Notional amount**	**Net exposure**
United States dollar	$3,621,982	$(1,548,417)	$2,073,565
Euro	319,603	(13,775)	305,828
Japanese yen	185,035	(987)	184,048
Hong Kong dollar	153,631	–	153,631
Taiwan dollar	88,906	–	88,906
British pound sterling	83,979	–	83,979
South Korean won	66,547	–	66,547
Swiss franc	54,127	–	54,127
Chinese Yuan	35,299	–	35,299
Danish Krone	28,776	–	28,776
Swedish krona	24,880	–	24,880
Chinese Yuan Renminbi	22,394	–	22,394
Indian Rupee	18,945	–	18,945
Brazilian real	13,710	–	13,710
Australian dollar	2,859	–	2,859
Other	100,736	(39,224)	61,512
	$4,821,409	**$(1,602,403)**	**$3,219,006**

			2020
Net currency exposure*	**Gross exposure**	**Notional amount**	**Net exposure**
United States dollar	$3,167,320	$(1,499,593)	$1,667,727
Euro	228,059	–	228,059
Hong Kong dollar	170,636	–	170,636
Japanese yen	170,146	310	170,456
South Korean won	85,676	–	85,676
British pound sterling	80,802	–	80,802
Taiwan dollar	66,802	–	66,802
Swiss franc	56,521	–	56,521
Brazilian real	33,516	–	33,516
Australian dollar	23,922	(475)	23,447
Indian rupee	19,842	–	19,842
Chinese yuan renminbi	12,231	–	12,231
Chinese yuan	6,114	–	6,114
Swedish krona	4,351	–	4,351
Danish krone	–	–	–
Other	118,696	(38,891)	79,805
	$4,244,634	**$(1,538,649)**	**$2,705,985**

**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:

Changes in net assets available for benefits*	**2021**	**2020**
United States dollar	$103,678	$83,386
Euro	15,291	11,403
Japanese yen	9,202	8,523
Hong Kong dollar	7,682	8,532
Taiwan dollar	4,445	3,340
British pound sterling	4,199	4,040
South Korean won	3,327	4,284
Swiss franc	2,706	2,826
Chinese yuan	1,765	306
Danish krone	1,439	–
Swedish krona	1,244	218
Chinese yuan renminbi	1,120	612
Indian rupee	947	992
Brazilian real	686	1,676
Australian dollar	143	1,172
Other	3,076	3,989
	$160,950	**$135,299**

**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 18% (2020 – 18%) 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.

Changes in net assets available for benefits*	**Interest rates**	**–/+ 2021**	**–/+ 2020**
Interest bearing financial instruments	+/– 1%	$242,861	$266,282

**Includes pooled funds.*

As at December 31, 2021, 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 12.5% (2020 – 13.9%) or $760,919 (2020 – $916,445).

(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.

Changes in net assets available for benefits*	**Stock benchmark**	**Change in Index value**	**+/– 2021***	**+/– 2020***
Canadian equities	S&P/TSX comp	+/– 10%	$32,077	$27,298
Non-Canadian equities	Various	+/– 10%	303,498	297,972
			$335,575	**$325,270**

**Includes pooled funds.*

(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, 2021**	December 31, 2020**
AAA*	$503,489	$474,823
AA	827,796	743,216
A	605,946	597,508
BBB	400,174	393,084
R1 or equivalent	—	—
Non-investment grade/unrated	209,281	223,541
Total	**$2,546,686**	**$2,432,172**

**Includes cash balances from fixed-income accounts 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. While COVID-19 has caused a significant impact to the global economy, the Plan's diversified investment strategy is designed to preserve benefits for all Plan members.

In order to meet short-term liquidity requirements, cash and short-term investments are available for $180,500 (2020 – $168,000). 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, 2021*	December 31, 2020*
1 year	$98,348	$128,936
1–5 years	611,052	523,574
5–10 years	518,582	401,602
10–20 years	500,771	425,185
20 years	817,933	952,875
Total	**$2,546,686**	**$2,432,172**

**Includes pooled funds.*

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, 2021	Level 1	Level 2	Level 3	Total
Invested cash and short-term money market securities	$125,502	$23,028	$—	$148,530
Bonds*	544,795	1,943,917	—	2,488,712
Funds of hedge funds	—	—	5,794	5,794
Equities	3,359,311	—	—	3,359,311
Real estate	—	—	759,327	759,327
U.S. real estate	—	—	176,606	176,606
Infrastructure	—	—	619,189	619,189
Hedge funds secondaries	—	—	13,561	13,561
Hedge funds	—	—	440,654	440,654
Private equity	—	—	353,544	353,544
Private debt	—	—	446,958	446,958
Derivative financial instruments	—	(6,953)	—	(6,953)
Other investment-related assets and liabilities	(288,058)	—	—	(288,058)
	$3,741,550	**$1,959,992**	**$2,815,633**	**$8,517,175**

**Bonds total is net of bonds sold under repurchase agreements of $322,266 (2020 – $309,150).*

December 31, 2020	Level 1	Level 2	Level 3	Total
Invested cash and short-term money market securities	$76,489	$58,536	$—	$135,025
Bonds*	—	2,355,643	—	2,355,643
Funds of hedge funds	—	—	10,567	10,567
Equities	2,132,247	1,105,846	—	3,238,093
Real estate	—	—	709,589	709,589
U.S. real estate	—	—	155,736	155,736
Infrastructure	—	—	562,731	562,731
Hedge funds secondaries	—	—	14,870	14,870
Hedge funds	—	—	367,398	367,398
Private equity	—	—	204,663	204,663
Private debt	—	—	433,868	433,868
Derivative financial instruments	—	24,045	—	24,045
Other investment-related assets and liabilities	(257,534)	—	—	(257,534)
	$1,951,202	**$3,544,070**	**$2,459,422**	**$7,954,694**

**Bonds total is net of bonds sold under repurchase agreements of $322,266 (2020 – $309,150).*

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	U.S. real estate	Infrastructure	Hedge fund secondaries	Hedge funds	Private equity	Private debt	Total
Fair value, December 31, 2019	$16,547	$752,592	$158,856	$488,592	$28,340	$349,183	$160,829	$454,656	**$2,409,595**
Total unrealized gains (losses)	(2,201)	(29,812)	409	41,726	(13,470)	3,460	10,451	(22,428)	(11,865)
Purchases	—	1,809	2,694	92,584	—	14,755	46,555	3,070	161,467
Disposition	(3,779)	(15,000)	(6,223)	(60,171)	—	—	(13,172)	(1,430)	(99,775)
Fair value, December 31, 2020	$10,567	$709,589	$155,736	$562,731	$14,870	$367,398	$204,663	$433,868	**$2,459,422**
Total unrealized gains (losses)	(1,607)	19,144	8,312	(6,736)	(1,309)	24,166	45,574	(4,966)	82,578
Purchases	—	30,594	33,672	139,860	—	50,333	129,481	86,202	470,142
Disposition	(3,166)	—	(21,114)	(76,666)	—	(1,243)	(26,174)	(68,146)	(196,509)
Fair value, December 31, 2021	$5,794	$759,327	$176,606	$619,189	$13,561	$440,654	$353,544	$446,958	**$2,815,633**

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, 2021

Asset type	Key factor	Fair value	+0.25%	−0.25%
Real estate	Capitalization rate	$935,933	$(38,744)	$42,098
Infrastructure	Discount rate	619,189	(12,724)	13,354
Hedge fund secondaries	Discount rate	13,561	(34)	34
Hedge funds	Discount rate	440,654	(2,446)	2,446
Private debt	Interest rate	446,958	(3,344)	3,374
Private equity	Discount rate	353,544	(2,156)	2,177
		$2,809,839	**$(59,448)**	**$63,483**

December 31, 2020

Asset type	Key factor	Fair value	+0.25%	−0.25%
Real estate	Capitalization rate	$865,325	$(36,198)	$39,392
Infrastructure	Discount rate	562,731	(8,973)	9,061
Hedge fund secondaries	Discount rate	14,870	(37)	37
Hedge funds	Discount rate	367,398	(3,674)	3,674
Private debt	Interest rate	433,868	(3,400)	3,442
Private equity	Discount rate	204,663	(1,405)	1,420
		$2,448,855	**$(53,687)**	**$57,026**

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, 2021	Notional amount	Fair value receivable	Fair value payable
Foreign exchange forward contracts	$3,204,806	$–	$(6,953)

December 31, 2020	Notional amount	Fair value receivable	Fair value payable
Foreign exchange forward contracts	$3,089,433	$24,065	$(20)

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:

	2021		2020	
	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	$175,785	2.1	$210,686	2.6
Canadian bonds	1,975,274	23.2	1,860,899	23.4
Non-Canadian bonds	191,172	2.2	185,594	2.3
Funds of hedge funds	5,794	0.1	10,567	0.1
	2,348,025	27.6	2,267,746	28.4
Equities:				
Canadian	407,902	4.8	347,345	4.4
Non-Canadian	2,951,409	34.6	2,890,748	36.3
	3,359,311	39.4	3,238,093	40.7
Alternative investments:				
Real estate	935,933	10.9	865,325	10.9
Infrastructure	619,189	7.3	562,731	7.1
Hedge funds secondaries	13,561	0.2	14,870	0.2
Hedge funds	440,654	5.2	367,398	4.6
Private debt	446,958	5.2	433,868	5.5
Private equity	353,544	4.2	204,663	2.6
	2,809,839	33.0	2,448,855	30.9
	$8,517,175	**100.0**	**$7,954,694**	**100.0**

7. Other liabilities:

Other liabilities consist of the following:

	2021	2020
Accrued pension benefits	$15,160	$14,418
Fees payable to custodian, investment consultants and other advisers	6,507	7,543
Other accounts payable*	4,558	2,595
	$26,225	**$24,556**

**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, 2021. The most recent actuarial valuation of the post-retirement benefits was performed as at October 1, 2021. Information about the TTCPP's post-employment benefit plans is as follows:

Post-retirement benefits	2021	2020
Benefit obligation, beginning of year	$690	$575
Current service cost	86	66
Interest cost	20	18
Actuarial (gain) loss	(144)	31
Benefits paid	(1)	–
Benefit obligation, end of year	$651	$690

9. Pension benefit obligation:

An estimate of the Plan's obligation for pension benefits has been made as at December 31, 2021 by Mercer (Canada) Limited for inclusion in the Plan's financial statements. The estimate is an extrapolation of the January 1, 2020 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 2020 with the highest average pensionable earnings) for credited service before 2020, 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, 2021:

(i) a one-year update of the base period to December 31, 2020;
(ii) a one-year update of the survivor benefit date to January 1, 2021; and
(iii) a one-time ad hoc pensioner increase of 1.03% (2020 – 1.96%) as at January 1, 2021.

As at December 31, 2021, the financial impact of these changes is $72,453 (2020 – $104,145).

Assets were valued at fair value as at December 31, 2021.

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:

	2021	2020
Discount rate, net of expenses	6.20%	5.25%
Rate of inflation	2.00%	2.00%
Weighted average rate of salary increase*	3.25%	3.25%

**Assumed earnings increases from the April 1, 2018 collective agreements and additional information communicated to Mercer on January 14, 2021 and January 11 and January 13, 2022 regarding wage increases from April 1, 2020 through March 31, 2024, with an additional 0.5% provision for individual factors. On and after April 1, 2024, 3.25% per annum increase.*

(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, 2021 and filed with regulators on July 29, 2021. The next required funding valuation filing with the regulators will be as at January 1, 2024. 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 2, 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 13 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:

	2021		2020	
	Fair value	Cost	Fair value	Cost
PFS Exchange Inc.*	$167,145	$77,100	$187,508	$77,100
PFS GTA Industrial Inc.*	222,226	97,025	176,057	96,325
PFS Retail Two Inc.	55,283	51,500	55,575	51,500
PFS Office One Inc.*	194,107	204,700	205,718	204,700
PFS Retail One Inc.	38,476	15,980	38,160	15,980
PFS Faubourg Inc.	82,090	90,668	44,796	60,074
CP-PFS Hudson LP	—	—	1,775	—
Net investment in real estate	759,327	536,973	709,589	505,679
1793177 Ontario Inc.*	331,539	265,875	300,149	218,505
TTC PFS Secondaries Inc.	13,561	—	14,870	—
TTC PFS Private Equities Inc.*	306,741	187,344	204,663	127,225
TTC PFS Private Debt Inc.*	212,052	222,857	165,773	182,915
TTC PFS Taurus Inc.*	167,415	112,661	164,268	114,710
TTCPFS HL Inv Blocker Inc.	2,437	2,550	—	—
	1,033,745	791,287	849,723	643,355
Net related party alternative investments	**$1,793,072**	**$1,328,260**	**$1,559,312**	**$1,149,034**

**Exceeds 1% of the fair value or cost of the Plan in either 2021 or 2020.*

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, 2021	Earned income (loss)	Realized gain (loss)	Unrealized gain (loss)	Total
Fixed income:				
Invested cash	$1,020	$–	$–	$1,020
Short-term money market securities	928	85	60	1,073
Canadian bonds	73,651	(3,432)	(135,357)	(65,138)
Non-Canadian bonds	7,468	7,943	(6,590)	8,821
Fund of hedge funds	–	(386)	(1,607)	(1,993)
Derivatives	–	45,400	(31,063)	14,337
Equities:				
Canadian	9,042	27,101	48,430	84,573
Non-Canadian	42,194	271,388	113,335	426,917
Alternative investments:				
Real estate	33,978	–	27,456	61,434
Infrastructure	81,680	–	(6,736)	74,944
Hedge funds secondaries	1,033	–	(1,309)	(276)
Hedge funds	2	(4,892)	24,166	19,276
Private debt	18,649	–	(4,966)	13,683
Private equity	42,121	–	45,574	87,695
Pending Foreign Exchange	–	–	9	9
	$311,766	**$343,207**	**$71,402**	**$726,375**

December 31, 2020	Earned income (loss)	Realized gain (loss)	Unrealized gain (loss)	Total
Fixed income:				
Invested cash	$673	$–	$–	$673
Short-term money market securities	737	552	219	1,508
Canadian bonds	65,536	53,872	89,178	208,586
Non-Canadian bonds	8,044	8,205	8,029	24,278
Fund of hedge funds	–	2,588	(2,201)	387
Derivatives	–	17,411	2,262	19,673
Equities:				
Canadian	13,316	36,013	(34,527)	14,802
Non-Canadian	91,560	154,582	153,013	399,155
Alternative investments:				
Real estate	25,530	12,846	(29,404)	8,972
Infrastructure	48,160	–	41,726	89,886
Hedge funds secondaries	5,713	–	(13,470)	(7,757)
Hedge funds	–	5,669	3,461	9,130
Private debt	28,521	–	(22,428)	6,093
Private equity	10,824	–	10,451	21,275
	$298,614	**$291,738**	**$206,309**	**$796,661**

12. Investment and Plan administration expenses:

Beginning in 2019, the Plan began to pay most TTCPP administrative expenses, in exchange for an annual Sponsor contribution (NOTE 1). The following summarizes the expenses paid by the Plan:

	2021	2020
Investment managers' fees	$23,223	$17,534
Other plan administration expenses	5,881	5,335
Custodial fees	568	608
Actuarial fees	544	533
Legal fees	235	324
Investment consultants' fees	263	115
	$30,714	**$24,449**

13. Significant investments and statutory disclosure:

(A) SIGNIFICANT INDIVIDUAL SECURITIES**:

As at December 31, 2021, 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):

			2021		2020	
Fund name	**Fund operator**	**Nature of investments held**	**Fair value**	**Cost**	**Fair value**	**Cost**
PFS Exchange Inc.^	Triovest	Real Estate	$167,145	$77,100	$187,508	$77,100
Northleaf Star Investor Corp.^	Northleaf	Private Debt	161,587	138,884	174,994	138,101
PFS GTA Industrial Inc.^	Triovest	Real Estate	222,226	97,025	176,057	96,325
Prima Mortgage Investment Trust^	Prima	Private Debt	202,046	200,131	142,688	150,019
PFS Office One Inc. – Tahoe^	Triovest	Real Estate	128,271	109,700	128,382	109,700
Brookfield Americas Infrastructure Fund I	Brookfield	Infrastructure	46,310	28,731	98,348	32,734
Northleaf Private Credit	Northleaf	Private Debt	43,639	28,123	93,101	80,344
PFS Office One Inc. Twin Atria^	Triovest	Real Estate	65,836	95,000	77,336	95,000
PFS Faubourg Inc.^	Crestpoint	Real Estate	82,090	90,668	44,796	60,074

^In 2021, asset represented 1% of the fair value or cost of the Plan.

(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:

	2021		2020	
	Fair value	**Cost**	**Fair value**	**Cost**
Province of Ontario	$280,542	$277,106	$252,244	$229,406
Government of Canada	254,349	255,186	210,788	200,407
Province of Quebec	139,535	138,674	142,382	131,534

(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.

	2021		2020	
	Fair value	Cost	Fair value	Cost
Short-term money market securities:				
PHN Institution short-term investment fund	$19,756	$19,756	$29,552	$29,552
PHN Municipal Plus Bond Series O	17,113	17,446	14,622	13,987
PHN 9028 RBC O Fund	2,312	2,202	3,794	3,425
TDAM TD Emerald Canada Treasury	2,560	2,560	3,003	3,003
	41,741	41,964	50,971	49,967
Fixed income:				
Canso Corp. & Infrastructure Debt	39,204	37,682	32,119	29,564
Canso Private Loan Fund	14,986	15,288	15,248	15,971
Black Rock Universe Bond Fund*	281,230	281,381	229,703	216,835
PHN Long Bond Pension Trust*	369,394	370,581	384,985	359,175
PHN Investment Grade Corp Bond Trust*	126,889	130,105	128,022	124,624
PHN Mortgage Pension Trust Fund	13,832	13,604	11,425	11,018
Mesirow Absolute Return Fund (institutional)	5,794	4,168	10,567	7,334
PHN High Yield Bond Fund, Series O	9,921	9,416	7,161	6,532
	861,250	862,225	819,230	771,053
Non-Canadian equities:				
Arrowstreet Global All Country Fund I PVAC*	699,208	614,932	670,364	599,329
Harding Loevner Emerging Market Equity*	249,217	147,527	279,871	161,215
Oaktree Capital Emerging Market Equity*	134,948	93,679	155,611	103,558
	1,083,373	856,138	1,105,846	864,102
Real estate:				
Blackstone U.S. Real Estate Fund*	100,400	97,308	96,556	95,189
CBRE V8 U.S. Real Estate Fund	57,773	47,080	59,180	53,268
CBRE V9 U.S. Real Estate Fund	18,432	18,569	—	—
	176,605	162,957	155,736	148,457
	$2,162,969	**$1,923,284**	**$2,131,783**	**$1,833,579**

**Exceeds 1% of the fair value or cost of the Plan in either 2021 or 2020.*
***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 $223,218 (2020 – $152,337) in existing infrastructure investments, $122,779 in private debt (2020 – $33,987), $303,113 in private equities (2020 – $167,547) and an additional $64,858 in U.S. real estate (2020 – $5,538).

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