PRINCE EDWARD ISLAND
PUBLIC SECTOR PENSION PLAN

Financial Statements
March 31, 2025

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Independent auditor's report

To the Commissioners of the Prince Edward Island Public Sector Pension Plan

Opinion

We have audited the financial statements of the Prince Edward Island Public Sector Pension Plan, which comprise the statement of financial position as at March 31, 2025, and the statement of changes in net assets available for benefits for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Prince Edward Island Public Sector Pension Plan as at March 31, 2025, and its changes in net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Prince Edward Island Public Sector Pension 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 these 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 Prince Edward Island Public Sector Pension 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 Prince Edward Island Public Sector Pension Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Prince Edward Island Public Sector Pension Plan's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Prince Edward Island Public Sector Pension 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 Prince Edward Island Public Sector Pension Plan 's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Prince Edward Island Public Sector Pension 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.

We 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.

Doane Grant Thornton LLP

Charlottetown, Canada
December 4, 2025

Chartered Professional Accountants

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Management's Report

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Pension Plans and the integrity and objectivity of these statements are management's responsibility. Management is responsible for the notes to the financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is responsible for implementing and maintaining a system of internal control to provide reasonable assurance that reliable financial information is produced.

The Prince Edward Island Public Sector Pension Commission is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Commission reviews internal financial reports on a regular basis and externally audited financial statements yearly.

Doane Grant Thornton LLP conducts an independent examination, in accordance with Canadian generally accepted auditing standards, and expresses their opinion on the financial statements. Doane Grant Thornton LLP has full and free access to financial information and management of the Prince Edward Island Public Sector Pension Plan to meet as required.

On behalf of the Prince Edward Island Public Sector Pension Plan

Jamie Horvat, MSc
Director, Pensions and Capital Management
Department of Finance

Arun Rooban, CPA
Manager, Accounting and Pension Payroll
Department of Finance

December 4, 2025

PRINCE EDWARD ISLAND
PUBLIC SECTOR PENSION PLAN

Statement of Financial Position
March 31, 2025

	2025	2024
	$	$
Assets		
Cash	9,242,567	9,157,560
Investments (Note 3)	2,622,815,249	2,452,569,621
Notes receivable (Note 5)	132,302,858	165,378,572
Receivables		
Contributions - employee	2,401,722	1,870,645
- employer	3,343,505	2,363,561
Accrued interest	1,361,769	1,711,668
Other	842,309	1,235,120
Total Assets	2,772,309,979	2,634,286,747
Liabilities		
Accounts payable and accrued liabilities	2,815,246	2,415,433
Remittances payable	2,226,346	2,122,091
Investment fees payable	2,672,155	2,125,576
Due to the Province of Prince Edward Island (Note 8)	981,845	1,101,154
Total Liabilities	8,695,592	7,764,254
Net Assets Available for Benefits	2,763,614,387	2,626,522,493
Accrued Pension Obligation (Note 4)	2,763,614,387	2,626,522,493
Net Surplus (Deficit)	-	-
Supplementary Information		
Commitments (Note 10)		

(The accompanying notes are an integral part of these financial statements.)

Approved on behalf of the Prince Edward Island Public Sector Pension Plan

Chairperson

Commissioner

PRINCE EDWARD ISLAND
PUBLIC SECTOR PENSION PLAN

Statement of Changes in Net Assets Available for Benefits
for the year ended March 31, 2025

	2025	2024
	$	$
Increase in Net Assets		
Investment income (Note 3(a))	103,569,141	75,155,696
Change in fair value of investments (Note 3(a))	81,387,577	70,555,654
	184,956,718	145,711,350
Interest income from notes receivable (Note 5)	6,496,773	7,873,674
Other Interest Income	391,216	395,949
Contributions		
Employee	53,366,600	49,402,447
Employer	53,408,038	49,410,285
Transfers from other plans	1,346,091	1,367,964
Purchased service	428,287	124,616
	300,393,723	254,293,167
Decrease in Net Assets		
Benefits paid (Note 6)	138,046,372	126,445,079
Operating expenses (Note 7)	19,069,414	14,804,328
Refunds (Note 6)	4,752,580	5,236,979
Transfers to other plans (Note 6)	1,433,463	1,898,244
	163,301,829	148,384,630
Change in Net Assets Available for Benefits	137,091,894	105,908,537
Net Assets Available for Benefits, beginning of year	2,626,522,493	2,520,613,956
Net Assets Available for Benefits, end of year	2,763,614,387	2,626,522,493

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND
PUBLIC SECTOR PENSION PLAN

Statement of Changes in Pension Obligation
for the year ended March 31, 2025

	2025	2024
	$	$
Accrued Pension Obligation, beginning of year	2,626,522,493	2,520,613,956
Change in Accrued Pension Obligation		
Interest accrued on benefits	166,667,422	157,648,851
Benefits accrued	57,393,838	56,130,268
Increase due to purchases of service	1,775,664	1,540,262
Benefits paid	(144,232,414)	(133,580,302)
Loss due to change in actuarial assumptions	12,012,000	101,170,000
Contingent indexation loss (gain)	43,475,384	(77,000,542)
Change in Accrued Pension Obligation	137,091,894	105,908,537
Accrued Pension Obligation, end of year (Note 4)	2,763,614,387	2,626,522,493

(The accompanying notes are an integral part of these financial statements.)

1. Plan Description

The following description of the Prince Edward Island Public Sector Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the *Public Sector Pension Plan Act* and *Regulations*.

a) General

The Plan is a contributory defined benefit plan covering members as defined in the *Public Sector Pension Plan Act*. These financial statements have been prepared in accordance with Canadian accounting standards for pension plans.

b) Contributions

Under the Plan, members make contributions amounting to 8.09 percent of that part of the members' salary up to the amount of the year's maximum pensionable earnings (YMPE) as defined in the *Canada Pension Plan Act* and 9.75 percent on the amount that exceeds the YMPE. Participating employers match member contributions. Herein these are considered the Base Contributions. Beginning in 2017, variable contributions have been introduced based on the funded benefits ratio as defined below (note that contribution changes by funded level are total and not cumulative).

Funded Benefits Ratio	Employee Contributions[1]	Participating Employer Contributions[1]
<100% [2]	Base Contributions plus 1%	Base Contributions plus 4%
100% to 110% [3]	Base Contributions plus 1%	Base Contributions plus 2%
110% to 135%	Base Contributions	Base Contributions
135% to 145% [4]	Base Contributions less 1%	Base Contributions less 2%
145% + [5]	Base Contributions less 1%	Base Contributions less 4%

1. *Subject to the Income Tax Act Rules for maximum contributions.*
2. *If triggered, contributions based on funded benefits ratio <100% remain in effect until funded benefits ratio of ≥ 105% is attained*
3. *If triggered, contributions based on funded benefits ratio <110% remain in effect until funded benefits ratio of ≥ 115% is attained*
4. *If triggered, contributions based on funded benefits ratio ≥135% remain in effect until funded benefits ratio of ≤ 130% is attained.*
5. *If triggered, contributions based on funded benefits ratio ≥145% remain in effect until funded benefits ratio of ≤ 140% is attained.*

c) Retirement Benefits

Pension Formula: The annual pension is based on the number of years of service times two percent of average salary with a reduction at age 65 for estimated Canada Pension Plan (CPP) benefits. The reduction is referred to as a bridge pension and only payable to age 65. The bridge is based on the number of years of service times 0.7 percent of average salary to a maximum of the average CPP year's maximum pensionable earnings. For service prior to December 31, 2013, average salary and year's maximum pensionable earnings is based on the best three-year average. For service commencing January 1, 2014, average salary and year's maximum pensionable earnings is based on career average.

1. Plan Description (continued...)

Pre-Retirement Indexation: Benefits earned during 2014 to 2016 were automatically indexed at 1.5 percent per annum. As this indexation is guaranteed, it is included in the Base Benefits, which are the Plan benefits prior to any future contingent indexation. In 2017 and beyond, pre-retirement indexation will only be awarded if the funded benefits ratio (as determined at the April 1st immediately prior to the calendar year in which indexation is to be awarded) is greater than 100 percent. If there are years that full indexation is not awarded, and if the funded benefits ratio subsequently reaches 115 percent, then a portion of Plan funds is available to make up for missed indexation in the past. The maximum indexation is 100 percent of the increase in the Average Industrial Wage (AIW) in Canada; however, if in any year the assets available to be spent on inflation protection are not adequate to provide the full amount, partial indexation will be awarded.

Post-Retirement Indexation: For 2014 to 2016, post-retirement indexation was automatically awarded at 1.5 percent per annum. As this indexation is guaranteed, it is included in the Base Benefits. In 2017 and beyond, post-retirement indexation will only be awarded if the funded benefits ratio (as determined at the April 1st immediately prior to the calendar year in which indexation is to be awarded) is greater than 110 percent. If there are years that full post-retirement indexation is not awarded, and if the funded benefit ratio subsequently reaches 118 percent, then a portion of Plan funds is available to make up for missed past indexation on a go-forward basis (i.e. no retroactive payments). The maximum indexation is 100 percent of the Consumer Price Index (CPI); however, if the Plan cannot afford that amount, partial indexation will be awarded. Indexation also applies to deferred vested benefits and is applied in the same manner as the post-retirement indexation.

Retirement Age: For pensionable service prior to January 1, 2019, the earliest unreduced retirement age remains at the earlier of 30 years of pensionable service (minimum of age 55) and attained age 60. For pensionable service after December 31, 2018, the earliest unreduced retirement age will be the earlier of 32 years of pensionable service (minimum of age 55) and attained age 62. The earliest retirement age is 55 with two years of continuous service.

d) Death Benefits

Less than two years of continuous service: On the death of a member prior to completing two years of pensionable service, the member's accumulated contributions with interest will be refunded.

Greater than or equal to two years of continuous service: If a member dies prior to retirement but after completing two years of service, the member's spouse is entitled to an immediate lifetime pension equal to 60 percent of the accrued, unreduced pension of the member at the time of death. In addition to the spousal pension, an allowance equal to one-sixth of the pension paid to the surviving spouse is payable in respect of each dependent child, up to a maximum of four children, until the child is no longer a dependent child or upon the death of the dependent child. Where a member dies after two years of service and before retirement and does not leave a surviving spouse or dependent children, the personal representative of the member shall receive a lump sum amount equal to one and a half times the member's accumulated contributions plus interest.

1. Plan Description (continued...)

If the spouse of the member dies before the member, or where having survived the member the surviving spouse dies leaving children by the member, the 60 percent pension that was payable to the spouse will be paid to the dependent child or the guardian of that child, if the member or vested former member is survived by only one dependent child, or the oldest dependent child or the guardian of that child.

e) Termination and Portability of Benefits

In the event of termination of employment for reasons other than retirement or death, a member may elect to receive either:

- a refund of the member's own contributions with interest (provided the member is 60 years of age or less at the time the refund application is received); or
- if the member has completed at least two years of service, a deferred pension subject to the provisions outlined in the Retirement Age section at Note 1(c).

Where there are portability arrangements between the Plan and other plans, members may be able to carry certain pension benefits to those other plans or transfer contributions and service from those other plans to increase pension benefits under the Plan.

f) Marriage Breakdown

Upon application, the pension benefits to which a person is entitled may be divided between the person and the spouse or former spouse.

g) Income Tax

The Plan is a Registered Pension Plan as defined under the federal *Income Tax Act* and is not subject to taxation.

h) ESPP and MLA Mergers

In 2021, four locals of the Canadian Union of Public Employees ratified a Memorandum of Agreement forging the way for a transfer of the Prince Edward Island Education Sector Pension Plan (ESPP) assets and liabilities to the Public Sector Pension Plan (PSPP) on January 1, 2022. The Administrators of the ESPP and the PSPP outlined the details of the transfer in a transfer agreement, signed on November 23, 2021. The Pension Plan Transfer Act was then passed in the Fall 2021 sitting of the Legislative Assembly, effective December 25, 2021.

The terms under which the ESPP has been terminated are documented in the Pension Plan Transfer Agreement. The ESPP accrued pensions at December 31, 2021 were transferred to the PSPP and will receive conditional indexing in the future based on the PSPP rules. The ESPP accrued pension will be subject to ESPP rules for early retirement and PSPP rules for forms of pension with the exception of the level income option that will be available for the ESPP portion of the benefit for members who retire prior to January 1, 2027. Accruals for service post December 31, 2021, are the same as under the PSPP.

1. Plan Description (continued...)

Existing retirees receiving pensions payable from the ESPP as of December 31, 2021, will continue to receive the same form of pension and will be subject to the conditional indexation rules under the PSPP on a go forward basis. Members with a deferred pension benefit payable from ESPP have had their accrued pension transferred to the PSPP. Said members will be subject to the conditional indexation rules under the PSPP on a go forward basis, ESPP early retirement rules apply to the ESPP portion of the total pension, and PSPP rules for forms of pension with the exception of the level income option that will be available for the ESPP portion of the benefit of members who retire prior to January 1, 2027.

In 2020, the Indemnities and Allowances Commission recommended that the Province wind-up the Pension Plan for Members of the Legislative Assembly of Prince Edward Island (MLA Basic) at January 1, 2022. The Province has acted on this recommendation and the Pension Plan Transfer Act was then passed in the Fall 2021 sitting of the Legislative Assembly, effective December 25, 2021.

The terms under which the MLA Basic has been terminated are documented in the Pension Plan Transfer Agreement signed by the necessary parties in December 2021. The MLA Basic accrued pensions as at December 31, 2021, were transferred to the PSPP and will receive conditional indexing in the future based on the PSPP rules and be subject to PSPP rules for early retirement and forms of pension. Accruals for service post December 31, 2021, are the same as under the PSPP.

Existing retirees receiving pensions payable from the MLA Basic as of December 31, 2021, will continue to receive the same form of pension and will be subject to the conditional indexation rules under the PSPP on a go forward basis. Members with a deferred pension benefit payable from the MLA Basic have had their accrued pension transferred to the PSPP. Said members will be subject to the conditional indexation rules under the PSPP on a go forward basis, and be subject to PSPP rules for early retirement and forms of pension.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with Canadian Accounting Standards for Pension Plans as outlined in the Chartered Professional Accountants of Canada (CPA) Handbook Section 4600, Pension Plans. For accounting policies that do not relate to either investments or pension obligations, the Plan has elected to comply on a consistent basis with International Financial Reporting Standards (IFRS) in Part I of the CPA Handbook - Accounting.

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Plan as a separate reporting entity.

a) Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian Accounting Standards for Pension Plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include investments, accrued interest, accrued liabilities, and the accrued pension obligation.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates and the differences could be material.

b) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on the transaction date. The fair value of foreign investments and cash held at year-end are translated at the rates in effect at that date. The resulting gain or loss from changes in these rates is included in the current period change in fair value of investments.

2. Summary of Significant Accounting Policies (continued...)

c) Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, and/or discounted cash flow analysis.

d) Financial Instruments

The Plan’s financial instruments include cash, investments, notes receivable, contributions receivable, accrued interest, other receivables, accounts payable, remittances payable, investment fees payable, and amounts due to the Province of Prince Edward Island. Due to their nature, the Plan’s financial instruments, with the exception of investments, are carried at amortized cost. Credit risk is considered low for non-investment financial assets since most are from the Province or other government organizations. Investments are classified as fair value through the statement of changes in net assets available for benefits. Investments are measured at fair value and are subject to interest rate, price, credit, foreign currency, liquidity, and valuation risks as described in Note 3.

e) Investments

The Province sponsors various defined benefit pension plans. The primary plans are the PEI Public Sector Pension Plan and the PEI Teachers’ Pension Plan. Investments of the primary plans are held within the Province of PEI Master Trust, which is administered by external investment managers under policy guidelines set down by Executive Council and supervised by a Joint Investment Advisory Committee to the Minister of Finance. Investments are allocated to each primary plan by units of their participation. For more details see Note 9.

Significant accounting policies for the investments held in the Master Trust consist of:

2. Summary of Significant Accounting Policies (continued...)

(i) Investment Transactions

Investment transactions are recognized on the transaction date. Distributions are recognized on the record date. Investments include receivables and payables at March 31, 2025, for interest, dividends, and settled derivative contracts.

(ii) Income Recognition

Income from investments is recorded on an accrual basis and includes interest and dividends as well as realized and unrealized gains and losses on investments.

(iii) Investment Valuation

Equity and debt

Equity and debt investments are valued at fair value based on quoted market values. Changes in the market value of investments, including realized and unrealized gains and losses, are reflected in the financial statements as a change in the fair value of investments.

Equity investment in real estate

Investment in real estate is represented by an equity investment in a corporation that invests in real estate, participating mortgages, and property for development or resale. Properties within the corporation are valued annually by independent appraisers in accordance with generally accepted appraisal practices and procedures. The appraisal methodology followed is an income approach which is mainly based on discounted cash flows. In estimating future cash flows, certain assumptions are made with respect to future economic conditions and rates of return.

Pooled funds

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

Private equity

The Plan holds investments in a limited partnership fund structure which makes investments in high-growth, predominantly late-stage private companies across sectors and around the globe. Fair value is based upon a number of factors, including but not limited to, original transaction prices, recent transactions in the same or similar instruments, completed or pending third party transactions in the underlying or comparable investments, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in equity or debt capital markets, implied multiples for comparable investments, and changes in financial performance or cash flows.

2. Summary of Significant Accounting Policies (continued...)

Derivative contracts
The derivative contracts held by the Plan are stated at fair value and are valued using quoted market indices. Realized and unrealized gains or losses on investments from derivative contracts are included in the change in the fair value of investments.

Investment in foreign infrastructure
The Plan owns units in a foreign infrastructure partnership. The partnership invests in portfolio companies that own, operate, develop, manage, and support infrastructure assets. Fair value is based upon a number of factors, including readily available market quotes with appropriate adjustments for trading restrictions, the most recent round of financings, earnings-multiple analysis using comparable companies or discounted cash flow analysis.

(iv) Transaction Costs
Investment management fees are costs directly attributable to the external management of the assets. All fees incurred on the management of investments are recorded as an investment expense. Investment expenses are disclosed in Note 7.

f) Revenues and Expenses

Revenues of the Plan consist of investment income, change in fair value of investments, interest income from notes receivable and contributions. Expenses of the Plan consist of benefits paid, operating expenses, refunds and transfers to other plans. Investment income, including dividends and interest is recognized when earned. Gains or losses realized on the sale of investments are recorded when investments are sold. Change in unrealized gain (loss) on investments is the change in the difference between book value and market value of the investments from the prior year to the current year. Contribution income is recognized when the service is provided.

g) Accrued Pension Obligation

The accrued pension obligation of the Plan represents the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. The present value of the accrued pension obligation was determined using the projected unit credit method pro-rated on service and management’s best estimate, as at the valuation date, of future economic events and involves economic and non-economic assumptions. The non-economic assumptions include considerations such as mortality and retirement rates. The primary economic assumptions include the return on investment, discount, inflation, and salary escalation rates.

2. Summary of Significant Accounting Policies (continued...)

g) Accrued Pension Obligation (continued…)

Included in the determination of the accrued pension obligation for pension retirement benefits is a liability for contingent indexation.

For the year ended March 31, 2025, the contingent indexation liability is calculated based on total plan assets less the accrued pension obligation assuming no further contingent indexation. This calculation does not incorporate the potential impact of future events such as contributions, gains or losses on asset returns and new benefit accruals.

Significant judgment is involved in the accounting treatment of contingent indexation. Management recognizes that the contingent indexation liability represents a challenge for pensions in Canada. Going forward, management will continue to monitor developments in the accounting standards and practices when assessing the most appropriate accounting treatment for plans with a contingent indexation liability component.

h) Future accounting standards and reporting changes not yet adopted

In April 2024, the IASB issued IFRS 18, Presentation and Disclosures in Financial Statements, which will replace IAS 1. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a new defined operating profit sub-total. The Company's net income will not change.
- Management defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and must be applied retrospectively. The Plan is currently evaluating the impact that this standard will have on its financial statements.

3. Investments and Derivatives

a) Investments

Investments consist of units held in the Master Trust. At year-end, there were 2,033,398.523 units held in the Master Trust (2024 - 1,866,327.094), with a fair value of $1,289.87 (2024 - $1,314.12) per unit.

3. Investments and Derivatives (continued...)

Investments of the Master Trust consist of the following listed assets:

	2025 $	%	2024 $	%
Cash and Short-Term Investments	35,008,189	0.9	58,526,127	1.6
Long Core Plus Bond	372,735,049	10.2	325,639,703	9.5
Core Plus Bond	869,514,345	23.7	777,610,978	22.7
Canadian Equities	-	-	329,082,856	9.6
Global Equities	1,232,782,986	33.6	1,089,816,890	31.8
Private Equity	63,118,499	1.7	32,703,178	1.0
Canadian Real Estate	139,682,765	3.8	142,249,784	4.2
Global Real Estate	200,820,339	5.5	192,000,239	5.6
Global Infrastructure	403,803,252	11.0	320,196,656	9.3
Currency Overlay - derivatives	(4,442,626)	(0.1)	(11,876,576)	(0.3)
Private Debt	352,182,842	9.7	171,253,674	5.0
Total	3,665,205,640	100.0	3,427,303,508	100.0
Plan's pro-rated share	71.5598%		71.5597%	
Plan investments*	2,622,815,249		2,452,569,621	

*Rounded

Investment income and realized and unrealized gains (losses) of the Master Trust consist of the following:

	Investment Income 2025 $	Change in Fair Value of Investments* 2025 $	Investment Income 2024 $	Change in Fair Value of Investments* 2024 $
Cash and Short-Term Investments	1,370,512	(309,575)	1,939,381	(13,996,166)
Long Core Plus Bond	16,593,557	10,501,789	16,438,394	(11,197,167)
Core Plus Bond	42,676,233	29,227,134	33,458,134	(8,312,146)
Canadian Equities	5,288,352	11,411,091	10,234,846	19,556,859
Global Equities	39,539,931	73,014,060	24,154,205	116,856,646
Private Equity	63,772	7,569,095	-	120,540
Canadian Real Estate	319	534,114	13,567	351,818
Global Real Estate	5,973,776	7,835,623	6,275,707	(14,807,477)
Global Infrastructure	13,552,893	33,139,163	11,205,731	12,587,820
Currency Overlay - derivatives	846	(82,261,075)	(4,205)	(6,797,197)
Private Debt	19,454,152	22,861,322	1,182,928	4,018,635
Total	144,514,343	113,522,741	104,898,688	98,382,165
Plan's pro-rated share	71.6670%	71.6927%	71.6460%	71.7159%
Plan investments**	103,569,141	81,387,577	75,155,696	70,555,654

*Includes realized gains of $177.3 million (2024 - gains of $33.3 million) and unrealized losses of $63.7 million (2024 – gains of $64.3 million).
**Rounded

3. Investments and Derivatives (continued...)

Investments include amounts which investment managers of the Master Trust have invested in their own pooled funds. The fair values of these investments are as follows:

	2025 $	2024 $
Baillie Gifford International LLC	344,583,314	32,703,178
Baillie Gifford Overseas Limited	59,605,825	413,945,807
Beutel, Goodman & Company Limited	-	32,768,322
CBRE Investment Management Fund S.à r.l.	94,083,111	89,837,338
Global Infrastructure Management, LLC	184,351,092	208,488,278
Goldman Sachs Asset Management L.P.	552,752,678	488,658,486
Lazard Asset Management (Canada) Inc	96,753,233	111,708,378
Morgan Stanley Real Estate Advisor, Inc.	106,737,228	98,588,143
State Street Global Advisors Trust Company	-	3,574,758
TD Asset Management Inc.	829,179,481	1,182,205,227
Wellington Management Funds LLC	-	251,621,402
First Eagle PEI Fund GP, LLC	352,182,842	-
Harbourvest 2024	3,512,674	-
KKR Core Infrastructure	61,226,786	-
IFM Global Infrastructure	61,472,142	-
Arrowstreet Global	317,108,774	-
Blackrock CDN	571,090,897	-
Total	3,634,640,077	2,914,099,317
Plan's pro-rated share	71.5598%	71.5597%
Plan's pooled funds*	2,600,942,581	2,085,322,015
Plan's non-pooled investments	21,872,668	367,247,606
Plan investments*	2,622,815,249	2,452,569,621

* Rounded

b) Derivative Contracts

Derivative contracts are financial contracts, the value of which is "derived" from the value of underlying assets or exchange rates. Derivative contracts provide flexibility in implementing investment strategy.

Forward contracts are used to manage currency exposure and mitigate risk with respect to investments held in foreign currencies. The net notional amount of the currency forwards represents the volume of outstanding transactions and serves as the basis upon which the return and market value of the contract is determined.

3. Investments and Derivatives (continued...)

The details of the Master Trust's derivative contracts are as follows:

	2025 $	2024 $
Notional Amount	1,721,784,331	1,207,435,685
Fair Value	(4,442,626)	(11,876,576)

c) Fair Value Disclosure

Plan investment assets recorded at fair value have been categorized based upon a fair value hierarchy of significant inputs used in measuring fair value. The following fair value hierarchy tables present information about the Plan's assets measured at fair value on a recurring basis at March 31, 2025, and March 31, 2024.

The three levels of the fair value hierarchy are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the investment manager has the ability to access at the measurement date. Level 1 primarily includes publicly listed investments.

Level 2: Inputs other than quoted prices that are observable either directly or indirectly, including inputs in markets that are not considered to be active. Level 2 primarily includes debt securities, investments in real estate, and derivative contracts not traded in an open market.

Level 3: Inputs that are unobservable. There is little, if any, market activity. Inputs into the determination of fair value require significant management judgment and/or estimation. Level 3 primarily consists of foreign infrastructure investments and private equity.

The following tables illustrate the classifications of the Plan's financial instruments using the fair value hierarchy as at March 31:

3. Investments and Derivatives (continued...)

	2025			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and Short-Term Investments	35,008,189	-	-	35,008,189
Long Core Plus Bond	-	372,735,049	-	372,735,049
Core Plus Bond	-	869,514,345	-	869,514,345
Global Equities	1,232,782,986	-	-	1,232,782,986
Canadian Real Estate	-	139,682,765	-	139,682,765
Global Real Estate	-	200,820,339	-	200,820,339
Global Infrastructure	96,753,232	-	307,050,020	403,803,252
Currency Overlay - derivatives	-	(4,442,626)	-	(4,442,626)
Private Debt	-	-	352,182,842	352,182,842
Private Equity	-	-	63,118,499	63,118,499
Total financial assets at fair value	1,364,544,407	1,578,309,872	722,351,361	3,665,205,640
Plan's pro-rated share				71.5598%
Plan investments*				2,622,815,249

*Rounded

	2024			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and Short-Term Investments	58,526,127	-	-	58.526.127
Long Core Plus Bond	-	325,639,703	-	325,639,703
Core Plus Bond	-	777,610,978	-	777,610,978
Canadian Equities	329,082,856	-	-	329,082,856
Global Equities	1,089,916,890	-	-	1,089,916,890
Canadian Real Estate	-	142,249,784	-	142,249,784
Global Real Estate	-	192,000,239	-	192,000,239
Global Infrastructure	111,708,378	-	208,488,278	320,196,656
Currency Overlay - derivatives	-	(11,876,576)	-	(11,876,576)
Private Debt	-	-	171,253,674	171,253,674
Private Equity	-	-	32,703,178	32,703,178
Total financial assets at fair value	1,589,234,251	1,425,624,128	412,445,130	3,427,303,509
Plan's pro-rated share				71.5597%
Plan investments*				2,452,569,621

*Rounded

3. Investments and Derivatives (continued...)

There were no significant transfers between any financial instrument levels during the years ended March 31, 2025, and March 31, 2024.

The following table details changes in fair value measurement in Level 3 of the fair value hierarchy:

	2025 $	2024 $
Level 3 investments, April 1	412,445,130	208,996,753
Transfers in	299,822,626	200,766,726
Disbursements	(66,071,317)	(10,115,378)
Net income received	27,423,992	2,539,378
Realized gains	26,559,065	1,203,620
Unrealized gains (losses)	22,171,865	9,054,031
Level 3 investments at fair value	722,351,361	412,445,130
Plan's pro-rated share	71.5598%	71.5597%
Level 3 investments, March 31*	516,913,469	295,144,679

* Rounded

d) Investment Risk Management

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate, price, credit, foreign currency, liquidity and valuation risk. The Plan has set formal goals, policies, and operating procedures that establish an asset mix among equity and fixed income, require diversification of investments within categories, and set limits on the size of exposure to individual investments and counter parties. Risk and credit considerations are periodically assessed in consultation with external consultants, the Department of Finance and the Joint Investment Advisory Committee. Plan sponsor oversight, procedures, and compliance functions are incorporated into Plan processes to achieve consistent controls and to mitigate operational risk.

(i) Interest Rate Risk

Interest rate risk refers to the fact that the Plan's financial position will change with market interest rate changes as fixed income securities are sensitive to changes in nominal interest rates. Interest rate risk is inherent in the management of a pension plan due to prolonged timing differences between cash flows related to the Plan's assets and liabilities.

Assuming all other variables are held constant, a one percentage point change in nominal interest rates would change the fair value of the Plan by $88.3 million (2024 - $73.9 million).

3. Investments and Derivatives (continued...)

	Value of Fixed Income Securities (millions) $	Weighted Average Duration years	Percentage Point Change %	Impact on Fair Value of the Master Trust (millions) $	Plan's Pro-rated Share %	Pro-rated Impact on Fair Value of the Plan (millions) $
2025	1,594.4	7.74	1	123.5	71.5598	88.3

(ii) Price Risk

Price risk is the risk of fluctuation in market values of investments from influences specific to a particular investment or from influences on the market as a whole. Price risk includes interest rate and foreign currency risk. Price risk is managed by the Plan through the use of diversified investment portfolios traded on various markets and across various industries. Assuming all other variables are held constant, a ten percent change in market values of all public equities would change the fair value of the Plan by $112.6 million (2024 - $133.5 million).

	Value of Public Equities (millions) $	Percentage Change %	Impact on Fair Value of the Master Trust (millions) $	Plan's Pro-rated Share %	Pro-rated Impact on Fair Value of the Plan (millions) $
2025	1,573.3	10	157.3	71.5598	112.6

(iii) Credit Risk

Credit risk is the risk of loss in the event the counter party to a transaction fails to discharge an obligation and causes the other party to incur a loss. Credit risk associated with the Plan is periodically assessed in consultation with external consultants, the Department of Finance and the Joint Investment Advisory Committee.

Fixed Income
The Plan is exposed to credit risk from interest earning investments at March 31, as follows:

3. Investments and Derivatives (continued...)

	2025 (millions) $	2024 (millions) $
Federal government	183.2	181.4
Provincial government	467.4	424.9
Corporate	563.0	651.6
Government agencies	28.7	16.6
Other	352.1	-
Total investment credit risk exposure	1,594.4	1,274.5
Plan's pro-rated share	71.5598%	71.5597%
Plan's investment credit risk exposure	1,141.0	912.0
Provincial government promissory notes	132.3	165.4
Plan's total credit risk exposure	1,273.3	1,077.4

All fixed income investments are considered to have low credit risk.

Security Lending
The Plan participates in a Securities Lending Program whereby it lends securities for a fee to approved borrowers. To alleviate the credit risk, borrowers must provide collateral with a value of 105 percent when the value of the securities lent is denominated in a different currency and 102 percent when denominated in the same currency. The market value of the collateral is monitored by the custodian at least daily to ensure that the security thresholds are maintained. In addition, security loans are allocated across various borrowers within the program and the Plan holds indemnification coverage, which mitigates the credit and market risk on the collateral.

The fair value of security loans outstanding and collateral held is as follows:

	2025 $	2024 $
Total security loans outstanding	4,003,176	40,225,993
Plan's pro-rated share	71.5598%	71.5597%
Plan's security loans outstanding*	2,864,666	28,785,618
Total collateral held	4,223,974	43,004,646
Plan's pro-rated share	71.5598%	71.5597%
Plan's collateral held*	3,022,669	30,774,015

*Rounded

3. Investments and Derivatives (continued...)

Derivatives

The Plan is exposed to credit related losses in the event of non performance by counter parties to derivative financial instruments. In order to mitigate this risk, the Plan deals only with highly-rated counter parties, with whom International Swap and Derivative Association agreements have been executed, normally major financial institutions with a minimum credit standard of "A-/A3" rating, as supported by a recognized credit rating agency.

Credit risk represents the maximum amount that would be at risk as at the reporting date if the counter parties failed completely to perform under the contracts, and if the right of offset proved to be non enforceable. Credit risk exposure on derivative financial instruments is represented by the receivable replacement cost of contracts with counter parties, less any prepayment collateral or margin received as at the reporting date.

(iv) Foreign Currency Risk

Foreign currency risk is the risk that the value of the future cash flow of the financial instrument will fluctuate because of changes in foreign exchange rates. Consequently, the Plan is exposed to the risk that the exchange rates of the various currencies may change in a manner that has an adverse effect on the value of the portion of the Plan's assets denominated in currencies other than the Canadian dollar. Foreign currency exposure arises from the holding of investments denominated in foreign currencies. A strategy of hedging a portion of the currency exposure is used to mitigate this risk.

The Plan's unhedged currency exposure from net investment assets as at March 31 is summarized in the following table:

	2025 (millions) $	2024 (millions) $
Currency		
Australia	22.1	15.8
Brazil	28.1	9.2
China	66.6	19.8
Euro Zone	26.5	28.1
India	21.8	22.7
Japan	75.1	151
Sweden	13.4	11.9
Taiwan	26.0	28.9
United Kingdom	16.8	15.2
South Korea	16.1	14.8
Other	15.9	49.3
Total	328.4	366.7
Plan's pro-rated share	71.5598%	71.5597%
Plan's foreign currency exposure	235	262.4

After the effect of hedging, and without a change in all other variables, a ten percent change in the Canadian dollar against all other currencies would change the fair value of the Plan by $24 million (2024 - $26.2 million).

3. Investments and Derivatives (continued...)

(v) Liquidity Risk

Liquidity risk is the risk of not meeting the cash obligations of the Plan in an efficient manner. Cash obligations are fulfilled from contributions to the Plan, cash income of the Plan, and disposition of Plan assets as required. Cash requirements of the Plan are reviewed on an ongoing basis to provide for the orderly availability of resources to meet the financial obligations of the Plan. The Plan does not have material liabilities that can be called unexpectedly at the demand of a lender. The Plan has no material commitments for capital expenditure and there is no need for such expenditures in the normal course of operations.

The Plan's cash management policy ensures that the quality and liquidity of the investment vehicles within the portfolios are consistent with the needs of the Plan.

(vi) Valuation Risk

Valuation risk is the risk of fluctuation in asset values resulting from the change of one or more inputs to an alternative assumption for a particular asset which would result in a change of fair value of that asset. Significant valuation inputs used to value level 3 Plan investment assets include earnings multiple, discount rate and capitalization rate. Valuation risk is managed by the plan through the use of high-quality diversified investment portfolios composed of various long-lived assets that have strong market positions, and operate globally across multiple sectors. Assuming all other variables are held constant, a five percent change in market values of all level 3 assets would change the fair value of the Plan by $25.8 million (2024 - $14.8 million).

4. Accrued Pension Obligation

a) Actuarial Valuation

The most recent actuarial valuation for accounting purposes, prepared by the actuarial consulting firm TELUS Health (formerly LifeWorks (Canada) Ltd.), disclosed a base benefit liability of $2,226,534,000 as at April 1, 2025.

The actuarial valuation on April 1, 2025 was based on data as at January 1, 2022, and the actuarial liability was then extrapolated to April 1st, based on current period benefit cost, benefit payments and interest, and adjusted for changes in actuarial assumptions. An actuarial valuation of the Public Sector Pension Plan is performed annually as at April 1st.

On March 11, 2020, the World Health Organization declared that COVID-19 was a pandemic. The long-term effect of the outbreak on the mortality incidence for the plans and on the economic conditions is still uncertain at this time. As a result, no adjustments to the mortality assumptions nor to any other assumptions have been made on the latest

4. Accrued Pension Obligation (continued…)

valuation report with regards to any long-term impact the COVID crisis might have on the population and on the economy. The effect of the COVID-19 on the pension plans, if any, will be recognized in the gains or losses on futures reports. The results of the actuarial valuation and related assumptions as of April 1, 2025 only reflect the financial impact on plan assets and future return expectations up to that date, but do not reflect any further potential impacts on the Plan to occur after that date which may be caused by either economic and/or demographic outcomes different from the assumptions being used in the valuations. Such impacts will result in gains and losses to be revealed in future valuations.

The total accrued pension obligation consists of the following:

	2025 $	2024 $
Base benefit liability	2,226,534,000	2,115,255,000
Contingent indexation liability[1]	537,080,387	511,267,493
Total accrued pension obligation	2,763,614,387	2,626,522,493

[1]The contingent indexation liability is calculated based on total plan assets less the accrued pension obligation assuming no future contingent indexation. This calculation does not incorporate the potential impact of future events such as contributions, gains or losses on asset returns and new benefit accruals.

The assumptions used in the valuations performed as at April 1 are as follows:

	2025	2024
Inflation	Same	2.00%
Discount Rate	6.45%	6.40%
Expected Rate of Return of Plan Assets	6.45%	6.40%
Salary Escalation	Same	Basic increase of 2.50% per annum + promotional scale
Pre-Retirement Indexation	3.46% per annum for 2025, 2.50% per annum for the following 21 years, 0% thereafter	3.14% per annum for 2024, 2.50% per annum for the following 22 years, 0% thereafter
Post-Retirement Indexation (includes deferred pensioners)	3.63% per annum for 2025, 2.00% per annum for 13 years, 0% thereafter	6.86% per annum for 2024, 2.00% per annum for 12 years, 0% thereafter
Mortality	Same	CPM2014Publ with future improvements based on CPM Scale B and adjustments of 1.20 for males and 1.10 for females
Termination	Same	Tenure - based scale
Retirement Age	Same	Service and age - based scale
Proportion Married	Same	Males: 80% / Females: 75%
Age Difference for Spouses	Same	Males 2 years older than female spouses

4. Accrued Pension Obligation (continued…)

b) Sensitivity of Changes in Major Assumptions

The Plan's future experience may differ from the assumptions used in the actuarial valuation. Any differences between the actuarial assumptions and future experience could be significant and will emerge as experience gains or losses in future valuations which will affect the financial position of the Plan.

5. Notes Receivable

Prior to plan amendments in 2014, the Province was committed to make payments if the assets of the Plan were insufficient to provide for pension payments as they became due. In addition, a funding policy existed which required the Province to make special contributions when the Plan's funded level declined below 90 percent.

Special contributions made under this funding policy were as follows:

As a result of an unfunded liability at April 1, 2011, the Province of Prince Edward Island made a special contribution through the signing of a $150,761,400 promissory note. The note, issued December 11, 2012, is held by the Plan and is receivable in ten equal annual instalments of $15,076,140 beginning April 1, 2013. Interest on the note is accrued from April 1, 2012, at a rate of 2.9 percent per annum, and is receivable semi-annually on April 1 and October 1.

The following is a schedule of principal and interest payments as disclosed in the promissory note:

	Principal Payments	**Interest Payments**	
Date of Payment	**Principal Payment**	**April 1**	**October 1**
	$	**$**	**$**
April 1, 2012	-	-	2,186,041
April 1, 2013	15,076,140	2,186,041	1,967,436
April 1, 2014	15,076,140	1,967,436	1,748,832
April 1, 2015	15,076,140	1,748,832	1,530,228
April 1, 2016	15,076,140	1,530,228	1,311,624
April 1, 2017	15,076,140	1,311,624	1,093,020
April 1, 2018	15,076,140	1,093,020	874,416
April 1, 2019	15,076,140	874,416	655,812
April 1, 2020	15,076,140	655,812	437,208
April 1, 2021	15,076,140	437,208	218,604
April 1, 2022	15,076,140	218,604	-
	150,761,400	12,023,221	12,023,221

5. Notes Receivable (continued…)

As part of the plan amendments in 2014, the Province's requirement to make payments if the assets of the Plan were insufficient to provide for pension payments as they became due was removed. The funding policy was rescinded and was replaced by the following government guarantee:

- Effective April 1, 2016, if the funded benefits ratio of the Plan falls below 100 percent (of base benefits) and, after reflecting the future contributions as described in Note 1(b), the Plan is still not projected to achieve a funded benefits ratio of at least 100 percent within five years, the Province is required to make an additional contribution within six months equal to one fifth of the additional amount required to restore the funded benefits ratio to 100 percent within five years. This is reviewed on an annual basis and the contribution amount will be subject to change each year.

In addition, the Province committed to make a one-time transitional contribution (transitional government funding amount) to the Plan on or before December 31, 2014 such that, if that contribution had been made on January 1, 2014, the total assets of the Plan would have equalled:

1. 122 percent of the total liabilities of the Plan, excluding the liabilities for salary indexing and pension indexing for any year after 2013; plus
2. 100 percent of the liabilities for salary indexing and pension indexing for 2014, 2015 and 2016.

The transitional government funding amount was contributed to the Plan by the Province of Prince Edward Island through the signing of a $231,530,000 promissory note. The note, issued December 29, 2014, is held by the Plan and is receivable in seven equal annual instalments of $33,075,714 beginning January 1, 2023. Interest on the note is accrued from January 1, 2014, at a rate of 4.14 percent per annum and is receivable semi-annually on January 1 and July 1.

5. Notes Receivable (continued…)

The following is a schedule of principal and interest payments as disclosed in the promissory note:

	Principal Payments	Interest Payments	
Date of Payment	Principal Payment	January 1	July 1
	$	$	$
January 1, 2014	-	-	4,792,671
January 1, 2015	-	4,792,671	4,792,671
January 1, 2016	-	4,792,671	4,792,671
January 1, 2017	-	4,792,671	4,792,671
January 1, 2018	-	4,792,671	4,792,671
January 1, 2019	-	4,792,671	4,792,671
January 1, 2020	-	4,792,671	4,792,671
January 1, 2021	-	4,792,671	4,792,671
January 1, 2022	-	4,792,671	4,792,671
January 1, 2023	33,075,714	4,792,671	4,108,004
January 1, 2024	33,075,714	4,108,004	3,423,336
January 1, 2025	33,075,714	3,423,336	2,738,669
January 1, 2026	33,075,714	2,738,669	2,054,002
January 1, 2027	33,075,714	2,054,002	1,369,335
January 1, 2028	33,075,714	1,369,335	684,667
January 1, 2029	33,075,716	684,667	-
	231,530,000	57,512,052	57,512,052

Subsection 5(5) of the *Public Sector Pension Plan Act* stipulates that none of the above promissory notes may be cancelled or recalled by the Province prior to maturity unless the Province contributes to the Plan assets equal to or greater than the value of the promissory notes on the date of cancellation or recall.

6. Benefits

A breakdown of benefits by type is as follows:

	2025 $	2024 $
Benefits paid to retired members	128,331,164	117,751,207
Benefits paid to survivors	9,715,208	8,693,873
Benefits paid to terminated members	5,876,643	6,145,076
Benefits paid to deceased members	309,400	990,146
	144,232,415	133,580,302

These benefits are presented in the Statement of Changes in Net Assets Available for Benefits as follows:

	2025 $	2024 $
Benefits paid	138,046,372	126,445,079
Refunds	4,752,580	5,236,979
Transfers to other plans	1,433,463	1,898,244
	144,232,415	133,580,302

7. Operating Expenses

The Plan is charged with administrative and operating expenses. The following is a summary of these expenses.

	2025 $	2024 $
Administrative expenses - pension section	1,221,830	1,311,318
- investment section	178,473	142,365
	1,400,303	1,453,683
Consulting fees*	248,768	186,691
Actuarial fees	22,391	27,973
Investment expenses		
Custodian	125,791	125,678
Monitoring	324,722	313,044
Management	16,233,285	12,382,616
Withholding tax	714,154	314,643
	19,069,414	14,804,328

*Includes other actuarial services

8. Related Party Transactions

The Province of Prince Edward Island is the sponsor of the Plan. At the financial statement date, the Province has committed to the funding requirements as defined by the funding policy (Note 5). As a participating employer, the Province contributes regular bi-weekly employee, employer and eligible prior period service contributions. Employee and employer contributions receivable from the Province as at March 31, 2025, totalled $5,658,944 (2024 - $4,178,257). Total contributions funded by the Province for the fiscal year ended at March 31, 2025, were $52,618,595 (2024 - $48,704,114).

The Province provides pension and investment administration services to the Plan. A portion of the Province's costs relating to these services is recovered annually from the Plan. Costs recovered for the pension section totalled $1,183,759 (2024 - $1,383,182) and recoveries related to the investment section totalled $175,200 (2024 - $158,158).

The total amount payable to the Province at March 31, 2025, was $981,845 (2024 - $1,101,154). This amount is unsecured, due on demand and non-interest bearing.

Total promissory note and interest receivable from the Province at March 31, 2025, was $133,664,627 (2024 - $167,090,240). Total interest income earned on the promissory notes receivable from the Province for fiscal year ended March 31, 2025, was $6,496,773 (2024 - $7,873,674).

9. Capital Management

The main objective of the Plan is to sustain a level of net assets in order to meet the pension obligations of the Plan. The Plan sponsor manages the contributions received and benefits paid as required by the *Public Sector Pension Plan Act*.

In an effort to utilize economies of scale, contributions for the Province's two registered pension plans are pooled and invested together in the Province's Master Trust. Each pension plan holds units of the Master Trust in proportion to the value of contributions made. The Province has developed a Statement of Investment Policies and Procedures (SIP&P) to provide the framework for how the Master Trust's assets are to be invested, monitored, and evaluated. Assets are managed by engaging knowledgeable, external investment managers who are charged with the responsibility of investing new and existing funds in accordance with the SIP&P. A Joint Investment Advisory Committee exists for the purpose of protecting the pension plan assets, monitoring asset mix, reviewing costs, reviewing investment returns, and assessing investment manager performance, as well as providing advice to the Minister of Finance who serves as Trustee for the Province's two registered pension plans. No significant changes in capital management have occurred during the year.

10. Commitments

Fund Manager	Asset Class	Original Commitment to invest (millions)	Invested as of the audit report date (millions)
Baillie Gifford Private Companies Fund II L.P [1]	Private Equity	$70 US	$41.3 US
Global Infrastructure Partners II [2]	Infrastructure	$35 US	$31.8 US
Global Infrastructure Partners III [2]	Infrastructure	$75 US	$66.9 US
Global Infrastructure Partners IV [2]	Infrastructure	$60 US	$47.2 US
Global Infrastructure Partners V [2]	Infrastructure	$60 US	$9.1 US
First Eagle Investment Management [3]	Private Credit	$250 US	$249.9 US
KKR Diversified Core Infrastructure[4]	Infrastructure	$60 CAD	$60 CAD
IFM Global Infrastructure [5]	Infrastructure	$60 CAD	$60 CAD
HarbourVest Global 2024 [6]	Private Equity	$61 US	$2.4 US

[1] Baillie Gifford is an independent fund manager that invests in high-growth, predominately late-stage private companies across sectors and around the globe.

[2] GIP is an independent infrastructure fund manager that invests in high quality infrastructure assets in the energy, transport, water, and waste sectors.

[3] First Eagle is an independent fund manager that invests in global equities, fixed income, multi-asset and alternative credit.

[4] KKR is an independent global fund manager that offers alternative asset investment services spanning infrastructure, real estate, private credit, and private equity.

[5] IFM is an independent global fund manager that offers alternative asset investment services spanning infrastructure, private credit, and private equity.

[6] HarbourVest is an independent global fund manager that offers private equity investments.

11. Impact of COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic due to Coronavirus (COVID-19). The pandemic had significant impacts on the financial status of the Plan at year end. Global financial markets have experienced significant volatility, and given the extent of the crisis, it is difficult to estimate the future financial impact on the Plan at this time. The effect of the COVID-19 on the pension plan, if any, will be recognized in the gains or losses of future reports as the experience emerges.

12. Comparative Figures

Certain prior period comparative figures have been restated to conform to the presentation format adopted in the current year.