

A Message from the Pension Plan Board of Trustees:

Current Investment Update (in respect of the calendar year 2022)

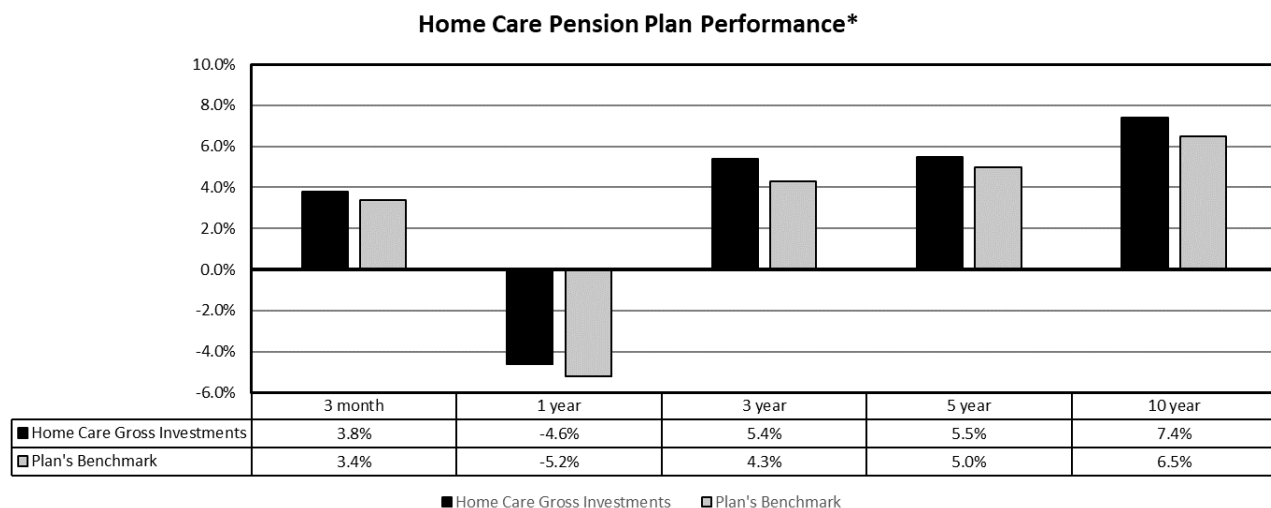
The 2022 calendar year has been challenging for investors as both fixed income market and global equity investments experienced double digit negative returns. The factor that impacted returns during the year was the effect of central banks raising interest rates to combat inflation which reached 40-year highs during the year. As interest rates are inversely correlated to fixed income returns, the rapid increase in rates led to a decline in the market value of fixed income investments and negative returns in the asset class. Concerns remain that the central banks' interest hikes will lead to a recession.

The investments of the Pension Plan portfolio were designed (through choice of assets classes and investment managers) to minimize volatility and achieve reasonable returns over the long-term (i.e. in excess of fixed income returns). Having a portion of the Plan's investment in alternative assets (Real Estate & Infrastructure) helped minimize volatility in 2022 versus a traditional balanced portfolio of only government fixed income and equities which fared much worse. The Plan will continue to explore additional alternative asset classes to further diversify the asset mix and improve the risk management and returns.

Historically, investors who stay invested during turbulent times have benefited because when the markets start to recover, they take advantage of the rebound. As seen in late 2022 and early 2023, the market can rebound quickly and aggressively following a sell off. Investment markets will always fluctuate but historically over long period of years they have increased with the growth of the economy.

Your Pension Plan is invested in a well-diversified portfolio of asset classes and professional investment managers. Diversification reduces the overall risk of your pension funds because the positive performance of some investments off-sets the negative performance of others as we saw with real assets during 2022.

As illustrated in the table below the 10-year Pension Plan annualized return was 7.4% (this includes calendar year 2022 when the performance was negative). The Pension Plan has been rewarded over time for its investment strategy, although recognizing years where returns will not be as good as previous years.



*As of December 31, 2022 The Plan performance rate of return (gross) is calculated using the time-weighted return method, and is not annualized for periods less than one year. Although the Plan's performance is an important benchmark, it should not be used exclusively when making investment decisions. The Plan's performance is an indication of the past and provides no indication of future returns.