2025





ANNUAL REPORT

Your Pension Plan in Review





CUPE Hospitals SRP

RRP des hôpitaux du SCFP

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Shared Risk Plan for CUPE Employees of NB Hospitals
(CUPE Hospitals SRP)
2025 Annual Report

Published by the
Shared Risk Plan for CUPE Employees
of NB Hospitals Board of Trustees

P.O. Box 6000
Fredericton, NB E3B 5H1

ISBN: 978-1-4605-4647-5

LETTER FROM THE BOARD OF TRUSTEES

On behalf of the Board of Trustees of the Canadian Union of Public Employees Hospitals Shared Risk Plan (CUPE Hospitals SRP), we are very pleased to present our 2025 Annual Report.

In 2025, the Board continued to work with care and diligence to help protect the long-term sustainability of the Plan for its members. Through this Annual Report, we are pleased to share the work undertaken over the past year and to reaffirm our ongoing commitment to openness and transparency. That commitment is especially important as pension plans around the world continue to face a challenging economic environment, heightened geopolitical uncertainty, and turbulent financial markets.

Against this backdrop and the Plan's prudent and lower-risk approach, in 2025, the CUPE Hospitals SRP was able to post a gross investment return of 6.1%. This allowed the Plan's ten-year annualized return to reach 6.2% at December 31, 2025, surpassing the benchmark of 5.9% for the same period.

We are also pleased to share that the most recent actuarial valuation estimates the Plan to be 129.1% funded, with all key risk management tests successfully surpassed. This strong position has allowed the Board to approve a cost-of-living adjustment (COLA) of 2.51%, effective January 1, 2027, for all active, retired, and deferred members of the Plan. This positive adjustment includes 0.18% representing a portion of the COLA not awarded in previous years. With this adjustment, the CUPE Hospitals SRP has now granted COLA equal to the full rate of inflation since the conversion of the Plan. Additional information is available on page 2 and in the CUPE Hospitals SRP's fall newsletter at **cupeh.ca**.

We sincerely thank our fellow Board members, including both Trustees and Trustees in training. Your dedication, collaboration, and thoughtful engagement are essential to the work we do together in support of the CUPE Hospitals SRP and its members. We deeply appreciate your commitment to ongoing education, effective governance, and responding to member concerns. Your work helps us continue to fulfill the Plan's purpose: to provide stable, long-term benefits that support members of the CUPE Hospitals SRP throughout their retirement.

We remain accountable to you, the Plan members. Should you have any questions about your CUPE Hospitals SRP, please do not hesitate to reach out to us by email at **info@cupeh.ca**.

We are proud to represent you and continue to work diligently in securing the CUPE Hospitals SRP as an important source of retirement income.

[signed by]

Carolyn Roberts
Chairperson
September 17, 2026

[signed by]

Bernard Brun
Vice-Chairperson
September 17, 2026

02

2025 in numbers

Based on the financial health of the CUPE Hospitals SRP in 2025, effective January 1, 2027, your Board of Trustees is able to grant a cost-of-living adjustment (COLA) of

2.51% *

to all Plan members



*This amount is based on the change in Canada's Consumer Price Index over the 12-month period ending June 30, 2026 (2.33%) and an additional 0.18% to catch up on the COLA that was not granted during the recent periods of high inflation (2023-2024).

AGE distribution

17,238 total members

7,260 active members	4,537 deferred members	5,441 retired members
Under 30 17.1%	Under 30 5.0%	Under 60 3.7%
30-39 22.8%	30-39 26.5%	60-69 42.7%
40-49 25.1%	40-49 28.8%	70-79 38.6%
50-59 24.8%	50-59 27.3%	80-89 12.9%
60+ 10.2%	60+ 12.4%	90+ 2.1%

ACTUARIAL **valuation**

The Plan's Actuarial Valuation measures the financial health of the CUPE Hospitals SRP. This is important as it determines the Plan's ability to provide the benefits earned to date. It is also used to determine whether the Board is able to grant members annual cost-of-living adjustments. The measurement that the Board uses to determine if benefits can be improved for members is called the 15-year open group funded ratio. The ratios for the past three years can be found to the right.

For a more thorough explanation and more information, see page 13.

December 31, 2025
129.1%

December 31, 2024
129.0%

December 31, 2023
126.9%

INVESTMENT **performance**

6.1%
Gross Investment Return as at Dec. 31, 2025

$75.8 million
in Total Investment Income

$1.30 billion
in Net Assets as at Dec. 31, 2025

The Statement of Investment Policies and Goals details how the Pension Fund is to be invested. Its focus is to provide stable, long-term results for the Plan and its members.

Read more about investment performance on page 15.

PLAN GOVERNANCE

The people, systems, and structures that keep the CUPE Hospitals SRP on-track and sustainable for members.

BOARD OF TRUSTEES

The Board is responsible for the overall governance and administration of the CUPE Hospitals SRP (the "Plan") in accordance with the New Brunswick *Pension Benefits Act*, the *Income Tax Act*, and the Plan's governing documents. These duties include:

- Setting the levels of contributions and benefits in accordance with the Funding Policy
- Granting indexation on benefits (also known as cost-of-living adjustments or COLA)
- Approving investment policy decisions
- Providing oversight of pension administration and investment management
- Hiring an accredited actuary to provide an independent valuation of the pension obligations
- Hiring an external auditor to independently examine the fair presentation of the financial statements

The Board is composed of eight Trustees and two Trustees in training. Four Trustees have been appointed by CUPE 1252 and four Trustees have been appointed by the provincial government.

As outlined in the Plan Agreement and Declaration of Trust, the positions of Chairperson and Vice-Chairperson of the Board are elected for two-year terms. If the Chairperson is a union appointee, the Vice-Chairperson shall be a provincial appointee, and vice versa. Upon the expiry of the term of the Chairperson and Vice-Chairperson, the Trustees may hold a new election if they desire. If no election is held, the original Chairperson and Vice-Chairperson shall continue for an additional two years. No Chairperson or Vice-Chairperson shall remain in office for more than four consecutive years. Upon the expiry of the terms of the Chairperson and Vice-Chairperson, a new election shall be held amongst the Trustees. If the original Chairperson was a union appointee, the new Chairperson shall be a provincial appointee, and vice versa, and likewise for the Vice-Chairperson position.

Effective January 1, 2025, the position of Chairperson was filled by Carolyn Roberts, while the position of Vice-Chairperson was filled by Bernard Brun.

Carolyn Roberts, Chairperson	Government of New Brunswick Appointee
Bernard Brun, Vice-Chairperson	CUPE 1252 Appointee
Brenda Carter-Vienneau, Trustee	CUPE 1252 Appointee
Larry Guitard, Trustee	Government of New Brunswick Appointee
Sonia Mabie, Trustee	Government of New Brunswick Appointee
Heather Parker, Trustee	CUPE 1252 Appointee
Jean-Claude Pelletier, Trustee	Government of New Brunswick Appointee
Donna Smith, Trustee	CUPE 1252 Appointee
Nick Bhagan, Trustee in training	CUPE 1252 Appointee
Adrian Crossman, Trustee in training	CUPE 1252 Appointee

DUTIES OF TRUSTEES

Trustees appointed to the Board hold a fiduciary duty towards the Plan, meaning they must always act in the best interest of the CUPE Hospitals SRP and its members when administering the affairs of the Plan. They do not represent the Party who appointed them.

Trustees are entrusted with the property of another person; in this case, it consists of the funds for the pensions and related benefits of the Plan members. Trustees are required by law to place the interests of the Plan and its members above their own when conducting Board affairs, and conduct themselves with the highest standards of integrity, honesty, independence, fairness, openness, and competence.

Failure by any of the Trustees to properly exercise their fiduciary duty (e.g., not disclosing or addressing conflicts of interest) can result in disciplinary actions, revocation of the Trustee appointment, or even civil or criminal prosecution.

Trustee in Training

The role of the Trustee in training is to attend Plan Board and Committee meetings in an observer capacity. A Trustee in training is typically identified as a successor Trustee to be formally appointed to the Board in the event of a vacancy.

BOARD education

Members of the Board are required to regularly participate in continuing education programs to improve effectiveness in their Trustee work and make the best decisions for the Plan and its members in the areas of pension governance, administration, and investments.

The Board receives ongoing education through the timely review of news and articles of interest, presentations at Board meetings, attendance at applicable conferences and seminars, and participation in continuing education programs (IFEBP and CPBI) that support the attainment of industry-recognized certificates and accreditations. In 2025, presentation topics included: liability and cybersecurity insurance education, cybersecurity checklist, bridge benefits refresher, CAPSA Guideline No. 4 – Pension Plan Governance Guideline, CAPSA Guideline No. 10 – Guideline for Risk Management for Plan Administrators, key sources of Trustees' legal obligations, shared risk plan requirements, Agreement of Declaration and Trust requirements, and key governance takeaways.



BOARD expenses

Members of the Board who are not otherwise paid by their Sponsoring Party (i.e., the employer or union who appointed them to the Board) to participate in meetings and educational activities receive a per diem of $250. In addition, reasonable expenses incurred by Trustees to attend meetings and participate in educational activities are reimbursed.

The Board continued to strictly adhere to the CUPE Hospitals SRP Per Diem and Travel Policy. In 2025, five Trustees were eligible to receive per diems, and eight Trustees were reimbursed for travel and/or education expenses, as outlined below.

The cost of the Board functions for 2025 was $228,565, compared to $282,879 in 2024.

	2025	2024
Meeting Expenses	**$ 11,473**	$ 11,830
Education	**167,908**	219,069
Travel	**20,372**	25,143
Per Diem	**28,812**	26,837
	$228,565	$282,879

BOARD committees

As outlined within the Plan's governing documents (refer to the next page for a summary of these documents), the Board can establish and delegate certain functions to committees. One long-standing committee has been established, and ad hoc committees are created as needed. Committees present reports of their meetings and decisions to the full Board for consideration and approval.



COMMUNICATIONS COMMITTEE

Assists the Board by reviewing draft versions of the member newsletters. The committee's responsibilities include ensuring the accuracy of the information presented, maintaining a high standard of quality, and safeguarding the clarity and relevance of the content. The committee suggests appropriate amendments to enhance the overall effectiveness and professionalism of the newsletters and presents its recommendations to the full Board of Trustees for approval. The Communications Committee meets twice a year.

For a summary of the Board of Trustees' activities in 2025, see page 9.

MEETING ATTENDANCE

Trustees are expected to attend meetings of the Board and committees of which they are a member. The following table indicates the number of meetings held in 2025 and the attendance of the Trustees and Trustees in training.

	Board Meetings (four quarterly, one ad hoc)	Communications Committee
Carolyn Roberts (Chairperson)	5/5	-
Bernard Brun (Vice-Chairperson)	5/5	-
Brenda Carter-Vienneau	5/5	-
Larry Guitard	5/5	-
Sonia Mabie	4/5	-
Heather Parker	5/5	2/2
Jean-Claude Pelletier	5/5	2/2
Donna Smith	5/5	2/2
Nick Bhagan (Trustee in training)	5/5	-
Adrian Crossman (Trustee in training)	5/5	-

GOVERNING documents

The Plan is governed by and conducts its affairs based on a number of important documents that serve to guide the Board in its oversight of the Plan. Current versions of these documents are available at **cupeh.ca**.



Agreement and Declaration of Trust

The Agreement and Declaration of Trust came into effect September 6, 2013, after the Plan converted from a defined benefit plan to a shared risk plan on July 1, 2012. This document ensured that the Pension Plan for CUPE Employees of New Brunswick Hospitals continued as a trust under the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals (CUPE Hospitals SRP). The document also outlines the powers and duties of the Board as Plan Administrator.



Funding Policy

The Funding Policy is the tool used by the Board to manage the risks inherent to the Plan. It provides guidance and rules regarding decisions that may have to be made by the Board based on the results of the annual actuarial funding valuation and risk management tests (as described on page 13). The Funding Policy is reviewed by the Board annually, considering economic and demographic information that could impact the Plan, and confirmation of this review must be submitted to the Superintendent of Pensions.



Plan Text

The Plan Text contains the detailed provisions of the Plan as they apply to eligibility, contribution and benefit calculations, and retirement as well as to the Funding Policy, Statement of Investment Policies and Goals, and risk management framework required by the *Pension Benefits Act* (New Brunswick).



Statement of Investment Policies and Goals

The Statement of Investment Policies and Goals outlines the investment policy for the CUPE Hospitals SRP Fund. The Statement of Investment Policies and Goals details how the Pension Fund is to be invested, considering that it must be managed in a way that provides secure pension benefits in most economic scenarios. The target asset mix of the CUPE Hospitals SRP Fund and the benchmarks against which the investment returns are measured are also included. This document must be reviewed annually by the Board, and confirmation of this review must be submitted to the Superintendent of Pensions.

BOARD DECISIONS and accomplishments in 2025

The following provides a summary of the activities of the Board of Trustees from January to December 2025, other than regular business and standing items.

Plan Documents and Oversight

The Board reviewed and approved the following governing and other supporting items for the Plan:

- Amended the Plan Text: documented the awarding of indexing (cost-of-living adjustment or COLA) as at January 1, 2026 of 5.12% (2.01% current plus a portion of the COLA not awarded in previous years in the amount of 3.11%)
- Conducted its annual review of the Statement of Investment Policies and Goals and approved these amendments:
  - Updated Section III: Roles and Responsibilities—to add a reference to the Statement of Investment Beliefs
  - Updated Section IV: Pension Plan Characteristics—to reflect current liability discount rate expectations
  - Updated Appendix 3: Rebalancing—to clarify rebalancing frequency
  - Updated Appendix 4: Demographic and Financial Statistics—to update demographics and financial statistics
- Conducted its annual review of the Funding Policy and approved these amendments:
  - Section II: Benefit Objectives—to clarify the name of the Plan
  - Section IV: Funding Excess Utilization Plan - Other Actions—to clarify the exact version of final average earnings calculation that is needed in the application of Steps 2 and 3 of the Funding Excess Utilization Plan
- Approved the audited financial statements for the Plan for the year ended December 31, 2024
- Approved the Plan's Actuarial Valuation Report as at December 31, 2024
- Reviewed amended housekeeping items in the Discount Rate Policy

The Board met all regulatory filing and disclosure requirements outlined under the New Brunswick *Pension Benefits Act* and the *Income Tax Act*.

Board Governance

The Board reviewed and approved amendments to the following policies and practices as part of its annual review of its governance framework:

- Code of Conduct amended to incorporate an annual acknowledgment of the code by the Board of Trustees
- Policy for Reimbursement of Travel Expenses for Trustees modified for clarity
- Modification of third-party service providers' evaluation forms
- Finalized a Statement of Investment Beliefs
- Annual review and update of the risk management framework and risk register
- Annual review of the planning and priorities framework to identify key objectives for the coming year and a timeline for implementation
- Developed Board norms and meeting etiquette policies
- Credit monitoring services eligibility for the Chairperson and the Vice-Chairperson due to the increased exposure to personal information risks associated with these roles

Presentations

The Board received the following presentations as part of its ongoing education program:

- Liability and cybersecurity education
- Plan bridge benefits refresher education
- CAPSA Guideline No. 4 – Pension Plan Governance Guideline
- CAPSA Guideline No. 10 – Guideline for Risk Management for Plan Administrators
- CAPSA Guideline No. 4 – Board Self-Assessment
- Delegated governance model

Member Services and Communications

The Board reviewed and approved the following communications to members:

- CUPE Hospitals SRP 2024 Annual Report
- Spring and fall 2025 newsletters

Service Provider Engagement

The Board engaged the following service providers:

- Ellement Consulting Group as performance measurement consultant
- TELUS Health for actuarial and investment consultant services
- Doane Grant Thornton as the 2025 external auditor for the financial statements
- RBC Investor Services as custodian
- Osler, Hoskin & Harcourt LLP for legal services
- Vestcor Inc. for pension administration services

OPERATIONS OF THE PLAN

The day-to-day operations of the CUPE Hospitals SRP and the trusted service providers who keep things running smoothly.

SERVICE PROVIDERS

Performance Measurement Consultant

Per the Plan's Statement of Investment Policies and Goals, the performance measurement consultant shall:

- Monitor the performance of each fund manager and of the consolidated Pension Fund relative to the objectives stated in the Investment Policy.
- Provide quarterly reports to the Board measuring the fund manager's performance and attribution against specific benchmarks.
- Provide summary returns to the fund managers to ensure they are in agreement with the information presented by the performance measurement consultant.
- Participate in the discussion with the fund managers.
- Perform additional analyses as they may be directed by the Board from time to time.
- Perform quarterly compliance testing on behalf of the Board. The results are included in a quarterly report sent to the Board. The reports indicate whether the fund managers are in compliance with Appendix 2 of the Statement of Investment Policies and Goals.

Actuary and Investment Consultant

An actuary is an expert in the mathematics of finance, statistics, and risk theory. The *Pension Benefits Act* (New Brunswick) requires that the Plan undergo an annual actuarial valuation by a professionally accredited actuary. The Board approves the actuarial assumptions used for the valuation. To prepare this report, the actuary obtains current membership data and asset mix information from Vestcor.

The investment consultant is responsible for providing investment advisory services for the Plan. TELUS Health was reappointed as the investment consultant for the Plan for 2025.

SERVICE PROVIDERS (continued)

Auditor

The external auditor is responsible for expressing an opinion as to whether the financial statements of the Plan have been presented fairly in all material respects by conducting an audit in accordance with Canadian Generally Accepted Auditing Standards. Doane Grant Thornton LLP was reappointed as the auditor for the Plan for 2025.

Custodian

Per the Plan's Statement of Investment Policies and Goals, the custodian is responsible for:

- Maintaining safe custody over the assets of the Pension Fund.
- Executing the instructions of the Board, as delegated to the third-party administrator, the investment advisor, and to any fund manager.
- Providing monthly statements to the Board, the fund manager(s) (if applicable), and the performance measurement consultant.
- Lending securities on behalf of the Board.

Legal Services

Provide comprehensive legal services specific to pensions, including litigation, investments, and regulatory compliance, on an as-needed basis.

Administration Services

The Board has an administration agreement in place with Vestcor Inc. (Vestcor) to manage the day-to-day administration of the Plan. Vestcor collects employee and employer contributions and pays out benefits in accordance with the Plan provisions. They also provide pension services to help members understand their benefit entitlements. In addition, Vestcor prepares annual statements for each member, assists the Board in its communication with members and stakeholders through semi-annual newsletters and other communication tools, provides member services, supports Board functions and education, and prepares regulatory submissions to the Superintendent of Pensions and the Canada Revenue Agency.

COST OF ADMINISTERING THE CUPE HOSPITALS SRP

Administration costs for the Plan, as shown in the Statement of Changes in Net Assets Available for Benefits in the audited financial statements for the year ended December 31, 2025, consist of the cost of the pension administration services provided by Vestcor as well as the costs of the Board functions described on page 6. These costs are further itemized in Note 5 of the audited financial statements on page 33.

Total administration costs for the year ended December 31, 2025 were $6.0 million compared to $5.9 million for the same period in 2024.

As a percentage of average pension fund assets, total administration costs were 0.48% for 2025.

PLAN VALUATION

The financial health of the CUPE Hospitals SRP is measured each year to support the sustainability of the Plan.

THE PURPOSE OF THE CUPE HOSPITALS SRP IS TO:

Provide lifetime pension benefits to members after retirement. The secondary purpose of the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals is to provide secure benefits to members of the Plan without an absolute guarantee but with a risk-focused management approach delivering a high degree of certainty that base benefits will be payable in the vast majority of potential future economic scenarios.

As mentioned on page 11, each year, the Board retains an independent actuarial firm to prepare a valuation of the Plan (also referred to as an actuarial valuation or a funding policy valuation). The valuation compares the Plan's assets with the Plan's liabilities at a moment in time.

An estimate of the Plan's liabilities is calculated by the actuary using several economic assumptions (e.g., interest rates) and demographic assumptions (e.g., life expectancy).

The most recent Actuarial Valuation Report was prepared as at December 31, 2025 and reviewed and approved by the Board on September 18, 2026. More information can be found in Appendix B on page 42.

FUNDING STATUS OF THE PLAN, AS PER THE ACTUARIAL VALUATION REPORT

15-Year Open Group Funded Ratio

- This is an important ratio as it measures the Plan's ability to provide the benefits earned to date. It is also used to determine the actions to be taken by the Board under the Plan's Funding Policy, such as granting cost-of-living adjustments. This ratio compares the fair market value of the Plan's assets, plus the present value of contributions in excess of those required to fund base benefits being accrued over the next 15 years, to the Plan's actuarial liabilities at December 31 of every year.
- As at December 31, 2025, the Plan's open group funded ratio is 129.1%.

Termination Value Funded Ratio

- This ratio compares the fair market value of the Plan's assets to the Plan's liabilities at December 31 of every year and is used in the calculation of a member's benefits on termination of employment, death, marriage breakdown, or retirement.
- As at December 31, 2025, the Plan had $1.299 billion in net assets and $1.333 billion in actuarial liabilities for a termination value funded ratio of 97.7%.

For a copy of the full report, visit cupeh.ca.

PLAN VALUATION (continued)

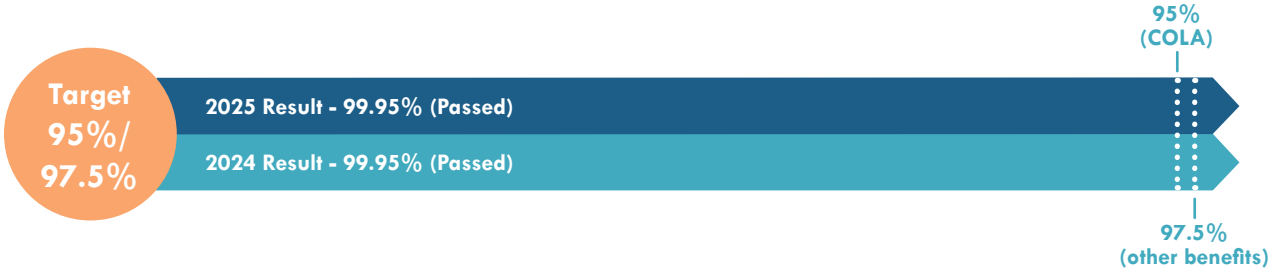
Risk Management Results

As a shared risk plan, the Plan needs to undergo a series of annual risk management tests to ensure its security and ability to provide long-term benefits to its members. The results of these tests may result in the need for short-term adjustments in any one year to help preserve the long-term financial health of the Plan.

The risk management goals are outlined in the CUPE Hospitals SRP Funding Policy. The Plan's actuary has confirmed that the Plan has successfully passed these tests as part of its annual Actuarial Valuation Report as at December 31, 2025.

Primary Risk Management Goal

The goal represents the probability that base benefits will not be reduced at any point over the next 20 years. Thresholds required under the *Pension Benefits Act* (New Brunswick): 95.0% for contingent indexing (also known as cost-of-living adjustments or COLA) and 97.5% for all other benefit changes.



Secondary Risk Management Goal #1

Expect to provide COLA on the benefits earned by members that is more than 75% of the indexation provided under the former plan over the next 20 years.



Secondary Risk Management Goal #2

Achieve at least a 75% probability that ancillary benefits (e.g., early retirement subsidy) will be provided over the next 20 years.



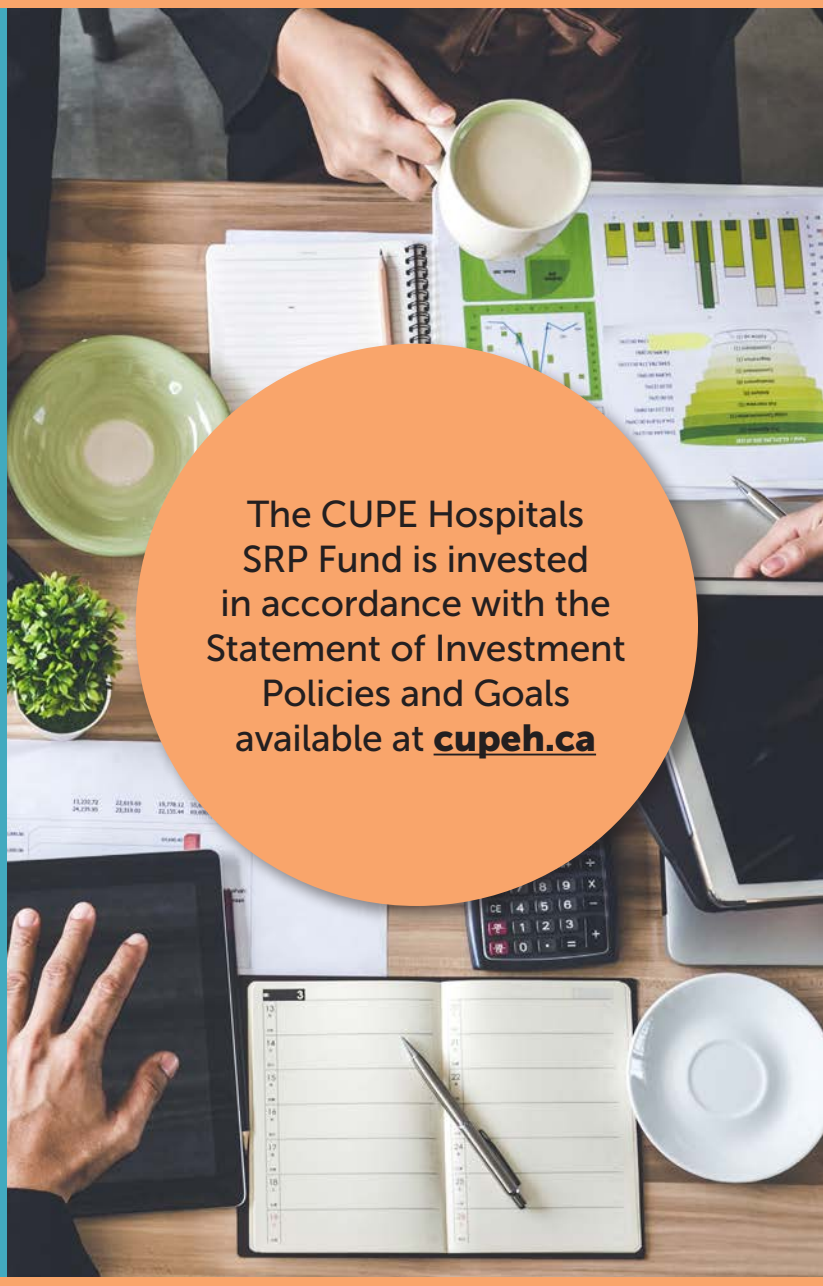
INVESTMENT PERFORMANCE

The investments of the CUPE Hospitals SRP help fund the benefits of Plan members.

INVESTMENT objectives

In the long term, the objective is to manage the assets of the Plan and secure the pensions of all Plan members. The aim is to provide the best possible long-term investment returns while achieving the strict risk management goals of the Plan. The investment portfolio of the Plan follows a diversified target asset mix designed to achieve these objectives based on the characteristics of the Plan while achieving a rate of return above and beyond the rate of return required to fund base benefits.

This lower-risk approach means that the target asset mix may see returns that are lower than average when markets are strong but perform above average during weaker markets. The intent of the Plan's well-diversified portfolio is to minimize the long-term effects of market fluctuations.



The CUPE Hospitals SRP Fund is invested in accordance with the Statement of Investment Policies and Goals available at **cupeh.ca**

STATEMENT OF **INVESTMENT BELIEFS**

To support the Plan's investment objectives, in May 2025, the Board developed a Statement of Investment Beliefs. This document serves as a guiding framework for CUPE Hospital SRP's investment strategy and decision-making process to ensure long-term stability and risk management. The Statement of Investment Beliefs will be reviewed annually to ensure it remains relevant and suitable, and covers the following:

CORE **principles**

- Emphasize **responsible investing**, integrating environmental, social, and governance (ESG) issues
- Affirm that **active management** can outperform passive strategies over the long term, especially in less efficient markets
- Ensure **diversification** across asset classes, sectors, and geographies to reduce risk
- Support **outsourcing investment functions for efficiency**, with strict monitoring and KPIs

RISK **& strategy**

- Prioritize **risk management** as integral to all decisions, balancing risks with expected returns
- Focus on **long-term objectives**, evaluating managers over multiple years and taking advantage of risk/return strategies afforded by this long-term approach
- Affirm that **asset allocation aligned with liabilities** and security selection drives returns
- Recognize investing's complexity, ensuring **strategies are based on clear, understandable approaches** to improve outcomes

Asset Mix

The Board last reviewed and confirmed its approval of the Statement of Investment Policies and Goals in September 2025. The table below includes the target asset mix and the actual asset mix as at December 31, 2025.

	Actual	Target
Domestic Fixed Income		
Cash and Cash Equivalents	**2.2%**	0.5%
Canada Universe Bonds	**7.2%**	7.75%
Canada Long Bonds	**20.3%**	21.75%
Foreign Fixed Income		
U.S. High Yield Bonds	**4.9%**	5.0%
Global Government Bonds	**4.8%**	5.0%
Private Fixed Income		
Infrastructure Debt	**2.5%**	2.5%
Commercial Mortgages	**2.4%**	2.5%
Public Equity		
Canadian Equity	**5.3%**	5.0%
Low Volatility Canadian Equity	**5.2%**	5.0%
Foreign Equity	**7.4%**	7.5%
Low Volatility Foreign Equity	**7.6%**	7.5%
Real Assets		
Canadian Real Estate	**8.5%**	10.0%
Global Real Estate	**4.2%**	5.0%
Infrastructure Equity	**15.7%**	12.5%
Farmland	**2.0%**	2.5%

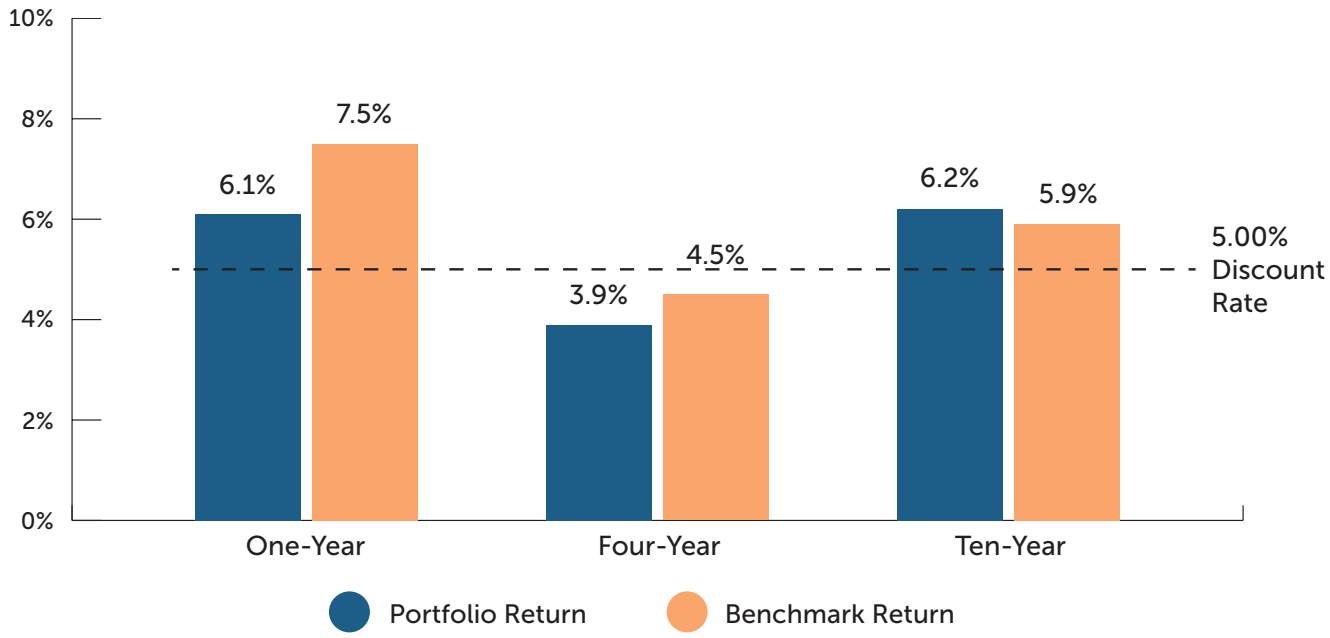
May not add up to 100% due to rounding.

As of December 31, 2025, the current asset mix is compliant with the asset class set out in the Statement of Investment Policies and Goals.

2025 RETURNS

The Plan assets increased from $1.23 billion to $1.30 billion in 2025. There were $11.7 million in net cash outflows during the year, and $75.8 million in investment income, for a total increase in net assets of $64.1 million.

The current actuarial liability discount rate is 5.00% (as of December 2025).



The Plan returned 6.1% (gross of investment management fees). Over longer-term periods, the Plan's return before investment management fees is in line with or exceeds the benchmark return objective. Over the ten-year period, the Plan returned 6.2%, outperforming the benchmark by 0.3% on average, per year.

HELPFUL DEFINITIONS

Asset: An investment of economic value owned by an investor. For example, public stocks, bonds, and real estate investments would all be considered financial assets.

Asset Mix: Refers to the proportion of different types of assets within the Plan's investment portfolio. This is an important component to managing the risk and return of the portfolio.

Benchmark: An industry standard against which rates of return can be measured, such as equity and bond market indices developed by stock exchanges and investment dealers.

Discount Rate: In a Pension Fund, the assumed, net investment rate of return that the Pension Fund needs to conservatively earn over the long term. The discount rate in a pension fund is set by the Plan's independent actuary and is typically found in the fund's investment policy.

Fixed Income: An asset class comprising securities that pays a specific interest rate, such as a bond or money market instrument. This asset class obligates the borrower to pay the owner a fixed rate of interest during the term of the loan and to return the principal or face value when the loan matures.

Public Equity: Equity investments in companies that are typically subject to the reporting requirements of a national regulatory body and are publicly traded on a stock exchange.

The source of these one-year nominal returns by asset class, compared to their respective benchmark returns, are shown in the table below:

2025 Rates of Return, calculated in Canadian Dollars

	Return	Benchmark	Value Added
Domestic Fixed Income			
Cash and Cash Equivalents	3.4%	2.8%	0.6%
Canada Universe Bonds	3.2%	2.6%	0.5%
Canada Long Bonds	-0.6%	-0.7%	0.2%
Foreign Fixed Income			
U.S. High Yield Bonds	7.2%	6.8%	0.4%
Global Government Bonds	2.8%	2.0%	0.8%
Private Fixed Income			
Infrastructure Debt	0.4%	6.3%	-6.0%
Commercial Mortgages	6.0%	4.5%	1.5%
Public Equity			
Canadian Equity	19.6%	31.7%	-12.1%
Low Volatility Canadian Equity	19.9%	31.7%	-11.7%
Foreign Equity	15.9%	15.0%	1.0%
Low Volatility Foreign Equity	9.5%	15.4%	-6.0%
Real Assets			
Canadian Real Estate	3.2%	1.4%	1.8%
Global Real Estate	-2.0%	4.4%	-6.3%
Infrastructure Equity	9.2%	8.4%	0.9%
Farmland	-0.7%	1.4%	-2.1%
Total	6.1%	7.5%	-1.4%

Value added column may not sum to an exact total due to rounding.

APPENDIX A: FINANCIAL STATEMENTS

The financial statements of the CUPE Hospitals SRP have been prepared and approved by the Board of Trustees. The Board is responsible for the integrity and fair presentation of the statements, including amounts based on best estimates and judgments. The Board maintains systems of internal control and supporting procedures to provide reasonable assurance that accurate financial information is available, that assets are protected, and that resources are managed efficiently.

Refer to the next page for a copy of the Financial Statements for the year ended December 31, 2025.

Doane Grant Thornton

Financial statements

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

December 31, 2025

Independent auditor’s report

To the Board of Trustees of the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

Opinion

We have audited the financial statements of the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals which comprise the statement of financial position as at December 31, 2025, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals as at December 31, 2025, and its changes in net assets available for benefits and its changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals 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 Shared Risk Plan for CUPE Employees of New Brunswick Hospitals’ 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 Shared Risk Plan for CUPE Employees of New Brunswick Hospitals or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Fredericton, Canada
July 6, 2026

Doane Grant Thornton LLP

Chartered Professional Accountants

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Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

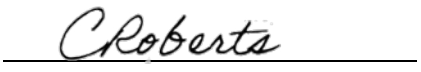
Statement of financial position

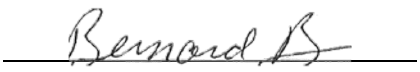
December 31

	2025	2024
Assets		
Investments		
Short term instruments	**$ 1,628,615**	$ 2,688,640
Fixed income	**476,443,188**	458,978,207
Canadian equities	**132,418,395**	125,054,459
Foreign equities	**213,251,257**	202,562,044
Real estate	**160,521,568**	164,829,355
Farmland	**28,549,445**	26,735,058
Infrastructure	**201,009,025**	186,409,128
Private debt	**47,366,594**	44,808,181
Derivatives	**-**	9,583
	1,261,188,087	1,212,074,655
Receivables		
Employer contributions	**4,567,011**	3,943,767
Employee contributions	**4,077,218**	2,652,077
Accrued interest and dividends	**4,231,730**	3,878,858
	12,875,959	10,474,702
Prepaid pension payroll	**-**	6,000,141
Cash	**26,483,092**	7,766,359
Total assets	**1,300,547,138**	1,236,315,857
Liabilities		
Accounts payable and accrued liabilities	**1,434,795**	1,330,173
Pensions and refunds payable	**395,975**	377,667
Pension commuted value payable	**79,868**	72,974
Marriage breakdowns	**46,338**	42,338
Total liabilities	**1,956,976**	1,823,152
Net assets available for benefits	**1,298,590,162**	1,234,492,705
Pension obligations *(note 8.)*	**1,333,500,000**	1,246,100,000
Deficiency	**$ (34,909,838)**	$ (11,607,295)

Commitments *(note 11.)*

ON BEHALF OF THE BOARD OF TRUSTEES





See accompanying notes to the financial statements

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

Statement of changes in net assets available for benefits

Year ended December 31

	2025	2024
Increase in net assets		
Contributions		
Employer contributions *(note 3.)*	**$ 35,250,016**	$ 30,795,142
Employee contributions *(note 3.)*	**31,492,124**	27,378,042
Reciprocal transfers	**180,543**	188,028
	66,922,683	58,361,212
Investment income		
Interest	**24,239,091**	23,174,689
Dividends	**19,257,663**	24,049,303
Unrealized current period change in market value of investments	**15,214,716**	(14,816,215)
Realized gain on sale of investments	**17,077,671**	63,726,317
Securities lending	**26,991**	42,585
	75,816,132	96,176,679
	142,738,815	154,537,891
Decrease in net assets		
Benefit payments *(note 4.)*	**72,614,033**	69,047,427
Administration expenses *(note 5.)*	**6,027,325**	5,868,539
	78,641,358	74,915,966
Increase in net assets available for benefits	**64,097,457**	79,621,925
Net assets available for benefits, beginning of year	**1,234,492,705**	1,154,870,780
Net assets available for benefits, end of year	**$ 1,298,590,162**	$ 1,234,492,705

See accompanying notes to the financial statements

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

Statement of changes in pension obligations

Year ended December 31

	2025	2024
Pension obligations, beginning of year	**$ 1,246,100,000**	$ 1,177,100,000
Change in pension obligations		
Benefits accrued	**31,700,000**	28,300,000
Benefit payments	**(72,600,000)**	(69,000,000)
Interest	**61,500,000**	57,700,000
Cost of living increases	**62,900,000**	53,900,000
Net transfers in	**300,000**	300,000
Loss (gain) related to changes in assumptions	**3,600,000**	(2,200,000)
	87,400,000	69,000,000
Pension obligations, end of year	**$ 1,333,500,000**	$ 1,246,100,000

See accompanying notes to the financial statements

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

Notes to the financial statements

December 31, 2025

1. Description of plan

The following description of the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals, (the Plan) is a summary only. For more information, reference should be made to the Plan Document.

On July 1, 2012, the Pension Plan for CUPE Employees of New Brunswick Hospitals was converted to the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals. This model, governed by the Board of Trustees, introduced changes to address the funding deficiency in the Plan. The Shared Risk Plan for CUPE Employees of New Brunswick Hospitals is reported as a continuation of the pre-existing Pension Plan for CUPE Employees of New Brunswick Hospitals. The shared risk model provides additional funding through increased member and employer contributions. It also introduces risk management procedures, funding goals and sharing of benefit risks to prudently manage the variability of funding results over time.

The shared risk pension model is not defined in existing accounting standards. Under current standards, a pension plan must be accounted for as either a defined contribution plan or a defined benefit plan. Determining the appropriate accounting treatment for these plans requires a high degree of professional judgement. Based on research performed, enabling legislation and specific plan documents, management has concluded that the defined benefit method represents appropriate accounting treatment for the Plan at this time.

a. General

The Plan is a shared risk pension plan covering full-time, part-time and eligible casual/temporary employees (other than full-time or part-time) who are members of CUPE and its Council of Hospital Unions, Local 1252.

b. Plan funding

Contributions are made by the Plan members and the Employer to fund the benefits as determined under the provisions of the Plan Text Document and funding policy.

c. Pension benefits

The Base Benefits described in Article V of the Plan Document (summarized below) are the intended benefits under this Plan. Notwithstanding any other provision of the Plan, the funding policy will allow or require the Board of Trustees to make changes to the Base Benefits. Such changes may be positive or negative and will affect all classes of plan members.

I. For each year (or part year) of pensionable service on and after July 1, 2012:

1.4% X annualized pensionable earnings accrued during the year up to the YMPE for the year
PLUS
2.0% X annualized pensionable earnings accrued during the year in excess of the YMPE for the year
MULTIPLIED BY
Number of hours worked (and contributed) / 1,950 hours

II. For all pensionable service between January 1, 1997 and June 30, 2012:

Pensionable service X 1.4% X best 5 year average earnings at June 30, 2012 up to the average YMPE
PLUS
Pensionable service X 2.0% X best 5 year average earnings at June 30, 2012 in excess of the average YMPE

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

Notes to the financial statements

December 31, 2025

III. For all pensionable service prior to January 1, 1997:

Pensionable service X 1.75% X best 5 year average earnings at June 30, 2012 up to the average YMPE
PLUS
Pensionable service X 2.0% X best 5 year average earnings at June 30, 2012 in excess of the average YMPE

All benefits (paid or payable) may be adjusted annually by any cost of living increases granted in accordance with the funding policy.

If a member does not have a spouse (as defined in the Plan text), a member may elect a basic pension providing a life pension with a guarantee period of 5 years, or an optional form of pension being a life pension with a guarantee period of 10 years. If a member does have a spouse, a member may elect a basic pension of a joint life and survivor pension at 60%, or one of four optional forms of pension being: 1) life pension with a guarantee period of 5 years (with spousal waiver); 2) life pension with a guarantee period of 10 years (with spousal waiver); 3) joint life and survivor pension at 75%; 4) joint life and survivor pension at 100%.

Normal retirement age is 65 at which time unreduced pension benefits are available when a member becomes vested (i.e. attains 5 or more years of continuous employment, 2 or more years of pensionable service, or 2 or more years of plan membership, including membership in the Part-Time and Seasonal Pension Plan). Reduced benefits for vested members are available between age 55 and age 65. A member who elects to take an early retirement will also receive a temporary bridging benefit payable to age 65 equal to $18 per month per year of pensionable service.

d. Disability pensions

A disability pension is not provided for under the terms of the Plan.

e. Death benefits

If a member dies prior to retirement and is not vested, the benefit payable to the member's surviving spouse (or the member's beneficiary if there is no spouse or the spouse has waived their entitlement to the benefit) is a refund of the member's own contributions with accumulated interest.

If a member dies prior to retirement and is vested, the member's surviving spouse (or the member's beneficiary if there is no spouse or the spouse has waived their entitlement to the benefit) will receive a lump sum equal to the termination value amount the member would have received if the member had terminated service just before death.

If a member dies after retirement, the death benefit payable is determined in accordance with the provisions of the form of pension selected by the member at the time of retirement.

f. Benefits on termination

A member who is not vested and is terminated will receive a refund of the member's own contributions with accumulated interest.

A member who is vested, terminated, and who is not eligible to receive an immediate pension benefit may elect to receive a deferred pension commencing as early as age 55 or an amount equal to the termination value of the pension benefit as at the date of the member's termination. The termination value of the pension benefit is to be transferred on a locked-in basis to any registered retirement savings arrangement where the transfer is allowed under the Pension Benefits Act (the Act). Vested members who terminate their employment and are immediately eligible to receive a monthly pension benefit may elect an immediate or deferred pension.

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

Notes to the financial statements

December 31, 2025

g. Income taxes

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

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for pension plans.

Accounting standards for pension plans require entities to select accounting policies for accounts that do not relate to its investment portfolio or pension obligations in accordance with either Part I (International Financial Reporting Standards (IFRS)) or Part II (Canadian accounting standards for private enterprises (ASPE)) of the CPA Canada Handbook. The Plan applies Part II for such accounts on a consistent basis and to the extent that these standards do not conflict with the requirements of the accounting standards for pension plans.

a. Basis of presentation

These financial statements present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These financial statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

b. Financial instruments

Financial assets and financial liabilities are recognized when the Plan becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

All financial assets and financial liabilities are initially measured at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act.

Financial assets and financial liabilities are subsequently measured as described below.

Cash and cash equivalents

Cash and cash equivalents are measured at amortized cost and are defined as cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash within three months of deposit.

Investment assets and investment liabilities

All portfolio investments are designated by the Plan as financial assets at fair value through profit or loss on initial recognition, and are recorded at fair value because the portfolio is managed and its performance is evaluated on a fair value basis, in accordance with the policies and directives that document the Plan's investment strategy and risk controls. The portfolio investments are held to provide for the pension obligations. The most relevant measure to assess whether the investments are sufficient to pay for the obligations is fair value.

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

Notes to the financial statements

December 31, 2025

Interest, dividend income, realized gains and losses and unrealized gains and losses on all portfolio investments are included in investment income. Interest and dividend income is recognized in the period earned. Realized gains and losses and unrealized gains and losses are recognized in the period in which they arise. All purchases and sales of securities classified as portfolio investments are recognized using trade-date accounting.

All investment assets and investment liabilities are measured at fair value at the date of the statement of financial position in accordance with IFRS 13 Fair Value Measurement in Part I of the CPA Canada Handbook. Fair values of investment assets and liabilities are determined as follows:

1. Short-term instruments are valued at cost plus accrued interest, which approximates fair value.

2. Fixed income securities are valued at closing bid prices. Where the bid price is not available, fair value is calculated using discounted cash flows based on current market yields of instruments with similar characteristics.

3. Equities are valued at close prices. If there is no current close or bid price, the next most recent available close or bid price will be used as the current price.

4. Pooled funds are valued at the unit value supplied by pricing providers. Where prices are not available from these pricing providers, they are priced manually on a month-end or more frequent basis using published sources and external data provided by external valuation companies which represent the Plan's proportionate share of underlying net assets at fair value determined using closing bid prices.

5. Real estate consists of investments in pooled funds. These funds invest in real estate, participating mortgages and property for development or resale. These investments are valued at the unit value supplied by the pooled fund administrators which represents the Plan's proportionate share of underlying net assets at fair value.

6. Infrastructure consists of an investment in a pooled fund. The investment is valued at the unit value supplied by the pooled fund administrator which represents the Plan's proportionate share of underlying net assets at fair value.

7. Private debt consists of an investment in private debt infrastructure. The investment is valued at the unit value supplied by the the fund administrator which represents the Plan's proportionate share of underlying investment.

8. Derivatives consist of currency forwards which are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates or exchange rates.

Transaction costs are not included in the fair value of investment assets and investment liabilities either on initial recognition or on subsequent re-measurement. Transaction costs are included in the statement of changes in net assets available for benefits as part of expenses incurred in the period.

Investment income including changes in the fair value of investment assets and investment liabilities are presented in the statement of changes in net assets available for benefits.

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

Notes to the financial statements

December 31, 2025

Contributions and other receivables

Contributions and other receivables are measured at amortized cost using the effective interest rate method. Discounting is omitted where the effect of discounting is immaterial. A provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence that the Plan will not be able to collect all of the amounts due. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible. Carrying value of other receivables approximates their fair value because of the short term nature of the instruments.

Financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest rate method. Financial liabilities includes payables and accruals.

c. Pension contributions

Contributions from members and the employer are recorded in the period that payroll deductions are made, and accrued up to year-end for payroll periods that extend to the subsequent fiscal year.

d. Pension obligations

Based on current accounting standards, the Plan is being accounted for as a defined benefit plan established for members. It is important to note that there are currently no clear accounting standards for shared risk plans. The CPA Canada Handbook Accounting Standards for Pension Plans (Section 4600) applies to defined benefit or defined contribution plans, not shared risk plans. The pension obligations recognized in the statement of financial position are the actuarial present value of accrued pension benefits determined by using the accrued benefit (or unit credit) actuarial cost method in accordance with the requirement of paragraph 14(7)(a) of Regulation 2012-75 under the Act.

e. Investment income

Income from investments is recognized on an accrual basis and includes dividend income (recognized on ex-dividend date) and interest income gross of investment manager fees.

f. Realized and unrealized gains or losses on investments

Realized gains or losses on sale of investments are the difference between the proceeds received and the average cost of investments sold.

Unrealized gains or losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

g. Translation of foreign currencies

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the transaction date. Investments and other monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the year-end date with any resulting foreign exchange gain or loss included in income.

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

Notes to the financial statements

December 31, 2025

h. Estimation uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, revenue and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenue and expenses are discussed below.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Pension obligations

An independent actuary estimates the pension obligation using assumptions established by the actuary, in accordance with Canadian Institute of Actuaries' standards; however, the actual outcome may vary due to estimation uncertainties. The estimate of $1,333,500,000 (2024 - $1,246,100,000) is based on the following demographic assumptions: rates of retirement, mortality and rates in terminations. The economic assumption used in the estimate is the rate of return on assets (which is also used as the discount rate).

3. Contributions

	2025	2024
Employer contributions		
Regular	**$ 35,247,372**	$ 30,707,554
Past service	**2,644**	87,588
	$ 35,250,016	$ 30,795,142
Employee contributions		
Regular	**$ 31,414,572**	$ 27,362,994
Past service	**77,552**	15,048
	$ 31,492,124	$ 27,378,042

4. Benefit payments

	2025	2024
Retirement benefits	**$ 66,410,867**	$ 62,397,794
Termination benefits	**3,272,519**	3,751,147
Survivor benefits	**2,784,528**	2,787,850
Marriage breakdowns	**146,119**	110,636
	$ 72,614,033	$ 69,047,427

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

Notes to the financial statements

December 31, 2025

5. Administrative expenses

	2025	2024
Investment management	**$ 2,878,720**	$ 2,740,273
Administration	**1,857,247**	1,683,107
Actuarial and consulting	**192,345**	233,054
Performance measurement	**94,025**	87,775
Transaction costs	**34,012**	116,852
Custodial	**65,928**	60,421
Legal and regulatory	**56,184**	79,924
Board of trustees	**228,565**	282,879
Accounting and audit	**53,930**	45,692
Compliance reporting	**17,765**	16,595
HST, net of rebates	**548,604**	521,967
	$ 6,027,325	$ 5,868,539

6. Related party transactions

The Plan is related to the Province of New Brunswick including its departments, agencies, school districts, regional health authorities, crown corporations and other crown entities. The Board of Trustees determines the amounts of contributions to and payments from the Plan.

Investments

As at December 31, 2025, the Plan held approximately $9.2 million of Province of New Brunswick securities through ownership of pooled funds (2024 – approximately $10.2 million).

7. Funding policy

As a result of the conversion to a shared risk plan, a funding policy was established at inception in accordance with section 100.4(1)(b) of the Act.

The funding policy is the tool used by the Board of Trustees to manage the risks inherent in a shared risk plan. The funding policy provides guidance and rules regarding decisions that must, or can, be made by the Board of Trustees around funding levels, contributions and benefits.

The funding policy describes the timing and the actions that the Board of Trustees must take, or consider, as applicable, based on the results of the funding policy actuarial valuation of the Plan and the application of the required risk management procedures to the Plan.

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

Notes to the financial statements

December 31, 2025

The funding policy sets out a primary and two secondary risk management objectives as follows:

a) The primary risk management goal is to achieve a 97.5% probability that base benefits will not be reduced over the following 20 years.

b) The secondary objectives are:

I. On average provide contingent indexing on base benefits (all members) that are in excess of 75% of consumer price index (CPI) over the next 20 years.

II. Achieve at least 75% probability that the ancillary benefits described in the Plan text conversion can be provided over the next 20 years.

The above risk management objectives are measured using an asset liability model with future economic scenarios developed using a stochastic process.

The funding policy sets out the decisions to be made by the Board of Trustees. These decisions are based on the 15-year open group funded ratio calculated as the sum of the present value of excess contributions plus the market value of the going concern assets divided by the funding policy liabilities. Depending upon the result, these decisions may involve either a funding deficit recovery plan or a funding excess utilization plan that will ensure future changes to contribution rates and benefits are made within the constraints of the above risk management objectives.

The funding deficit recovery plan is triggered if the open group funded ratio of the Plan falls below 100% for two successive plan year ends. The summarized actions that must be taken, in order of priority are:

1. Increase contributions rates up to a maximum of 1.0% of earnings;

2. Change early retirement rules for post-conversion service for members who are not yet eligible to retire and receive an immediate pension under the terms of the Plan to a full actuarial reduction for retirement before age 65;

3. Change early retirement rules for pre-conversion service for members who are not yet eligible to retire and receive an immediate pension under the terms of the Plan to a full actuarial reduction for retirement before age 60;

4. Reduce base benefit accrual rates for future service after the date of implementation of the deficit recovery plan by no more than 5%;

5. Reduce base benefits on a proportionate basis for all members regardless of membership status for both past and future service in equal proportions.

The above actions are to be taken one by one and when the funding goals under Regulation 2012-75 under the Act are met, no further actions are required at that time.

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

Notes to the financial statements

December 31, 2025

The funding excess utilization plan is triggered when the open group funded ratio exceeds 105%. If base benefits and/or ancillary benefits have been reduced, all excess available for utilization must first be used to reinstate those reductions. Afterwards, the following actions are to be taken in the following order of priority and no action can be taken until the immediately preceding action in the list below is fully implemented:

1. Provide indexing of base benefits and accrued benefit bridge up to the full CPI since the last date where full CPI was achieved;

2. Provide further increases in base benefits of members who were not in receipt of a pension such that the base benefits are upgraded to the final five year average;

3. Provide a further increase to retired members such that a final average formula is reasonably replicated for each retired member at their retirement and indexed to full CPI thereafter subject to any limitation imposed under *Income Tax Act*;

4. Provide a lump sum payment respecting a reasonable estimate of missed past increased payments up to the levels of benefits arising out of steps 2 and 3;

5. Provide a further increase to benefits of members who were not in receipt of a pension at the funding policy valuation date that triggered the action up to the rate of increase in the average wage;

6. Establish a reserve to cover the next 10 years of potential contingent indexing;

7. Apply a contribution adjustments of up to 2%;

8. Improve the normal form of pension for all the members who are not in receipt of pension;

9. Improve the bridge pension for all members eligible for a bridge pension whether or not in pay;

10. Improve the early retirement rules for service after June 30, 2012, provided that the Board of Trustees considers life expectancy experience as it develops.

Actions 1 to 5 can be applied with excess funds available when the open group funded ratio is below 140%. If all improvements from 1 through 5 above have been made and the open group funded ratio is still in excess of 140%, then actions 6 through 10 can be undertaken in sequence. After such actions have been undertaken, the Board of Trustees may consider permanent benefit changes subject to approval from the Province of New Brunswick and from CUPE and its Council of Hospital Unions, Local 1252, and subject to most members being able to benefit from the changes.

8. Pension obligations

The present value of accrued pension benefits was calculated using the accrued benefit (or unit credit) actuarial cost method in accordance with the requirement of paragraph 14(7)(a) of Regulation 2012-75 under the Act.

The pension obligations are equal to the present value of benefits earned by members for services on or before December 31, 2025. The pension obligations do not take into account the impact of any future salary increases or the impact of any future cost-of living adjustments that may be granted by the Board of Trustees in accordance with the Plan terms and the funding policy.

The actuarial assumptions used in the funding policy valuation reflect current economic conditions and the adoption of the shared risk model under the Act. An actuarial valuation was performed by TELUS Health as of December 31, 2024 and then extrapolated to December 31, 2025.

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Significant long-term assumptions used in the extrapolation are:

	2025	2024
Discount rate	**5.00%**	5.00%
Mortality	**2014 Public Sector Mortality Table (CPM2014Publ) projected with Improvement Scale B (CPM-B) with size adjustment factors of 140% for males and 125% for females**	2014 Public Sector Mortality Table (CPM2014Publ) projected with Improvement Scale B (CPM-B) with size adjustment factors of 140% for males and 125% for females

The next actuarial valuation for funding purposes, which was not complete as at the date of this report, is to be performed as of December 31, 2025.

9. Financial instruments

In the normal course of business, the Plan is exposed to a variety of financial risks: credit risk, interest rate risk, currency risk, liquidity risk and other price risk. The value of investments within the Plan's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions and market news related to specific securities within the Plan. The level of risk depends on the Plan's investment objectives and the type of securities it invests in.

There has been no change in how the Plan manages those risks from the previous year.

a. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Plan. Where the Plan invests in debt instruments, this represents the main concentration of credit risk. The market value of debt instruments includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Plan. All transactions executed by the Plan in listed securities are settled/paid for upon delivery to the custodian. The risk of default is considered minimal, as delivery of securities sold is only made once the custodian has received payment. Payment is made on a purchase once the securities have been received by the custodian. The trade will fail if either party fails to meet its obligation.

As at December 31, 2025, the Plan invested in debt instruments with the following credit ratings:

	Percentage of value	
Debt instrument by credit rating	**2025**	2024
AAA	**16.55 %**	18.82 %
AA	**21.43 %**	32.15 %
A	**30.43 %**	18.51 %
BBB	**12.66 %**	12.50 %
BB	**7.00 %**	5.99 %
B	**4.61 %**	4.72 %
CCC	**0.47 %**	0.48 %
CC	**- %**	0.05 %
Non-rated	**6.85 %**	6.78 %

Credit ratings are obtained from Standard & Poor's, Moody's, Fitch or Dominion Bond Rating Services. Where one or more rating is obtained for a security, the lowest rating has been used. Non-rated debt instruments includes cash and short-term investments.

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Management believes that the Plan is not exposed to significant credit risks on its other receivables.

b. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Plan invests in interest-bearing financial instruments. The Plan is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

As at December 31, 2025, the Plan's exposure to debt instruments by maturity and the impact on net assets had the yield curve shifted in parallel by 25 basis points with all other variables held constant ("sensitivity analysis"), is as follows:

Debt instruments by maturity date	**2025**	2024
Less than 1 year	**$ 6,112,109**	$ 4,042,739
1-5 years	**97,120,752**	84,914,181
Greater than 5 years	**371,327,835**	370,472,723
Unclassified	**34,783,422**	32,947,709
	$ 509,344,118	$ 492,377,352
Sensitivity analysis	**$ 11,838,518**	$ 11,894,012

In practice actual trading results may differ from the above sensitivity analysis and the difference could be material.

c. Liquidity risk

Liquidity risk is the risk that the Plan will not be able to meet its obligations as they fall due. Management believes that cash flows generated from its investment assets and monthly contributions will be sufficient to cover its normal operating expenditures. The Plan monitors cash flows to ensure there is sufficient cash on hand to meet forecasted pension benefit payments, operating expenses and other financial obligations.

d. Other price risk

Other price risk is the risk that the market value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). All investments represent a risk of loss of capital. The Plan's Statement of Investment Policies and Goals requires a mix of asset classes and diversification that is intended to mitigate market and price risk. The maximum risk resulting from financial instruments is determined by the market value of the financial instruments. The Plan's overall market positions are monitored on a daily basis by its portfolio managers. Financial instruments held by the Plan are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The statement of financial position classifies securities by asset class.

The impact on net assets of the Plan due to a one percent change in the benchmark, with all other variables held constant as at December 31, 2025 is estimated to be 0.89% or $11.6 million (2024 – 0.94% or $11.6 million). For the purpose of this calculation, historical portfolio returns were compared to the historical index return of an average asset mix commitment.

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The historical results may not be representative of the future results, and accordingly the impact on net assets could be materially different.

e. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Plan. In the current year, the Plan mitigated currency risk through the use of forward foreign exchange currency contracts. Forward foreign exchange currency contracts are agreements between two parties, traded over the counter and not on an organized exchange, to purchase or sell currency against another currency at a future date and price. Forward foreign exchange currency contracts are used to hedge against changes in foreign exchange rates.

The Plan is exposed to the following foreign currencies:

	2025		2024	
	Currency Exposure ($)	**Percentage of Assets (%)**	Currency Exposure ($)	Percentage of Assets (%)
US dollar	**167,971,266**	**13.00**	179,312,072	14.65
Euro	**10,800,259**	**0.84**	1,780,742	0.15
Other	**16,086,312**	**1.25**	60,980	-

This amount is based on the market value of the Plan's financial instruments. Other financial assets and financial liabilities that are denominated in foreign currencies do not expose the Plan to significant currency risk.

As at December 31, 2025, if the Canadian dollar strengthened or weakened by one percent in relation to the respective exchange rates, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately $1,948,578 (2024 - $1,811,538).

In practice, actual trading results may differ from the above sensitivity analysis and the difference could be material.

f. Fair value disclosure

Investments are classified in a hierarchy of three levels depending on the inputs used to determine fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs used in determining the fair value. If different levels of inputs are used to measure the fair value of an investment, the classification is based on the lowest level input used. The three levels of the fair value hierarchy are as follows:

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

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; and

Level 3 - inputs for the assets or liabilities that are not based on observable market data.

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The following fair value hierarchy table presents the Plan's assets measured at fair value on a recurring basis as of December 31 (in millions):

	2025				2024			
	Level 1	**Level 2**	**Level 3**	**Total Fair Value**	Level 1	Level 2	Level 3	Total Fair Value
Short term instruments	**$ -**	**$ 1.6**	**$ -**	**$ 1.6**	$ -	$ 2.7	$ -	$ 2.7
Fixed income	**-**	**476.4**	**-**	**476.4**	-	459.0	-	459.0
Canadian equities	**59.3**	**73.2**	**-**	**132.5**	59.2	65.9	-	125.1
Foreign equities	**62.5**	**150.8**	**-**	**213.3**	67.2	135.3	-	202.5
Real estate	**-**	**-**	**160.5**	**160.5**	-	-	164.9	164.9
Farmland	**-**	**-**	**28.5**	**28.5**	-	-	26.7	26.7
Infrastructure	**-**	**-**	**201.0**	**201.0**	-	-	186.4	186.4
Private debt	**-**	**-**	**47.4**	**47.4**	-	-	44.8	44.8
	$ 121.8	**$ 702.0**	**$ 437.4**	**$ 1,261.2**	$ 126.4	$ 662.9	$ 422.8	$ 1,212.1

A reconciliation of the changes during the year for those investments that are measured at fair value using level 3 input are as follows:

	2025	2024
Balance, beginning of year	**$ 422,781,722**	$ 387,153,790
Purchases	**5,507,509**	25,911,988
Distributions	**(9,410,654)**	(8,601,802)
Investment income	**9,410,654**	8,601,802
Sales	**(2,610,892)**	(2,673,147)
Realized gains (losses)	**(118,801)**	115,481
Change in unrealized gains (losses)	**11,887,094**	12,273,610
Balance, end of year	**$ 437,446,632**	$ 422,781,722

There are seven investments classified as level 3:

1) A limited partnership interest in a fund investing in Canadian real estate with a market value of $107.7 million (2024 - $108.9 million). This is an open-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy.

2) A limited partnership interest in a fund investing in global infrastructure assets with a market value of $201.0 million (2024 - $186.4 million). This is an open-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy.

3) A limited partnership interest in a fund investing in global real estate with a market value of $52.9 million (2024 - $56.0 million). This is an open-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy.

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4) A limited partnership interest in a fund investing in private debt infrastructure investments with a market value of $17.1 million (2024 - $14.6 million). This is an open-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy.

5) A mortgage fund investing in Canadian commercial real estate mortgages with a market value of $30.2 million (2024 – $30.3 million). This is an open-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy.

6) A limited partnership investing in Canadian farmland with a market value of $14.4 million (2024 – $13.8 million). This is an open-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy.

7) A limited partnership investing in US farmland with a market value of $14.1 million (2024 – $12.9 million). This is an open-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy.

10. Capital management

The Plan employs a capital management plan, a Statement of Investment Policies and Goals (SIP&G), that is reviewed annually by the Board of Trustees. The SIP&G formulates investment principles and guidelines which are appropriate to the needs and objectives of the pension plan.

The overall objectives in investing the assets of the Plan are to preserve and enhance the value of capital through adequate diversification in high quality investments and achieve the highest investment return that can be obtained with the assumption of an acceptable degree of risk.

The Plan's investment in equities must be well diversified across industry sectors and capitalization ranges. Investments in domestic bonds must be diversified by sector and subject to minimum quality constraints. Global fixed income investments must be well diversified across industry sectors, geographical areas and capitalization ranges and also adhering to minimum quality constraints.

The SIP&G's investment guidelines outline that the Plan's assets shall be invested in fixed income, equity, real estate, infrastructure and private debt infrastructure securities in such proportions as may be established from time to time by the Trustees. The target weights for how portfolio will be invested is as follows: 21.75% Canada long bonds, 7.75% Canada universe bonds, 5% U.S. high yield bonds, 5% global government bonds, 5% private debt, 10% Canadian equity, 15% foreign equity, 10% Canadian real estate, 5% global real estate, 12.5% infrastructure, 2.50% farmland and 0.5% cash and cash equivalents.

As of December 31, 2025, the plan holdings were invested in accordance with the asset mix in the SIP&G.

11. Commitments

The plan has unfunded commitments as at December 31, 2025 in the amount of $18,517,093 related to investments in limited partnerships which invest in private debt infrastructure investments and farmland (2024 - $2,966,842).

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12. Indemnification

Pursuant to the Agreement and Declaration of Trust, the Plan provides a first lien and charge against the assets of the Plan as indemnification to the Board of Trustees against any liability incurred, including defence costs. The Plan may be required to compensate these individuals in the event of a claim being made against them. The contingent nature of these indemnification obligations prevents the Plan from making a reasonable estimate of the maximum potential payments that may be required. The Plan has not received any claims or made any payments pursuant to such indemnifications.

APPENDIX B: SUMMARY OF PLAN VALUATION

The funding policy valuation compares the fair market value of the Plan's assets to the Plan's liabilities. The Plan's liabilities are based on the benefits earned as at the valuation date, assuming the Plan continues indefinitely.

Funding Policy Valuation	December 31, 2025 $ in millions	December 31, 2024 $ in millions
Market Value of Net Assets	1,298.6	1,234.5
Funding Policy Actuarial Liabilities		
Active Members	336.4	315.0
Retirees and Survivors	755.4	716.7
Deferred Vested, Suspended Members, and Outstanding Refunds	237.8	218.0
Total Funding Policy Actuarial Liabilities	1,329.6	1,249.7
Funding Policy Valuation Excess (Unfunded Liability)	(31.0)	(15.2)
Termination Value Funded Ratio	**97.7%**	**98.8%**

On December 31, 2025 the funding policy unfunded liability was $31.0 million as a result of the following:

Changes in Funding Policy Valuation Unfunded Liability	$ in millions
Investment return on actuarial value of assets was higher than assumed	11.2
Total contributions exceeded normal cost with interest	35.1
Cost of indexing and other Funding Policy steps provided on January 1, 2025	(63.0)
Various other increases and decreases	0.9
Change in Funding Policy Valuation Unfunded Liability from December 31, 2024 to December 31, 2025	**(15.8)**

Open Group Funded Ratio

The open group funded ratio compares the fair market value of the Plan's assets, plus the present value of excess contributions over the next 15 years, to the Plan's liabilities. This is an important ratio as it is used to determine the actions, such as granting indexing, to be taken by the Board under the Plan's Funding Policy.

The excess contributions for the year following the valuation date are as follows:

Excess Contributions	$ in millions
Funding Policy Valuation Normal Cost	35.5
Contributions	
Members	32.8
Employers	36.8
Total Contributions	69.6
Excess Contributions for the Year 2025	**34.1**

The present value of the above excess contributions for the 15-year period following December 31, 2025 are equal to $418.4 million and are used in the calculation of the Open Group Funded Ratio.

Open Group Funded Ratio	December 31, 2025 $ in millions	December 31, 2024 $ in millions
Market Value of Net Assets	1,298.6	1,234.5
Present Value of Excess Contributions Over Next 15 Years	418.4	377.5
Total Assets Including the Present Value of Excess Contributions	1,717.0	1,612.0
Funding Policy Actuarial Liabilities	1,329.6	1,249.7
Open Group Funded Ratio	**129.1%**	**129.0%**

The Plan is in a position to provide benefit improvements, such as a cost of living adjustment (COLA), when the open group funded ratio exceeds 105% and the primary risk management test is met. When this occurs, the Board can use up to 1/5th of the excess that exists between a ratio of 105% and 140% (as of the December 31, 2025 Actuarial Valuation Report) in addition to 100% of any excess that exists above a ratio of 140% to grant benefit improvements found under the Funding Policy such as COLA.

With the open group funded ratio at 129.1% as at December 31, 2025, the Plan was in a position to award a cost of living adjustment (COLA) of 2.51% to Plan members. This COLA will be applied on January 1, 2027. It represents the maximum that can be awarded by the Board which is equal to the increase in the average of the Consumer Price Index (Canada) for the 12-month period ending the preceding June and includes 0.18% representing a portion of the COLA not awarded in previous years.

The Plan must be in a deficit position (which would be the case if the open group funded ratio was less than 100%) for two consecutive years before any corrective action (such as a contribution increase or a benefit reduction) is required under the Plan's Funding Policy.

For a copy of the full report, visit cupeh.ca.