

**Saskatchewan
Telecommunications
Pension
Plan**

**97th Annual Report
and
Financial Statements**

For the Year Ended March 31, 2025

Board Mission Statement

The Board is committed to pursuing sound governance practices in discharging its responsibilities as administrator of the Pension Plan. The Board strives to ensure the Pension Plan is administered always in an effective manner and consistent with the fiduciary duties owed to plan members and other Plan beneficiaries.

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Message from the Chair

Marg Romanow, **Chairperson**
Jamie Patterson, **Member**
Andrew Malinowski, **Member**

Scott Smith, **Member**
Gregory Young, **Member**

To: All Contributors/Pensioners in the SaskTel Pension Plan

I am pleased to provide an update regarding the SaskTel Pension Plan on behalf of the SaskTel Board of Directors.

As of March 31, 2025, the Plan had approximately \$849 million in assets.

There are four plan members who continue active employment. There are approximately 1,650 retirees with monthly pension payments totalling approximately \$5 million or \$60 million per year.

The Plan continues to progress towards total liability matching. Since the Plan is closed, the Board is pursuing a strategy of minimizing investment return risks by moving out of equities and is currently pursuing a reduction in real estate holdings. The Board continues to monitor this de-risking process in the upcoming year. The Board will continue to monitor investment allocations to ensure that de-risking of the Plan's investments progresses in a manner that maintains the financial sustainability of the Plan.

As per the terms of the Pension Plan Text, the cost of living adjustment for retired plan members was again increased by 2% as of April 1, 2025.

The Board developed a Strategic Plan for the SaskTel Pension Plan for the next three to five years.

The Board has undertaken accessing information regarding cyber security and risk management.

The Board is an engaged group that works diligently to serve the best interests of the members of the SaskTel Pension Plan.

Sincerely,

A handwritten signature in black ink that reads "Marg Romanow". The signature is fluid and cursive, with a long horizontal stroke at the end.

Marg Romanow, Chair SaskTel Pension Board
June 17, 2025

Plan Membership

PLAN MEMBERS AS AT MARCH 31, 2025

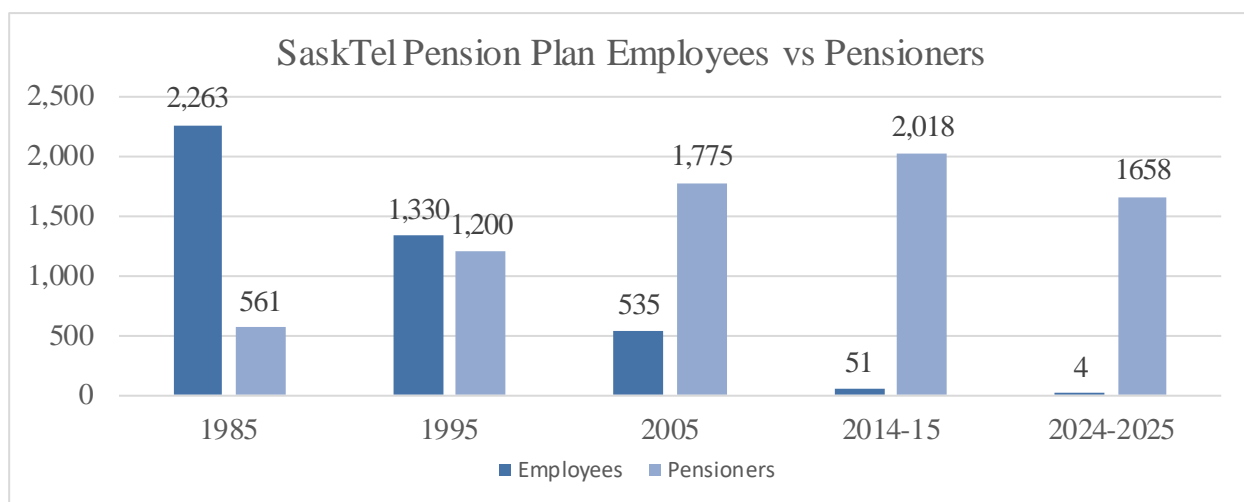
Employee Members	4
Retired Members	1,658
Total Members	<u>1,662</u>

PRESENT RETIREES AT THE END OF THE 97th FISCAL PERIOD

		<u>Average Age</u>	<u>as at Mar. 31, 2025</u>	<u>as at Mar. 31, 2024</u>
Retirees 65 & Over	Males	76.2	867	901
	Females	76.1	438	451
Retirees Under 65	Males	-	-	4
	Females	-	-	7
Dependants	Spouses	81.8	343	329
Split Pensions	Females	71.4	10	10
		<u>77.3</u>	<u>1,658</u>	<u>1,702</u>

NUMBER OF EMPLOYEES UNDER THE PROVISIONS OF THE SASKATCHEWAN TELECOMMUNICATIONS PENSION PLAN AT MARCH 31, 2025

	<u>Male</u>	<u>Female</u>	<u>Total</u>
SaskTel	<u>1</u>	<u>3</u>	<u>4</u>



Significant Events 2024/25

GOVERNANCE

Governance activities completed by the Board during 2024/25 included:

- Reviewed investment performance quarterly
- Reviewed and updated the strategic plan and risk objectives
- Reviewed the governance manual
- Reviewed financial results

Board Expenses

BOARD EXPENSES

The Board members are reimbursed for expenses incurred for meetings, for education costs and they are compensated for the time necessary to prepare for and to conduct Plan business.

<u>Name</u>	<u>Board Meeting Per Diem</u>	<u>Retainer Fees</u>	<u>Meeting Expenses</u>	<u>Education Expenses</u>	<u>Total</u>
Marg Romanow, Chair	\$ 5,400	\$ 2,500	\$ 663	\$ 1,400	\$ 9,963
Andy Malinowski	2,200	1,875	3,876	14,447	22,398
Brian Renas	660	469	45	81	1,255
Gregory Young	1,100	1,004	775	3,324	6,203
Scott Smith ¹	-	-	-	-	-
Jamie Patterson ¹	-	-	-	-	-
Total	\$ 9,360	\$ 5,848	\$ 5,359	\$ 19,252	\$ 39,819

¹ SaskTel employee

Actuarial Valuations

GENERAL

The Pension Benefits Regulations, 1993 require actuarial valuations be filed at least every three years. The results from the latest valuation as at March 31, 2023 are included. Valuations are filed with the Financial and Consumer Affairs Authority of Saskatchewan – Pension Division and with Canada Revenue Agency.

ASSUMPTIONS FOR FUNDING PURPOSES

The actuarial assumptions used for funding purposes are a set of assumptions which reflect the Board's judgment of the most likely set of conditions affecting future events. Following are the significant actuarial assumptions used in the March 31, 2023 valuation to determine the actuarial value of pension obligations. The actuarial assumptions used for the March 31, 2020 valuation are shown for comparison purposes:

<u>Significant Assumption</u>	<u>Valuation as at Mar. 31, 2023</u>	<u>Valuation as at Mar. 31, 2020</u>
Gross Rate of Return on Assets	4.25%	5.35%
Provision for Future Expenses	0.25%	0.35%
Discount Rate for Liabilities	4.00%	5.00%
Inflation	2.25%	2.25%
Future Indexing	1.60%	1.60%

Mortality rates were applied utilizing the 2014 Private Sector Canadian Pensioner Mortality Table (Adjusted 100% for males and 110% for females) with Improvement Scale MI-2017.

ACCOUNTING, FUNDING, AND SOLVENCY EXTRAPOLATIONS

The **Projected Accrued Benefit Method** prorated on services is used for financial reporting purposes and provides a valuation based on benefits earned to the date of the financial statements only.

The **Going Concern Method**, although not acceptable for financial reporting purposes, provides a valuation that considers benefits earned to-date as well as future benefits to be earned and contributions to be made. It is the method used by the actuary to measure the ability of the Plan to meet current and future obligations to plan members.

Thousands of dollars	2025 <u>Extrapolation</u>	2024 <u>Extrapolation</u>	2023 <u>Valuation</u>	2020 <u>Valuation</u>
Assets	\$ 848,854	\$ 855,764	\$ 899,822	\$ 964,300
Liabilities	(766,707)	(802,667)	(831,142)	(842,687)
Provision for adverse deviation	(38,335)	(40,133)	(41,557)	(101,122)
Total liabilities	(805,042)	(842,800)	(872,699)	(943,809)
Surplus	\$ 43,812 ¹	\$ 12,964 ¹	\$ 27,123 ¹	\$ 20,491 ²
Valuation ratio	105.4%	101.5%	103.1%	102.2%

¹ Based on funding valuation at March 31, 2023.

² Based on funding valuation at March 31, 2020.

The **Solvency Method** determines the solvency position of the Plan if it were wound up on the valuation date.

Thousands of dollars	2025 <u>Extrapolation</u>	2024 <u>Extrapolation</u>	2023 <u>Valuation</u>	2020 <u>Valuation</u>
Assets	\$ 848,004	\$ 854,914	\$ 898,972	\$ 963,550
Liabilities	(778,176)	(771,200)	(827,015)	(1,130,923)
Surplus (Deficit)	\$ 69,828 ¹	\$ 83,714 ¹	\$ 71,957 ¹	\$ (167,373) ²
Valuation ratio	109.0%	110.9%	108.7%	85.2%

¹ Based on funding valuation at March 31, 2023.

² Based on funding valuation at March 31, 2020.

FUNDING

The Pension Benefits Regulations, 1993 do not require Specified Plans to amortize solvency deficiencies. The Corporation has the ultimate responsibility to ensure that the pension obligations are paid. No contributions were required in 2024/25.

Investment Governance

OBJECTIVE OF THE PLAN

The purpose of the Saskatchewan Telecommunications Pension Plan (the Plan) is to meet the present and future obligations accumulated on behalf of the Plan’s participants.

INVESTMENT POLICY

The Statement of Investment Policies and Goals (SIP&G) is updated and approved by the SaskTel Pension Plan Board annually. The policy provides a framework for the prudent investment and administration of the pension fund.

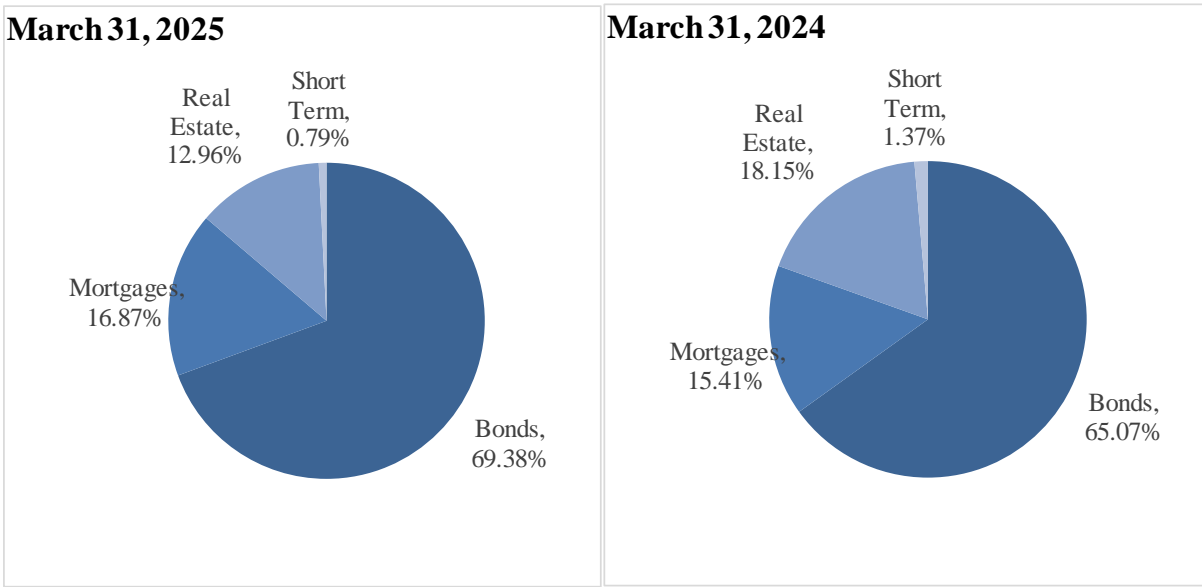
RISK MANAGEMENT

The Board is responsible for identifying business risks that could adversely affect the operation of the Plan and the provision of the benefits promised by the Plan. Through the annual strategic planning and risk assessment process, the Board reviews risk management strategies and ensures the appropriate systems are in place and steps are taken to manage risks.

ASSET MIX

Taking into consideration the investment and risk philosophy of the Fund, the following range and target asset mix has been established:

<u>Asset Class</u>	<u>Range</u>	<u>Target</u>	<u>Actual</u>
Fixed Income (incl. mortgages)	65 – 99%	90%	87.04%
Real Estate	0 – 25%	10%	12.96%



Investment Performance

Performance for the Annual Period ended March 31, 2025

Capital markets enjoyed a very successful 12 months, ending March 31, 2025. Canadian, U.S. International and Emerging Markets equities all experienced double digit returns. Investors found comfort in continued earnings, particularly in the U.S., a strong US dollar, falling inflation and falling interest rates. All these elements contributed to strong equity valuations through the period.

Another major influence on capital markets was the election and inauguration of a 2nd term for Donald Trump in the U.S. While initially celebrated as a pro-business and pro-growth administration, investors moods quickly changed. With the implemented or announced tariffs on major trading partners of the U.S., global equity markets and U.S. dollar suffered notable declines in the later part of the most recent quarter.

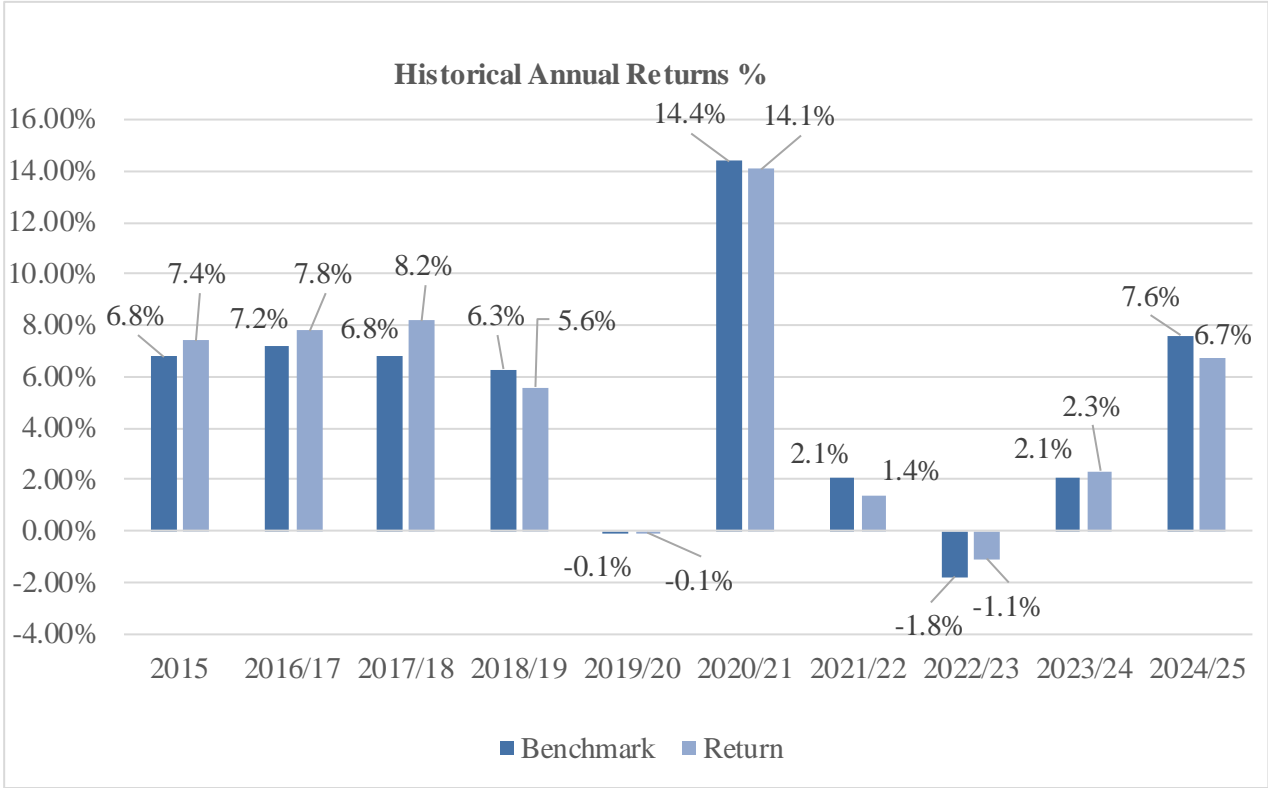
While the developments in the U.S. brought uncertainty and volatility to the bond market, it was not enough to offset the impacts of falling inflation and central bank moves to lower interest rates. The Bank of Canada cut rates seven times in the last twelve months from 5.00% to 2.75%. The impact on bond returns was notable. The FTSE Canada Universe Bond Index returned 7.7% and the FTSE Canada Long Bond Index returned 7.0% over the year. Investor concerns over tariff-induced inflation resulted in a steepening yield curve, somewhat holding back the return of long bonds.

The Canadian real estate market remains stuck in a malaise. The MSCI/REALPAC Canada Quarterly Property Fund Index estimated one-year return was 1.6%. The Index return was driven by consistent rental incomes, partially offset by negative capital gains. From a market segment perspective, Office properties continue to see lower appraised values. Further, after a period of exceptional growth related to the Covid driven e-commerce surge, Industrials appraised values have turned lower. The recent announced bankruptcy and pending closure of 80 Hudson Bay stores, is expected to weigh on the Retail segment in the remainder of 2025.

The Total Fund returned 6.7%, modestly below the benchmark return of 7.6% over the year. TD Liabilities Matching Bonds trailed by 0.4% in the year and the TD Real Estate Fund trailed its estimated benchmark Index by 1.3%. Over four years, the Total Fund tracked tightly to the Benchmark, earning 2.3% vs. 2.4%. As the Total Fund de-risks the portfolio, performance will increasingly track the benchmark and the growth in Plan liabilities. This approach is designed to protect the funded status of the Plan and secure member benefits. As of March 31, 2025 the Total Fund held 13.0% in real estate, with the intent to reduce the allocation to 0% over the next two years.

Return on Investments (%)

	2024/25	2023/24
Annual return	6.7	2.3
Annual benchmark	7.6	2.1
Four year annualized return	2.3	4.0
Four year benchmark	2.4	4.0

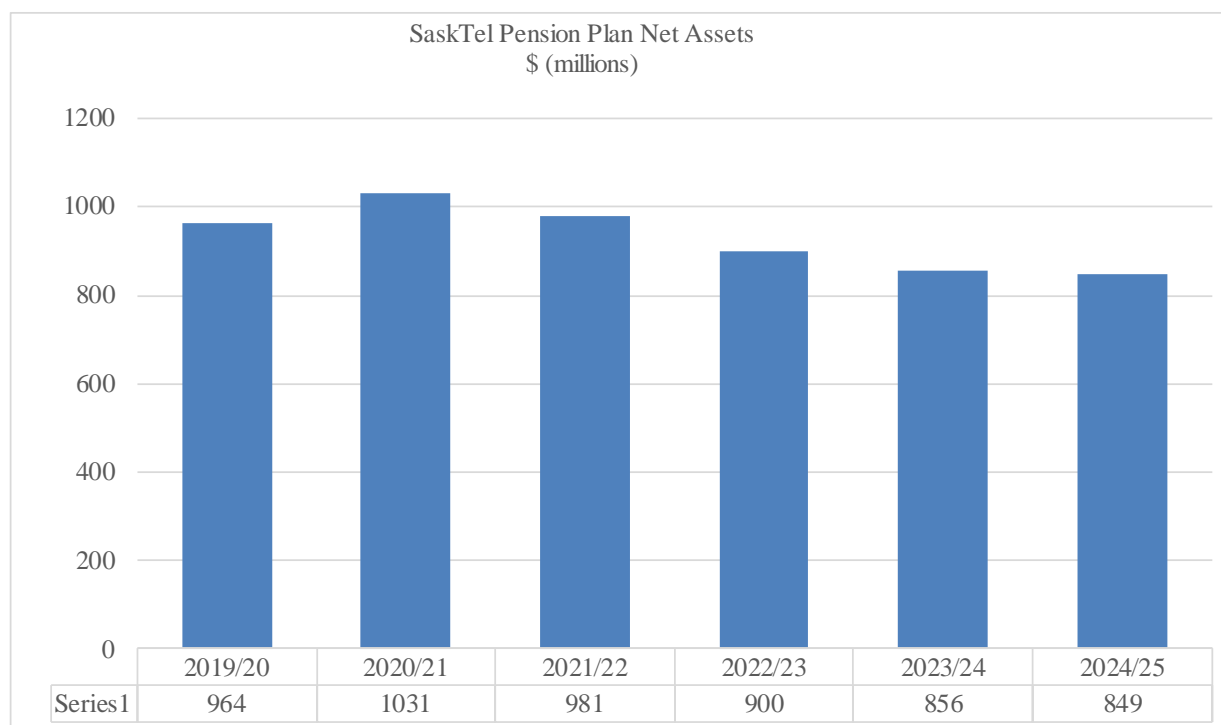


Financial Highlights

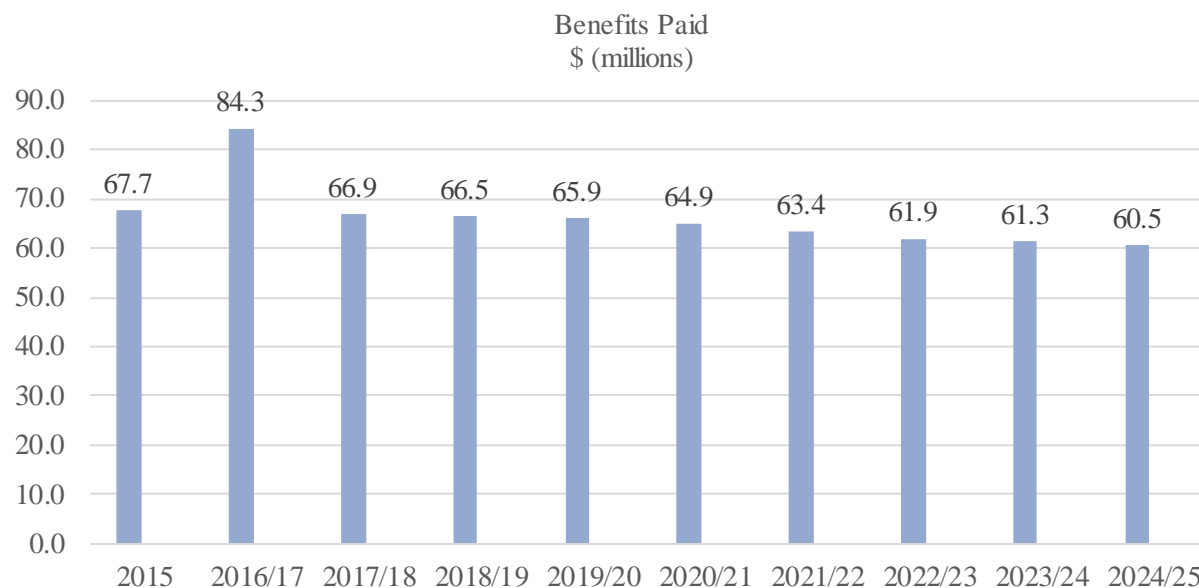
Net assets available for benefits decreased by 0.82 % from \$855.8 million in 2023/24 to \$848.9 million in 2024/25.

Net Assets Available for Benefits

<u>Thousands of dollars</u>	2024/25		2023/24	
Net assets available for benefits, opening balance	\$	855,764	\$	899,822
Plus: Investment income		30,203		30,383
Unrealized gain		25,384		-
Less: Benefits		60,540		61,266
Refunds and transfers		-		294
Expenses		1,957		2,049
Unrealized losses		-		(10,832)
Net assets available for benefits, closing balance	\$	848,854	\$	855,764



Benefits paid from the Plan decreased from \$61.3 million in 2023/24 to \$60.5 million in 2024/25 due to fewer plan members drawing benefits.



Note: 2016/17 represents a 15-month reporting period.

Investment Management

The Pension Plan Text permits the Board to engage technical and professional advisers, specialists and consultants for the purposes of managing, investing and disposing of plan assets. The companies hired for custodial, investment management, and consulting services are listed below.

As the custodian of the pension fund assets, **RBC Investor and Treasury Services** performed the processing and handling of investment transactions.

The investment manager manages the investing and disposing of plan assets. **TD Asset Management (TDAM)** has a specialty bond, real estate and short term mandate.

As the consultant to the Board, **Aon** provided analytical and financial advice.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements included in the annual report of the Saskatchewan Telecommunications Pension Plan for the year ended March 31, 2025, are the responsibility of management and have been approved by the Pension Board. Management has prepared the financial statements in accordance with Canadian accounting standards for pension plans. The financial information presented elsewhere in this annual report is consistent with that in the financial statements.

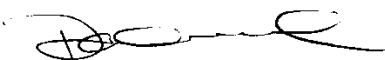
To ensure the integrity and objectivity of the financial data, management maintains a comprehensive system of internal controls including written policies and procedures, an organizational structure that segregates duties and a comprehensive internal audit program. These measures provide reasonable assurance that transactions are recorded and executed in compliance with legislation and required authority, assets are properly safeguarded, and reliable financial records are maintained.

The Pension Board is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Pension Board fulfills this responsibility through periodic meetings with management and with the internal and external auditors. Both the internal and external auditors have free access to the Pension Board to discuss their audit work, their opinion on the adequacy of internal controls and the quality of financial reporting. The Pension Plan's annual financial statements have been reviewed in detail with the entire Pension Board prior to approval by the Pension Board.

The financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants, as appointed by the Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan.



Michelle Maystrowich
Director – Finance (Operations)



Pension Plan Manager

June 17, 2025

ACTUARY'S OPINION

Aon was retained by the Saskatchewan Telecommunications Pension Board (the “Board”) to perform an actuarial valuation of the assets and liabilities of the Saskatchewan Telecommunications Pension Plan (the “Plan”) as at March 31, 2023. The Board retained Aon to prepare an extrapolation of the Plan’s liabilities from March 31, 2023 to March 31, 2025. This extrapolation was used to prepare the actuarial information for inclusion in the Annual Report for the year ended March 31, 2025.

The extrapolation for the Plan’s liabilities to March 31, 2025 was based on:

- An actuarial valuation (based on membership data provided by the Board) as at March 31, 2023;
- Methods prescribed by the Chartered Professional Accountants Canada for pension plan financial statements; and
- Assumptions about future events (economic and demographic) which were developed by management and Aon and are considered as management’s best estimate of these events.

While the actuarial assumptions used to determine liabilities for the Plan’s financial statements contained in the Annual Report represent management’s best estimate of future events, and while in my opinion these assumptions are appropriate for the purposes of the valuation and extrapolation, the Plan’s future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations and will affect the financial position of the Plan.

The data has been tested for reasonableness and consistency with prior valuations and in my opinion the data is sufficient and reliable for the purposes of the valuation and extrapolation. It is also my opinion that the methods employed in the valuation and extrapolation are appropriate. My opinions have been given, and the valuation and extrapolation have been performed in accordance with accepted actuarial practice in Canada.

A handwritten signature in black ink, appearing to read "David Larson". The signature is fluid and cursive, with a large initial "D" and "L".

April 15, 2025

AUDITOR'S REPORT

**KPMG LLP**

Hill Centre Tower II
1881 Scarth Street, 20th Floor
Regina, SK S4P 4K9
Canada
Telephone 306-791-1200
Fax 306-757-4703

INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly, Province of Saskatchewan

Opinion

We have audited the financial statements of Saskatchewan Telecommunications Pension Plan (the "Plan"), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in pension obligations for the year then ended
- and notes and schedule to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at March 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 auditor's report.

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

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

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in the 97th Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



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In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the 97th Annual Report document as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

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

We also:

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

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



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Regina, Canada
June 17, 2025

STATEMENT OF FINANCIAL POSITION

As at March 31, Thousands of dollars	Note	2025	2024
Assets			
Cash		\$ 1,208	\$ 1,310
Investments	5	848,747	855,590
		849,955	856,900
Liabilities			
Accounts payable		1,101	1,136
Net assets available for benefits		848,854	855,764
Pension obligations	9	737,818	744,819
Surplus		\$ 111,036	\$ 110,945

See accompanying notes to the financial statements

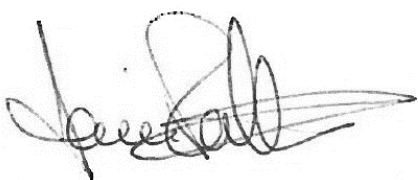
Approved by the Pension Board



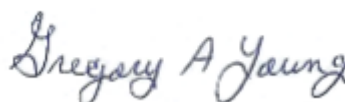
Marg Romanow – Chairperson



Scott Smith – Member



Jamie Patterson – Member



Gregory Young – Member



Andrew Malinowski – Member

June 17, 2025

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended March 31, Thousands of dollars	Note	2025	2024
<hr/>			
Net assets available for benefits, opening balance		\$ 855,764	\$ 899,822
Increase in assets			
Investment income	6	30,203	30,383
Unrealized increase in fair value of investments		25,384	-
<hr/>			
Total increase in assets		55,587	30,383
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Decrease in assets			
Benefits paid	7	60,540	61,266
Administration expenses	8	1,957	2,049
Refunds and transfers			
Contributions		-	52
Interest		-	242
Unrealized decrease in fair value of investments		-	10,832
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Total decrease in assets		62,497	74,441
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Net decrease in assets		(6,910)	(44,058)
<hr/>			
Net assets available for benefits, closing balance		\$ 848,854	\$ 855,764

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN PENSION OBLIGATIONS

For the year ended March 31, Thousands of dollars	Note	2025	2024
Pension obligations, opening balance		\$ 744,819	\$ 785,498
Increase in pension obligations			
Interest on pension obligations		34,297	36,227
Impact of changes in assumptions	9	19,242	-
		53,539	36,227
Decrease in pension obligations			
Benefits paid	7	60,540	61,266
Refunds and transfers		-	294
Experience gains	9	-	15,346
		60,540	76,906
Pension obligations, closing balance		\$ 737,818	\$ 744,819

See accompanying notes to the financial statements

Notes to Financial Statements

Note 1 – Description of the Plan

The following description of the Saskatchewan Telecommunications Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the Saskatchewan Telecommunications Pension Plan Text.

General

The Plan is a defined benefit plan maintained by Saskatchewan Telecommunications (the Corporation) for those employees who were hired prior to October 1, 1977 and who did not elect to transfer to the Public Employees' Pension Plan by October 1, 1978. The Plan is governed by *The Pension Benefits Act, 1992* (the Act). The Plan is registered under *The Income Tax Act* and *The Pensions Benefits Act, 1992*, registration #0360891, is regulated by the Financial and Consumer Affairs Authority of Saskatchewan – Pension Division and is administered by a five-person Board appointed by the Corporation and UNIFOR.

Funding

The Plan is funded on the basis of actuarial valuations, which are performed at least every three years. The most recent actuarial valuation for funding purposes was performed as of March 31, 2023.

The Plan is a Specified Plan, and in accordance with the Act, is not subject to funding any solvency deficits that may arise. The Corporation will continue to monitor the going concern position of the Plan and can, at any time, begin to fund again if necessary. As the sponsor of the SaskTel Pension Plan, the Corporation is committed to meeting all funding requirements necessary to fulfill pension obligations to plan members.

All employee members have reached the maximum pensionable years of service and are no longer required to contribute to the Plan. As a result, employer current service contributions have ceased.

Benefits

The Corporation guarantees the payment of the pension benefits payable under the terms of the Plan as amended from time to time, including:

Service pensions

The Corporation's defined benefit pension plan provides a full pension at age 65, at age 60 with at least 20 years of service, or upon completion of 35 years of service. The pension is calculated to be 2% times the average of the highest three years of employment earnings times the number of years of service up to a maximum of 35 years of service. A reduced pension may be opted for if certain age and years of service criteria are met. At age 65 members' pensions are reduced due to integration with the Canada Pension Plan.

Note 1 - Description of the Plan, continued

Plan members may also elect to receive a joint annuity whereby a reduced pension is payable during the life of the member and/or the life of the spouse or dependents. When the plan member dies the spouse is entitled to receive a pension equal to 100% of the reduced pension.

If a member retires before age 65, the member may elect a varied allowance, whereby, an additional allowance is received until age 65 at which time the allowance will be reduced.

Survivor pensions

If a plan member dies after retiring, the surviving spouse receives 60% of the member's pension. Dependents under 18 receive 10%, to a maximum of 25% for all dependents combined.

Death refunds

A death refund is payable to the estate or designated beneficiary of a pensioner, in an amount equal to the difference between the pensioner's accumulated contributions and interest less the total sum of all allowances paid.

Income taxes

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

Note 2 – Basis of preparation**a. Statement of compliance**

The financial statements for the year ended March 31, 2025 have been prepared in accordance with Chartered Professional Accountants Canada Handbook (CPA Canada Handbook) section 4600, Pension Plans (hereinafter referred to as Canadian accounting standards for pension plans). For matters not addressed in Section 4600 the Plan has chosen to adopt the relevant sections of IFRS Accounting Standards as issued by the International Accounting Standards Board.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and the pension obligation which is measured at the present value of the accrued benefit obligation.

c. Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Plan's functional currency.

d. Use of estimates and judgments

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in assets, and increases and decreases in pension obligations during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined. Information about assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment within the next fiscal period includes valuation of investments (Note 5 – Investments) and measurement of the pension obligations (Note 9 – Pension obligations).

Note 3 – Significant accounting policies

Basis of accounting

These financial statements present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They 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.

Investments

Investments are stated in the financial statements at fair value. The fair value of short-term investments is based on cost, which approximates fair value due to the short-term nature of these financial instruments. The fair value of pooled bond funds and pooled mortgage funds is based on the fair value of the underlying security determined using model pricing techniques that effectively discount prospective cash flows to present values taking into consideration duration, credit quality and liquidity. The fair value of pooled real estate investments is based on independent appraisals.

Transactions are recorded as of the trade date.

Translation of foreign currencies

Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at period end. Exchange gains and losses arising on the translation of monetary assets and liabilities are included in investment income.

Note 4 – Objectives, policies, and processes for managing capital

The process for managing capital is accomplished by diversifying asset classes and further diversifying within each individual asset class while pursuing a liability matching investment strategy.

The Plan's capital consists of the investment assets of the Saskatchewan Telecommunications Pension Fund, managed under the authority of the Saskatchewan Telecommunications Pension Board.

The objective of the Plan is to meet the present and future pension obligations accumulated on behalf of the Plan's participants, while complying with *The Pension Benefits Act, 1992* and Canada Revenue Agency regulations.

The Plan's permissible investments include bonds of Canadian issuers, short term securities, mortgages, real estate and pooled funds. Any other type of investment is not permitted without prior approval of the Board.

The Plan's investment policy provides a framework for the prudent investment and administration of the Pension Fund for the purpose of managing capital assets. The policy provides the investment managers with a written statement of specific quality, quantity, and rate of return standards. The policy is re-visited annually to ensure it is meeting the objectives of the Plan's capital management to ultimately meet all pension obligations.

Note 5 – Investments

The Fund has the following investments

As at March 31,	2025		2024	
Thousands of dollars				
Investments				
Short term investments	\$	6,708	\$	11,685
Pooled real estate fund		110,031		155,308
Pooled bond funds		588,798		556,726
Pooled mortgage fund		143,210		131,871
Total investments	\$	848,747	\$	855,590

Short term investments

Short term investments are held in a pooled fund comprised of treasury bills, notes and commercial paper.

Pooled real estate

Investments in pooled real estate consist of Canadian commercial property.

Pooled bond funds

Individual holdings are limited, by Fund policy, to a maximum of 10% of the market value of each investment. At March 31, 2025, 3.52% (March 31, 2024 – 4.88%) was the largest individual holding.

Fund holdings are selected based on the durations which align with the maturity profile of the Plan's liabilities.

As at March 31,	2025			2024		
	Amount	Yield	Duration	Amount	Yield	Duration
Fund	(\$000)	(%)	(years)	(\$000)	(%)	(years)
TD Greystone three year target duration fund	\$105,918	3.0	3.0	\$113,925	4.4	3.0
TD Greystone eight year target duration fund	250,806	3.9	8.1	178,593	4.4	8.0
TD Greystone fifteen year target duration fund	174,063	4.4	15.0	183,509	4.6	15.0
TD Greystone twenty plus year target duration fund	58,011	4.2	25.1	80,699	4.2	25.0
	\$588,798			\$556,726		

Pooled mortgage fund

Investments in pooled mortgage fund consist of mortgages secured against Canadian property.

Note 6 – Investment income

For the year ended March 31,		2025		2024
Thousands of dollars				
Pooled bond funds	\$	21,369	\$	21,627
Pooled mortgage fund		8,172		8,117
Short term investments		662		639
	\$	30,203	\$	30,383

Note 7 – Benefits paid

For the year ended March 31,		2025		2024
Thousands of dollars				
Retirement benefits	\$	52,793	\$	53,960
Death benefits		7,747		7,306
	\$	60,540	\$	61,266

Note 8 - Administration expenses

The Pension Plan Text permits the Board to engage technical and professional advisers, specialists and consultants for the purposes of managing, investing and disposing of Plan assets, with the related costs to be paid by the Plan. Other direct out of pocket expenses including custodial, investment manager and consulting fees are paid by the Plan. The costs to administer the Plan (staff salaries, actuarial and auditor costs) are also borne by the Plan and are reflected in the accompanying financial statements.

For the year ended March 31,		2025		2024
Thousands of dollars				
Investment management expenses				
Investment management	\$	1,375	\$	1,441
Investment consultant		64		74
Custodian		53		46
		1,492		1,561
Non-investment management expenses				
Plan administration		299		296
Governance consultant		59		24
Board		40		35
Other		30		19
Audit		29		28
Actuary		8		86
		465		488
Total administration expenses	\$	1,957	\$	2,049

Note 9 – Pension obligations

The present value of pension obligations was determined using the projected accrued benefit method prorated on services. An actuarial valuation to determine the pension obligation was performed at March 31, 2023 and extrapolated to March 31, 2025 by Aon, a firm of consulting actuaries. The next valuation is scheduled to be completed as at March 31, 2026.

Pension obligations are sensitive to changes in the discount rate, the inflation rate, salary escalation and future indexing. Based upon advice obtained from its actuaries, the Pension Board applies best estimate assumptions on these and other future economic events.

Impact of Assumption Changes Detail

For the year ended March 31,	2025	2024
Thousands of dollars		
*Experience gain	\$ -	\$ 15,346
Loss due to impact of assumption changes	(19,242)	-
	\$ (19,242)	\$ 15,346

* Plan experience items only happen each time a new valuation is performed.

Following are the significant assumptions used to determine the actuarial present value of pension obligations:

As at March 31,	2025	2024
Significant Assumption		
Discount Rate	4.50%	4.80%
Inflation	2.25%	2.25%
Future Indexing	1.60%	1.60%

The following illustrates the effect on the Plan's pension obligations of changing certain actuarial assumptions while holding others constant:

<u>Long-Term Assumptions</u>						
	Discount Rate		Inflation		Future Indexing	
	5.50%	3.50%	3.25%	1.25%	2.0%	0.6%
(Thousands of dollars)						
Increase (decrease)						
in liability	\$ (63,829)	\$ 74,887	\$ (39,923)	\$ (8,331)	\$ 27,789	\$ (71,913)

The Plan Text guarantees future indexing at 100% of CPI to a maximum of 2%.

Mortality rates were applied utilizing the Canadian Pensioner 2014 – Private Sector Mortality Table at 100% for males and 110% for females projected generationally with CPM Improvement Scale MI-2017.

The pension obligations are long term in nature. The Plan has no intention of settling this obligation in the near term.

Note 10 – Financial instruments

The Plan's financial instruments include cash, short term investments, pooled bond funds, a pooled mortgage fund and a pooled real estate fund, which by their nature are subject to risks. The carrying amount of cash approximates fair value due to its immediate or short-term nature. The carrying amount of all other instruments is defined in the fair value hierarchy section of this note.

The risks that arise are market risk (consisting of interest rate risk), credit risk, and liquidity risk. Significant financial risks are related to the Plan's investments.

These financial risks are managed by having an investment policy, which is approved annually by SaskTel Pension Board. The investment policy provides guidelines to the Plan's investment managers for the asset mix of the portfolio regarding quality and quantity of debt and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets.

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates. Market risk primarily impacts the value of investments.

Interest rate risk

The Plan is exposed to interest rate risk primarily through its pooled bond funds, a pooled mortgage fund and short term investments. Fair value adjustments will fluctuate based on changes in market prices. The pooled bond funds consist of mostly provincial and federal government and corporate bonds with varying maturities to coincide with pension plan obligations and are managed based on this maturity profile and market conditions.

The Plan is exposed to changes in interest rates in its pooled bond funds, a pooled mortgage fund and short term investments. It is estimated that a 100 basis point increase/decrease in interest rates would decrease/increase net assets available for benefits by \$68.1 million (March 31, 2024 - \$70.6 million) representing 9.2% (March 31, 2024 – 10.1%) of the carrying value of \$738.7 million (March 31, 2024 - \$700.3 million).

Credit risk

The Plan's credit risk arises primarily from certain investments. The maximum credit risk to which it is exposed is limited to the carrying value of the financial assets summarized as follows:

As at March 31,		2025		2024
Thousands of dollars				
Cash	\$	1,208	\$	1,310
Short term investments		6,708		11,685
Pooled bond funds		588,798		556,726
Pooled mortgage fund		143,210		131,871
	\$	739,924	\$	701,592

Note 10 – Financial instruments, continued

Credit risk within investments is primarily related to pooled bond funds, a pooled mortgage fund and short term investments. It is managed through the investment policy that limits the amount that is to be invested in pooled bond funds.

Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. This risk is mitigated through daily management of anticipated cash flows. Accounts payable are due within one year.

Real estate risk

Real estate and infrastructure assets are valued based on estimated fair values determined by using appropriate techniques and best estimates. An independent auditor performs an annual assessment on these estimated fair values to ensure the assets are fairly stated in all material aspects. Risk of the real estate portfolio is further managed through diversification across types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size.

Fair value hierarchy

Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Level 1 – Where quoted prices are readily available from an active market.

Level 2 – Valuation model not using quoted prices, but still using predominantly observable market inputs, such as market interest rates.

Level 3 – Where valuation is based on unobservable inputs.

As at March 31,	2025			2024		
Thousands of dollars	Level 2	Level 3	Total	Level 2	Level 3	Total
Pooled bond funds	\$ 588,798	\$ -	\$ 588,798	\$ 556,726	\$ -	\$ 556,726
Pooled mortgage fund	143,210	-	143,210	131,871	-	131,871
Pooled real estate	-	110,031	110,031	-	155,308	155,308
Short term investments	6,708	-	6,708	11,685	-	11,685
Total	\$ 738,716	\$ 110,031	\$ 848,747	\$ 700,282	\$ 155,308	\$ 855,590

There were no items transferred between levels during the current fiscal period.

Note 10 – Financial instruments, continued

The following is a reconciliation of the changes in the investments owned, measured at fair value using unobservable inputs, Level 3:

For the year ended March 31,		2025		2024
Thousands of dollars				
Level 3, opening balance	\$	155,308	\$	173,539
Sales		(45,791)		(18,797)
Unrealized change in market value		514		566
Level 3, closing balance	\$	110,031	\$	155,308

Note 11 – Investment performance

The investment manager makes the day-to-day decisions of whether to buy or sell specific investments in order to achieve the long-term investment performance objectives set by the Board. It is these long-term investment performance objectives that are used to assess the performance of the investment manager.

The Board reviews the investment performance of the Fund in terms of the performance of the benchmark portfolio over rolling 4 fiscal periods.

For the year ended March 31,	2025	2024
	Return (%)	
Plan's actual rate of return	6.7	2.3
Benchmark rate of return	7.6	2.1

For the year ended March 31,	2025	2024
	Rolling four-year average annual return (%)	
Plan's actual rate of return	2.3	4.0
Benchmark rate of return	2.4	4.0

Note 12 – Related party transactions

All Government of Saskatchewan agencies such as ministries, corporations, boards and commissions are related since all are controlled by the Government.

For the year ended March 31,		2025		2024
Thousands of dollars				
Plan administration expenses	\$	299	\$	296
Other administration expenses		9		9
Total	\$	308	\$	305

**SCHEDULE OF ACCUMULATED NET ASSETS AVAILABLE FOR BENEFITS
FOR THE PERIOD FROM MAY 1, 1928 TO MARCH 31, 2025**

Thousands of dollars

CUMULATIVE INCREASE IN ASSETS

Investment income net of administration expenses	\$	1,396,960
Cumulative increase in fair value of investments		841,913
Contributions		
Employers'		367,763
Employees' - Active	389	
- Retired, deferred	109,698	
- Resigned	16,253	
- Transferred	649	126,989
Early and enhanced retirement adjustments		19,450
Employer withdrawal		(34,200)
Employees' interest on back contributions		729
		2,719,604

CUMULATIVE DECREASE IN ASSETS

Payments to superannuates and beneficiaries	1,836,573	
Refund of employees' contributions	13,043	
Interest on refunded employees' contributions	6,084	
Transfer of contributions	7,623	
Transfer of interest on contributions	7,281	
Supplementary retirement payments		
to employees not eligible for pension	93	
Death benefit (matching amount)	36	
Interest on employee's savings plan	17	1,870,750

NET ASSETS AVAILABLE FOR BENEFITS

AT MARKET VALUE - MARCH 31, 2025	\$	848,854
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