SaskTel

Saskatchewan Telecommunications Pension Plan

94th Annual Report and Financial Statements

For the Year Ended March 31, 2022

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

Peter Hoffmann, **Chairperson**
Jamie Patterson, **Member**
Andrew Malinowski, **Member**
Scott Smith, **Member**
Brian Renas, **Member**

To: All Contributors/Pensioners in the SaskTel Pension Plan

I am pleased to submit herewith the annual report of the Saskatchewan Telecommunications Pension Plan (Plan) for the year ended March 31, 2022 including the audited financial statements.

The overall rate of return for the Plan was 1.4% in 2021/22 (14.1% in 2020/21). Total annual benefits paid to Plan members during the year were $63.4 million and the expense ratio for the Plan was 33 basis points or .33%. Over the past four years, the Plan has achieved a real return of 2.2%.

Market developments over the past year enabled the Board to significantly alter the Plan's asset mix, increasing the liability matching component of the portfolio and decreasing the allocation to equities including a complete exit of emerging market securities. In combination, the Board believes these changes have reduced the investment risk of the portfolio substantially.

The Board continued its work on strengthening its governance practices by completing Privacy and Code of Conduct policies, both of which are available in the Governance Manual on the Plan's website, as well as finalizing a first ever administration agreement with SaskTel for the provision of administration services to the Plan. We believe we are in alignment with the Canadian Association of Pension Supervisory Authorities (CAPSA) Guideline No. 4 (December 2016).

If you have any questions or concerns, regarding the financial statements or any other matter, please do not hesitate to call Michelle Maystrowich at (306) 501-7777 or David Holzapfel at (306) 777-4777.

Sincerely,
Peter Hoffmann, Chair
SaskTel Pension Board

June 23, 2022

Plan Membership

PLAN MEMBERS AS AT MARCH 31, 2022

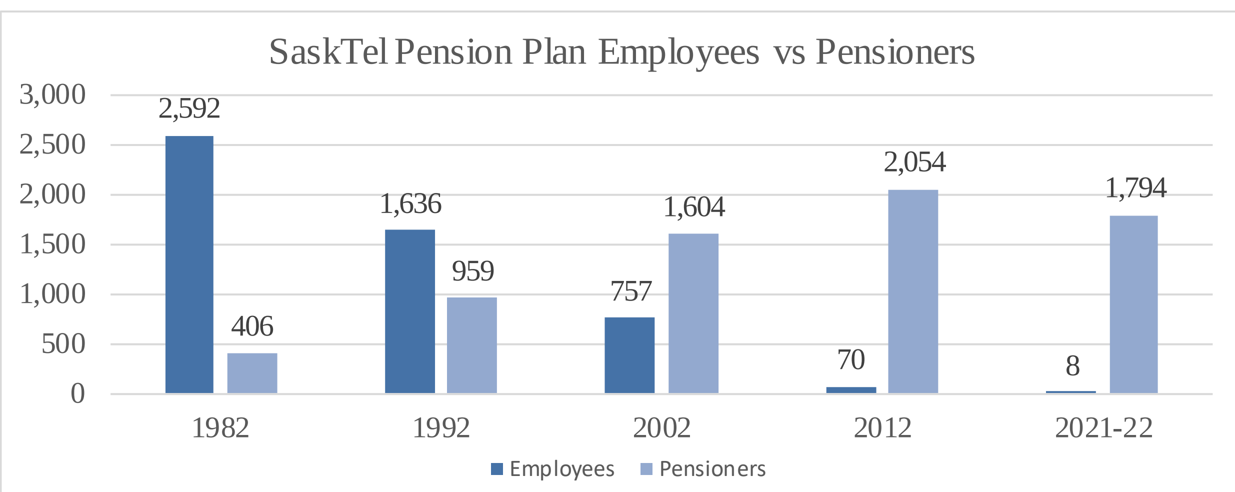
Employee Members	8
Retired Members	1,794
Total Members	1,802

PRESENT RETIREES AT THE END OF THE 94th FISCAL PERIOD

		Average Age	as at Mar. 31, 2022	as at Mar. 31, 2021
Retirees 65 & Over	Males	74.9	891	862
	Females	75.9	427	404
Retirees Under 65	Males	64.2	72	138
	Females	64.0	62	95
Dependants	Spouses	80.1	328	318
	Children	-	-	-
Split Pensions	Males	-	-	-
	Females	69.8	14	15
		75.7	1,794	1,832

NUMBER OF EMPLOYEES UNDER THE PROVISIONS OF THE SASKATCHEWAN TELECOMMUNICATIONS PENSION PLAN AT MARCH 31, 2022

	Male	Female	Total
SaskTel	3	5	8



Significant Events 2021/22

GOVERNANCE

Governance activities completed by the Board during 2021/22 included:

- Reviewed and updated governance manual
- Reviewed strategic planning and risk objectives
- Approved statement of investment policies and goals
- Performed a self-assessment of governance structure
- Reviewed legislative compliance
- Reviewed asset mix
- Completed one de-risking step

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.

Name	Board Meeting Per Diem	Retainer Fees	Meeting Expenses	Education Expenses	Total
Peter Hoffmann, Chair	$ 2,400	$ 2,500	$ 255	$ -	$ 5,155
Andy Malinowski	1,760	1,875	322	213	4,170
Brian Renas	1,760	1,875	10	-	3,645
Scott Smith [1]	-	-	-	-	-
Jamie Patterson [1]	-	-	-	-	-
Total	**$ 5,920**	**$ 6,250**	**$ 587**	**$ 213**	**$ 12,970**

[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, 2020 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, 2020 valuation to determine the actuarial value of pension obligations. The actuarial assumptions used for the December 31, 2017 valuation are shown for comparison purposes:

Significant Assumption	Valuation as at Mar. 31, 2020	Valuation as at Mar. 31, 2017
Gross Rate of Return on Assets	5.35%	5.35%
Provision for Future Expenses	0.35%	0.35%
Discount Rate for Liabilities	5.00%	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 (2017 valuation used the CPM-B).

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	2022 Extrapolation	2021 Extrapolation	2020 Valuation	2017 Valuation
Assets	$ 981,039	$ 1,030,851	$ 964,300	$ 1,030,246
Liabilities	(869,554)	(850,268)	(842,687)	(899,991)
Provision for adverse deviation	(104,346)	(102,032)	(101,122)	(107,999)
Total liabilities	(973,900)	(952,300)	(943,809)	(1,007,990)
Surplus	$ 7,138 [1]	$ 78,551 [1]	$ 20,491 [1]	$ 22,256 [2]
Valuation ratio	100.7%	108.2%	102.2%	102.2%

[1] Based on funding valuation at March 31, 2020.
[2] Based on funding valuation at December 31, 2017.

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

Thousands of dollars	2022 Extrapolation	2021 Extrapolation	2020 Valuation	2017 Valuation
Assets	$ 980,289	$ 1,030,101	$ 963,550	$ 1,029,746
Liabilities	(952,200)	(1,058,000)	(1,130,923)	(1,187,980)
Surplus (Deficit)	$ 28,089 [1]	$ (27,899) [1]	$ (167,373) [1]	$ (158,234)
Valuation ratio	102.9%	97.4%	85.2%	86.7%

[1] Based on funding valuation at March 31, 2020.
[2] Based on funding valuation at December 31, 2017.

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 2021/22.

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. The policy also provides the investment managers with a written statement of specific quality, quantity and rate of return standards. The Board has adopted a dynamic investing approach which strives to ensure the assets of the Plan evolve to match the liabilities of the Plan. The basic approach chosen is to gradually convert equity investments to fixed income instruments as the Plan's solvency position improves.

Plan assets (Fund) should be prudently managed to assist in avoiding actuarial deficits and excessive volatility in annual rates of return. An assessment of the risk tolerance of the Plan considers the cash demands and the closed nature of the Plan, along with the financial position. The Plan maturity is above average in that retired lives dominate the membership, and liquidity needs are increasing. The need for continued growth is also a consideration given the indexing provision for retirees. Based on these factors, the Fund can assume a modest level of investment risk, defined as the volatility of returns in any year, to achieve the income and growth objectives. This assessment implies a long-term asset mix strategy that has a significant position in fixed income as well as equity exposure for diversification and growth.

RISK PHILOSOPHY

While prudent management seeks to avoid excessive volatility, it is recognized that a low risk investment policy is likely to earn a low rate of return. The effect may be that the Plan's liabilities grow faster than the assets. Therefore, in order to achieve the long-term investment goals, the Fund must invest in assets that have uncertain returns, such as Canadian equities, foreign equities and non-government bonds. However, the Board attempts to reduce the overall level of risk by diversifying the asset classes and further diversifying within each individual asset class.

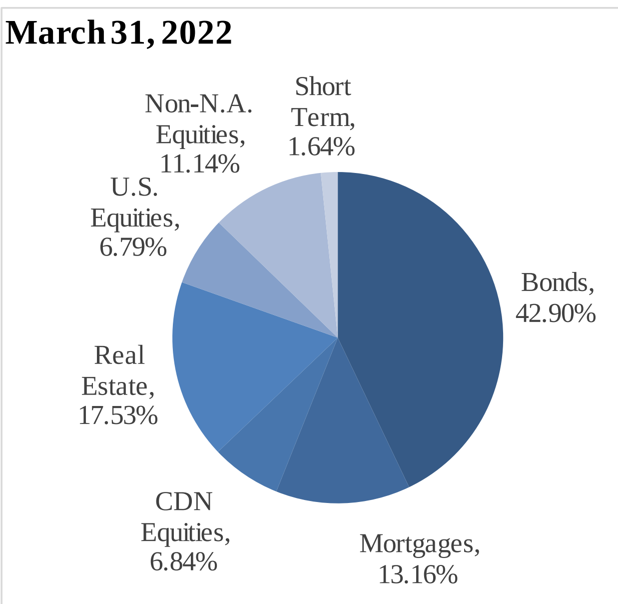
RISK MANAGEMENT

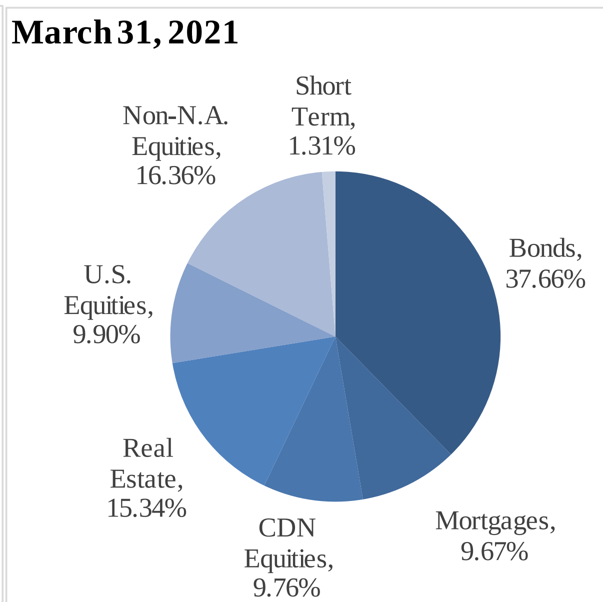
The Board is responsible for identifying business risks that could adversely affect the operation of the Plan and the provision of the benefits promised by the Plan. Through the annual strategic planning and risk assessment process, the Board reviews risk management strategies and ensures the appropriate 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:

Asset Class	Range	Target	Actual
Equities	17 – 33%	25%	24.77%
Fixed Income (incl. mortgages)	56 – 64%	60%	57.70%
Real Estate	12 – 18%	15%	17.53%





Investment Performance

Performance for the Annual Period ended March 31, 2022

Global equity markets were strong for most of 2021; however, the start of 2022 saw a dramatic shift in market tone with several headwinds pushing markets to the negative. These included COVID-19 lock-downs in China, high inflation levels (40-year highs in the US and 31-year highs in Canada), supply-chain disruptions, labour shortages, high energy prices, central bank bond portfolio tapering and interest rate hikes, and the Russian invasion of Ukraine. In Canadian dollar terms, the MSCI All Country World Index (a barometer for global equity markets) returned 6.6% for the year ended March 31, 2022. Over the longer term (4 years), the MSCI All Country World Index returned 10.0%.

The Canadian equity market was among the top performing markets globally over the past year with the S&P/TSX Composite up 20.2%. Performance was positive across most sectors, with Energy and Materials posting the strongest returns as oil and commodity prices rose significantly over the year. The two worst sectors in the year were Health Care and Information Technology. Within the Information Technology sector, Shopify was down 38% after returning a whopping 135% a year ago.

The S&P 500 Index continued to provide strong results, returning 15.6% in U.S. dollar terms over the past year and 14.8% in Canadian dollar terms as the U.S. depreciated slightly in the year. On a style basis, large cap growth stocks continued to outperform their value counterparts and large cap positions outperformed small cap names.

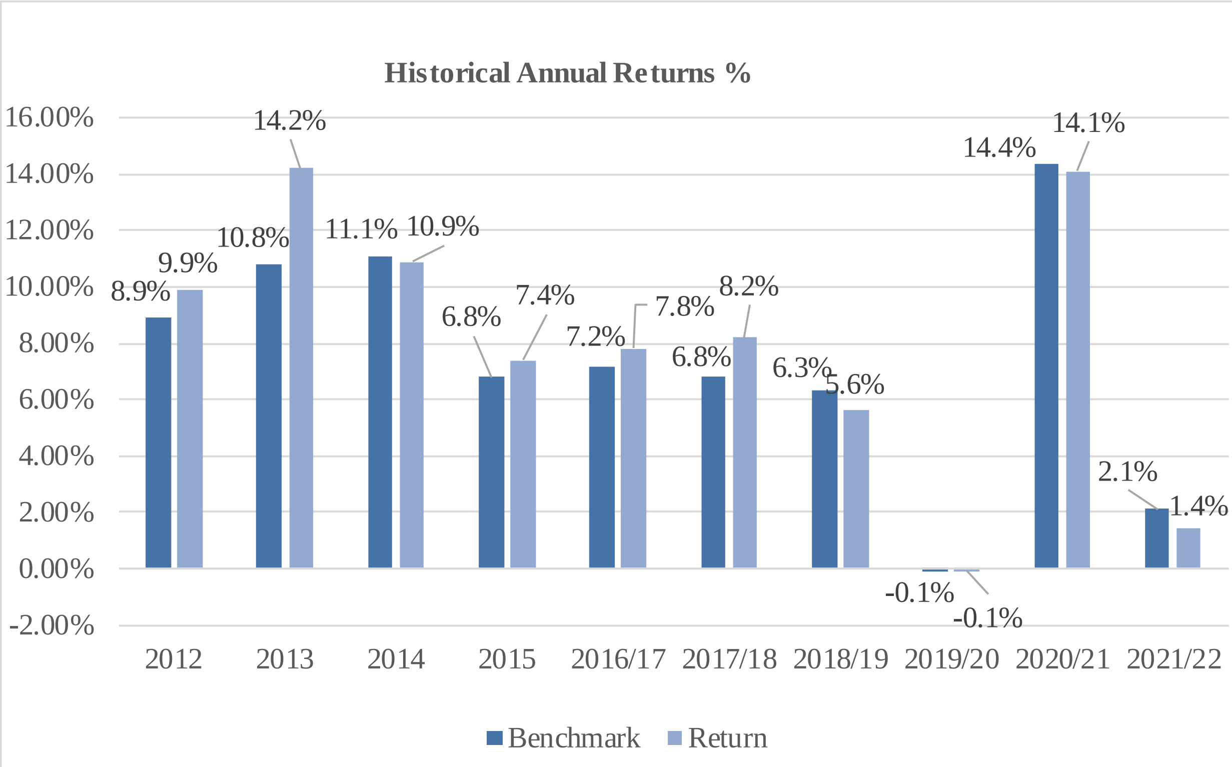
The MSCI EAFE Index, representing non-North American developed equity markets, had a Canadian dollar return of 0.5% over the year ended March 31. Performance was mixed across sectors with Energy, Consumer Staples and Health Care positive, and Communication Services, Consumer Discretionary and Industrials detracting. Emerging Markets were down 11.9% in Canadian dollar terms over the annual period. China, which makes up one-third of the Emerging Market Index, was the weakest country in the Index, down 32.9% in Canadian dollar terms due to increased regulations, concerns with Chinese real estate developers and COVID-19 lockdowns. Emerging markets were further hampered when Russia was deemed uninvestable and the value of Russian securities were written down to nil by the major index providers.

Fixed income returns over the past year were heavily influenced by central banks, most notably in the first quarter of 2022 when the Bank of Canada and the U.S. Federal Reserve began to increase policy interest rates and formally ended quantitative easing. In Canada, the yield curve rose dramatically across all terms, particularly at the front end of the curve. The move to higher yields led to a first quarter 2022 losses of -7.0% for the FTSE Canada Universe Bond Index and -11.7% for the FTSE Canada Long Bond Index. Annual results were slightly less negative with the FTSE Universe Bond Index down 4.5% and the FTSE Canada Long Bond Index down 5.6%. The Plan's bond portfolio is customized to reflect the duration of the liabilities, which are relatively long term in nature, and returned -4.1% over the year.

The Total Fund trailed its benchmark by 0.7% over the year, returning 1.4% vs the 2.1% benchmark return. TDAM Liability Matching bond mandate added value over the past year while Beutel Goodman Canadian equity and TD Greystone Real Estate detracted. The Plan exited the GMO International Equity and Emerging Market Equity mandates in late March 2022 with the proceeds invested in the TDAM International Equity Index strategy. Longer-term performance has been positive with a real return of 2.2% over four years and 5.6% over ten years, well above the 2.9% real return objective over ten years. Performance relative to benchmark was mixed; over four years the Total Fund trailed by 0.6% (5.1% vs 5.7% benchmark); however, over ten years outperformed by 0.2% (7.6% vs 7.4%).

Return on Investments (%)

	2021/22	2020/21
Annual return	**1.4**	14.1
Annual benchmark	**2.1**	14.4
Four year annualized return	**5.1**	6.8
Four year benchmark	**5.7**	6.9

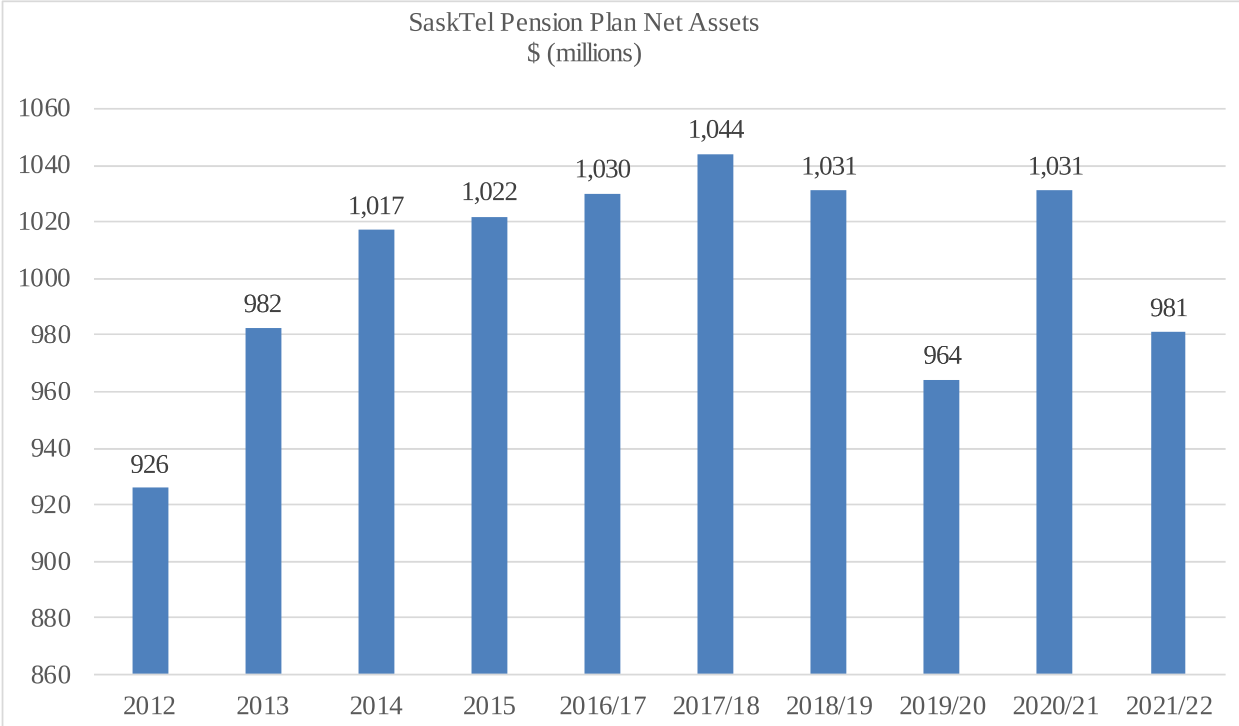


Financial Highlights

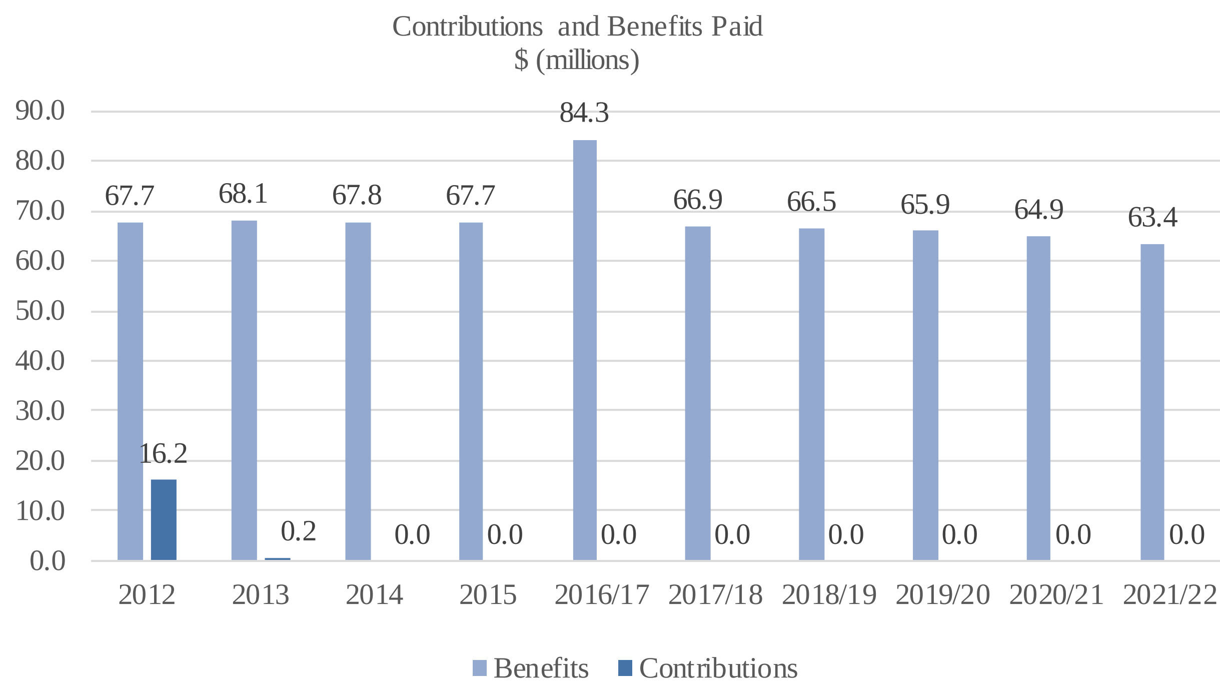
Net assets available for benefits decreased by 4.84% from $1,030.9 million in 2020/21 to $981.0 million in 2021/22.

Net Assets Available for Benefits

Thousands of dollars	**2021/22**	2020/21
Net assets available for benefits, opening balance	**$ 1,030,851**	$ 964,300
Plus: Investment income	**29,348**	44,085
Less: Benefits	**63,366**	64,925
Expenses	**3,272**	3,386
Unrealized gains (losses)	**(12,522)**	90,777
Net assets available for benefits, closing balance	**$ 981,039**	$ 1,030,851



Benefits paid from the Plan decreased from $64.9 million in 2020/21 to $63.4 million in 2021/22 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 managers managed the investing and disposing of plan assets. **TD Asset Management (TDAM)** has specialty bond, real estate, short term, U.S. equities index, and international equities index mandates. **Beutel Goodman & Company Ltd.** has a specialty Canadian equity 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, 2022, 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)

David Holzapfel
Pension Plan Manager

June 23, 2022

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, 2020. The Board retained Aon to prepare an extrapolation of the Plan's liabilities from March 31, 2020 to March 31, 2022. This extrapolation was used to prepare the actuarial information for inclusion in the Annual Report for the year ended March 31, 2022.

The extrapolation for the Plan's liabilities to March 31, 2022 was based on:

- An actuarial valuation (based on membership data provided by the Board) as at March 31, 2020;
- 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.

David R. Larsen
Fellow, Canadian Institute of Actuaries
Fellow, Society of Actuaries

April 22, 2022

AUDITOR'S REPORT

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

INDEPENDENT AUDITORS' 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, 2022
- 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, 2022, 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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

Other Information

Management is responsible for the other information. Other information comprises the 94th 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.

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.

KPMG

We obtained the information, other than the financial statements and the auditors' report thereon, included in the 94th Annual Report document as at the date of this auditors' 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 auditors' 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.

KPMG

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Regina, Canada
June 23, 2022

STATEMENT OF FINANCIAL POSITION

As at March 31,			**2022**		2021
Thousands of dollars	Note				
Assets					
Cash		**$**	**1,763**	$	1,665
Accounts receivable			**6**		5
Prepaid expenses			**4**		-
Accrued investment income			**134**		261
Investments under a securities lending program	5		**10,682**		26,025
Investments	5		**969,864**		1,004,208
			982,453		1,032,164
Liabilities					
Accounts payable			**1,414**		1,313
Net assets available for benefits			**981,039**		1,030,851
Pension obligations	9		**883,696**		992,773
Surplus		**$**	**97,343**	$	38,078

See accompanying notes to the financial statements

Approved by the Pension Board

Peter Hoffmann – Chairperson

Scott Smith – Member

Jamie Patterson – Member

Brian Renas – Member

Andrew Malinowski – Member

June 23, 2022

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended March 31,			**2022**		2021
Thousands of dollars	Note				
Net assets available for benefits, opening balance		**$**	**1,030,851**	$	964,300
Increase in assets					
Investment income	6		**29,348**		44,085
Unrealized increase in fair value of investments			**-**		90,777
Total increase in assets			**29,348**		134,862
Decrease in assets					
Benefits paid	7		**63,366**		64,925
Administration expenses	8		**3,272**		3,386
Unrealized decrease in fair value of investments			**12,522**		-
Total decrease in assets			**79,160**		68,311
Net (decrease) increase in assets			**(49,812)**		66,551
Net assets available for benefits, closing balance		**$**	**981,039**	$	1,030,851

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN PENSION OBLIGATIONS

For the year ended March 31, Thousands of dollars	Note		**2022**		2021
Pension obligations, opening balance		**$**	**992,773**	$	941,045
Increase in pension obligations					
Interest on pension obligations			**29,795**		33,617
Impact of changes in assumptions	9		**-**		69,372
Experience losses	9		**-**		13,664
			29,795		116,653
Decrease in pension obligations					
Benefits paid	7		**63,366**		64,925
Impact of changes in assumptions	9		**75,506**		-
			138,872		64,925
Pension obligations, closing balance		**$**	**883,696**	$	992,773

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, 2020.

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, 2022 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 International Financial Reporting Standards (IFRS).

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 equity investments is determined based on quoted market values, based on the latest bid prices. The fair value of pooled equity funds is based on the quoted market values of the underlying investments, based on the latest bid prices. 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.

Investments under securities lending program

Securities lending transactions are entered into on a collateralized basis. The securities lent are not derecognized on the statement of financial position given that the risks and rewards of ownership are not transferred from the Plan to the counterparties in the course of such transactions. The securities are reported separately on the statement of financial position on the basis that the counterparties may resell or re-pledge the securities during the time that the securities are in their possession. Securities received from counterparties as collateral are not recorded on the statement of financial position given that the risks and rewards of ownership are not transferred from the counterparties to the Plan, in the course of such transactions.

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.

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 Canadian equities (including rights, warrants, installment receipts and capital shares), U.S. and international equities, 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.

The SaskTel Pension Board employs a pension risk management strategy – Dynamic Investing, which addresses continued capital market volatility and the overall demographic trends for the Plan. The dynamic investing approach strives to ensure the assets of the Plan evolve to match the liabilities of the Plan.

Note 5 – Investments

The Fund has the following investments

As at March 31, Thousands of dollars		**2022**		2021
Investments				
Short term investments	**$**	**16,041**	$	2,743
Pooled real estate fund		**171,931**		158,030
Canadian equities		**51,093**		77,636
Canadian pooled equity fund		**5,268**		7,634
US pooled equity fund		**66,625**		101,949
Non-North American pooled equity funds		**109,243**		168,552
Pooled bond funds		**420,616**		388,083
Pooled mortgage fund		**129,047**		99,581
		969,864		1,004,208
Investments under securities lending program				
Short term investments		**-**		10,726
Canadian equities		**10,682**		15,299
		10,682		26,025
Total investments	**$**	**980,546**	$	1,030,233

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.

Equities

Individual holdings are limited, by Fund policy, to a maximum of 10% of the market value of each investment manager's portfolio. At March 31, 2022, 7.55% (March 31, 2021 – 9.05%) was the largest individual holding. Individual holdings are restricted, by Fund policy, to a maximum of 10% of the common stock in any corporation. At March 31, 2022, 0.80% (March 31, 2021 – 0.77%) was the largest individual holding.

Note 5 – Investments, continued

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, 2022, 4.88% (March 31, 2021 – 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 part of the Dynamic Investing Policy.

As at March 31,	**2022**			2021		
Fund	**Amount ($000)**	**Yield (%)**	**Duration (years)**	Amount ($000)	Yield (%)	Duration (years)
TD Greystone three year target duration fund	**$ 45,227**	**2.8**	**3.0**	$ 42,356	1.0	3.0
TD Greystone eight year target duration fund	**115,574**	**3.4**	**8.0**	102,601	2.2	8.0
TD Greystone fifteen year target duration fund	**157,075**	**3.6**	**15.0**	138,154	2.9	15.0
TD Greystone twenty plus year target duration fund	**102,740**	**3.3**	**25.0**	104,972	2.9	25.0
	$420,616			$388,083		

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, Thousands of dollars		**2022**		2021
Short term investments	**$**	**56**	$	57
Canadian equities		**2,217**		3,287
Canadian pooled equity fund		**1,207**		184
US pooled equity fund		**970**		1,807
Non-North American pooled equity funds		**6,574**		6,470
Pooled bond funds		**13,337**		26,988
Pooled mortgage fund		**4,987**		5,292
	$	**29,348**	$	44,085

Note 7 – Benefits paid

For the year ended March 31, Thousands of dollars		**2022**		2021
Retirement benefits	**$**	**55,783**	$	57,645
Death benefits		**7,583**		7,280
	$	**63,366**	$	64,925

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, Thousands of dollars		**2022**		2021
Investment management expenses				
Investment management	**$**	**2,697**	$	2,675
Investment consultant		**114**		149
Custodian		**57**		60
Brokerage commissions		**24**		45
		2,892		2,929
Non-investment management expenses				
Plan administration		**299**		296
Governance consultant		**28**		45
Audit		**26**		25
Board		**13**		16
Other		**9**		10
Actuary		**5**		65
		380		457
Total administration expenses	**$**	**3,272**	$	3,386

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, 2020 and extrapolated to March 31, 2022 by Aon, a firm of consulting actuaries. The next valuation is scheduled to be completed March 31, 2023.

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.

Experience Loss and Impact of Assumption Changes Detail

For the year ended March 31, Thousands of dollars	**2022**	2021
*Experience loss	**$ -**	$ (13,664)
Gain (loss) due to impact of assumption changes	**75,506**	(69,372)
	$ 75,506	$ (83,036)

* 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, **Significant Assumption**	**2022**	2021
Discount Rate	**3.90%**	3.10%
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:

Long-Term Assumptions

	Discount Rate		Inflation		Future Indexing	
	4.90%	2.90%	3.25%	1.25%	2.0%	0.6%
(Thousands of dollars) Increase (decrease) in liability	$ (81,195)	$ 96,072	$ (42,981)	$ (10,671)	$ 38,423	$ (95,086)

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. For the previous period 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 B.

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, equities, pooled equity 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, foreign exchange risk and equity price 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, foreign exchange rates and equity prices. 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 $64.7 million representing 11.4% of the carrying value of $565.7 million.

Foreign exchange risk

The Plan is subject to changes in the U.S./Canadian dollar exchange rate for U.S. denominated investments. Also, the Plan is exposed to Europe, Australasia and Far East (EAFE) currencies through its investment in the pooled equity funds. Exposure to both U.S. equities and non-North American equities is limited to a maximum 24.5% total of the market value of the total investment portfolio. At March 31, 2022 the Plan's exposure to U.S. equities was 6.8% (March 31, 2021 – 9.9%) and its exposure to non-North American equities was 11.1% (March 31, 2021 – 16.4%).

At March 31, 2022, a 10% strengthening (weakening) in the Canadian dollar versus U.S. dollar exchange rate would result in approximately a $6.7 million decrease (increase) in the net assets available for benefits. A 10% strengthening (weakening) in the Canadian dollar versus the EAFE currencies would result in approximately a $10.9 million decrease (increase) in the net assets available for benefits.

No more than 15% of the market value of the bond and debentures portfolio is allowed to be invested in bonds of foreign issuers, however no foreign bonds were held in 2022.

Note 10 – Financial instruments, continued

Equity price risk

The Plan is exposed to changes in equity prices in Canadian, U.S. and EAFE markets. Equities comprise 24.8% (March 31, 2021 – 36.0%) of the carrying value of the Plan's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity.

The Plan's equity price risk can be assessed using Value at Risk (VaR), a statistical technique that measures the potential change in an equity asset class. The following calculations are based on returns and volatility over the preceding four fiscal periods, using a 95% confidence level. As such, it is expected that the annual change in the portfolio market value will not be more than the values outlined in the following table 95% of the time (19 times out of 20 years), based on period end market values. Stated differently, there is a 5% statistical probability that the equity portfolio values would change by more than the values noted below.

As at March 31, Thousands of dollars		**2022**		2021
Canadian equities	**$**	**(12,438)**	$	(22,221)
US equities		**(7,256)**		(10,931)
Non-North American equities		**(24,367)**		(29,118)

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, Thousands of dollars		**2022**		2021
Cash	**$**	**1,763**	$	1,665
Accrued investment income		**134**		261
Pooled bond funds		**420,616**		388,083
Pooled mortgage fund		**129,047**		99,581
Short term investments		**16,041**		13,469
	$	**567,601**	$	503,059

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.

Through its custodian, the Plan participates in an investment security lending program. Collateral of at least 105% of market value of the loaned securities is held for the loan - this collateral is marked to market on a daily basis. In addition, the custodian provides indemnification against any potential losses in the securities lending program.

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.

Note 10 – Financial instruments, continued

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,		**2022**				2021		
Thousands of dollars	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Pooled bond funds	**$ -**	**$ 420,616**	**$ -**	**$ 420,616**	$ -	$388,083	$ -	$ 388,083
Canadian equities	**61,775**	**-**	**-**	**61,775**	92,935	-	-	92,935
Canadian pooled equity fund	**5,268**	**-**	**-**	**5,268**	7,634	-	-	7,634
US pooled equity fund	**66,625**	**-**	**-**	**66,625**	101,949	-	-	101,949
Non-North American pooled equity funds	**109,243**	**-**	**-**	**109,243**	168,552	-	-	168,552
Pooled mortgage fund	**-**	**129,047**	**-**	**129,047**	-	99,581	-	99,581
Pooled real estate	**-**	**-**	**171,931**	**171,931**	-	-	158,030	158,030
Short term investments	**-**	**16,041**	**-**	**16,041**	-	13,469	-	13,469
Total	**$242,911**	**$ 565,704**	**$171,931**	**$ 980,546**	$371,070	$501,133	$158,030	$1,030,233

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

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,	**2022**	2021
Thousands of dollars		
Level 3, opening balance	**$ 158,030**	$ 167,381
Sales	**(11,500)**	(7,000)
Unrealized change in market value	**25,401**	(2,351)
Level 3, closing balance	**$ 171,931**	$ 158,030

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,	**2022**	2021
	Return (%)	
Plan's actual rate of return	**1.4**	14.1
Benchmark rate of return	**2.1**	14.4

For the year ended March 31,	**2022**	2021
	Rolling four-year average annual return (%)	
Plan's actual rate of return	**5.1**	6.8
Benchmark rate of return	**5.7**	6.9

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, Thousands of dollars		**2022**		2021
Plan administration expenses	**$**	**299**	$	296
Other administration expenses		**9**		10
Total	**$**	**308**	$	306

SCHEDULE OF ACCUMULATED NET ASSETS AVAILABLE FOR BENEFITS FOR THE PERIOD FROM MAY 1, 1928 TO MARCH 31, 2022

Thousands of dollars			
CUMULATIVE INCREASE IN ASSETS			
Investment income net of administration expenses		$	**1,315,320**
Cumulative increase in fair value of investments			**871,704**
Contributions			
Employers'			**367,763**
Employees' - Active	**612**		
- Retired, deferred	**109,527**		
- Resigned	**16,201**		
- Transferred	**649**		**126,989**
Early and enhanced retirement adjustments			**19,450**
Employer withdrawal			**(34,200)**
Employees' interest on back contributions			**729**
			2,667,755
CUMULATIVE DECREASE IN ASSETS			
Payments to superannuates and beneficiaries	**1,652,833**		
Refund of employees' contributions	**12,991**		
Interest on refunded employees' contributions	**5,842**		
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**		**1,686,716**
NET ASSETS AVAILABLE FOR BENEFITS AT MARKET VALUE - MARCH 31, 2022		$	**981,039**