

SaskTel Pension Plan News



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Message from the Chair

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.

"Since the Plan is closed, the Board is pursuing a strategy of minimizing investment return risks"

Trustees

Chair

Marg Romanow

Unifor

Representatives

Andrew Malinowski

Gregory Young

SaskTel

Representatives

Jamie Patterson

Scott Smith

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,

Marg Romanow
Chair SaskTel Pension Board

Keep your information current

Please notify us immediately of any changes to your mailing address, banking details, marital status, or an appointment of a power of attorney overseeing your affairs.

The Pension Plan continues to use mail as the primary method to communicate with members which makes it vital that we have your current address.

To update your information, please contact us in one of the following ways:

By phone at 306-777-4123

By mail at 2121 Saskatchewan Drive
6th Floor
Regina SK
S4P 3Y2

By email at sasktel.pensionplan@sasktel.com

Note, we may follow-up on email messages by phone to verify the validity of the information received. Please ensure we have your current phone number on file.

Annual Pension Increase

The annual pension increase is 2.00% effective April 1, 2025. This reflects the Plan provisions for indexing which provide a maximum of a 2% increase based on the average consumer price index for Canada from December 2023 to December 2024. The increase was applied starting with your April 2025 payment.

2025/26 Pay Dates

Pension payments are deposited directly to your bank account on the last business day of the month except for December, where it is deposited no later than the 23rd of the month.

2025

August 29 (Fri)
September 29 (Mon)
October 31 (Fri)
November 28 (Fri)
December 23 (Tue)

2026

January 30 (Fri)
February 27 (Fri)
March 31 (Tue)
April 30 (Thu)
May 29 (Fri)
June 30 (Tue)
July 31 (Thu)

Key Figures

Net assets

\$848.9 million

Accounting

- Obligation
\$737.8 million
- Surplus
\$111.0 million
- Status
115.0%

Solvency status

109.0%

Going concern status

110.7%

Total membership

1,662

For a copy of the full annual report, please visit our website www.sasktel.com/pensionplan or contact us to request a copy be sent to you.

Annual Report Highlights

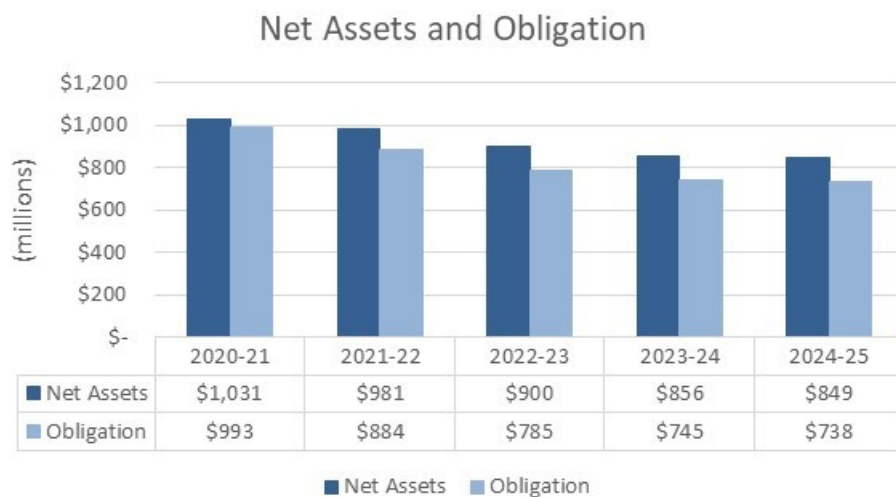
Financial Snapshot as at March 31, 2025

| Thousands | 2024/25 | 2023/24 |
|--|------------------|------------------|
| Net assets available for benefits, opening balance | \$855,764 | \$899,822 |
| Investment income | 30,203 | 30,383 |
| Unrealized gains | 25,384 | 0 |
| Benefits paid | (60,540) | (61,266) |
| Refunds and transfers | 0 | (294) |
| Expenses | (1,957) | (2,049) |
| Unrealized losses | 0 | (10,832) |
| Net assets available for benefits | 848,854 | 855,764 |
| Pension obligation | 737,818 | 744,819 |
| Surplus | \$111,306 | \$110,945 |

Net Assets and Pension Obligation

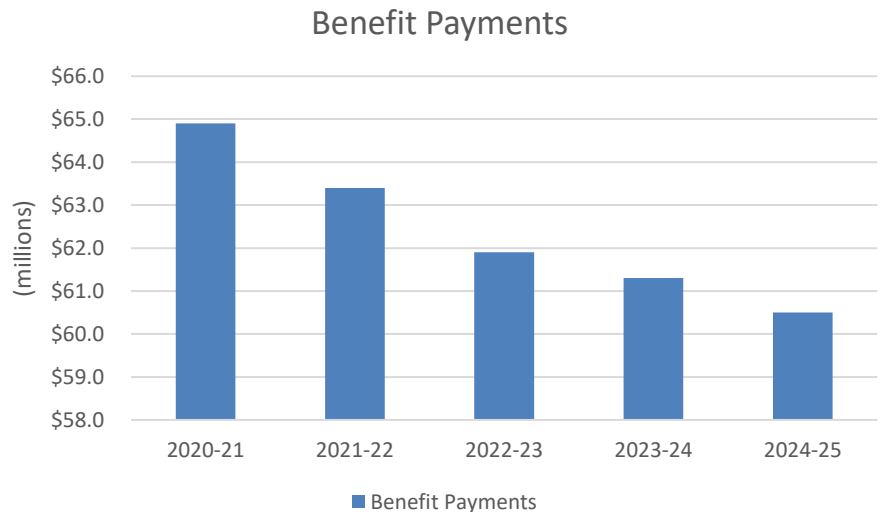
Net assets available for benefits decreased by \$6.9 million, or 0.8%, year over year due to the benefits paid exceeding the investment income provided by the Plan assets. This is a normal occurrence for closed plans with a fully retired membership.

The pension obligation decreased by \$7.0 million, or 0.9%, year over year due to the benefits paid from the offset by the interest on the pension obligation and the effect of an decrease in the discount rate used to value the obligation.



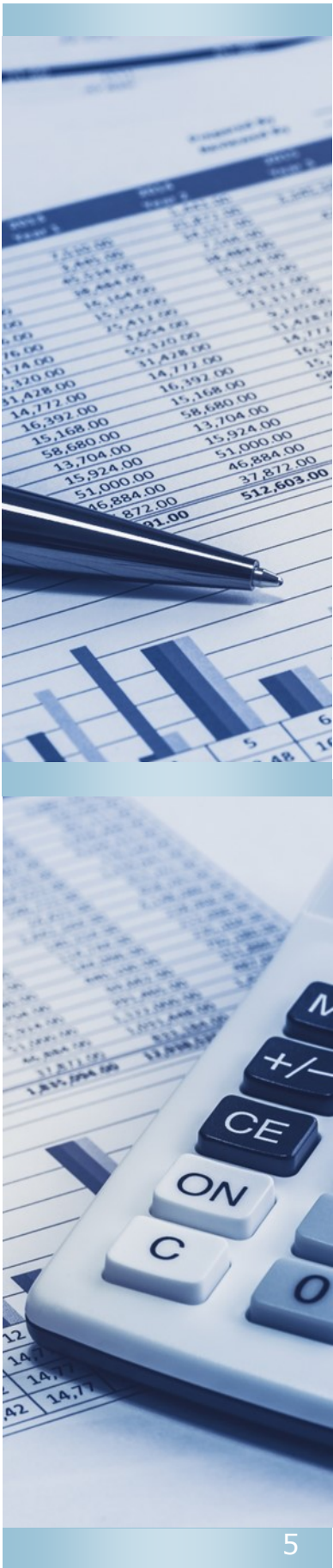
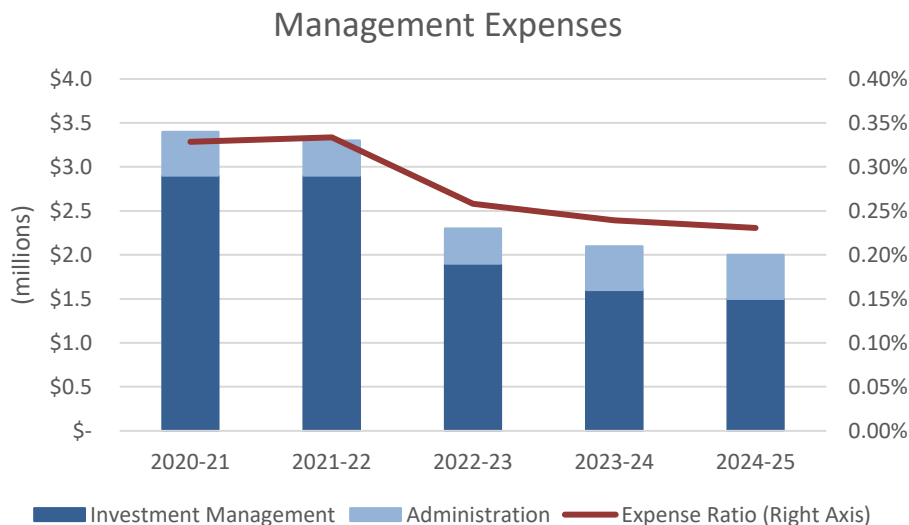
Plan Expenses

Member monthly benefit payments is the primary expense of the Plan with \$60.5 million in pension payments made in 2024/25, a decrease of \$0.8 million from the previous year



Management expenses, comprised of investment management and related fees along with plan administration costs, declined from \$2.1 million in 2023/24 to \$2.0 million in 2024/25. The primary reason is the lower investment management fees incurred due to the shift in the asset mix to fixed income, which incur lower fees than equities and real estate.

The management expense ratio, which is the management expenses expressed as a percentage of the assets of the Plan, declined to 0.23% from 0.24% the year before.





Investment Performance

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.

"The Total Fund returned +6.7%, which was 0.9% below the benchmark over the year. Four-year performance was +2.3% just below the Total Fund benchmark return of +2.4%."



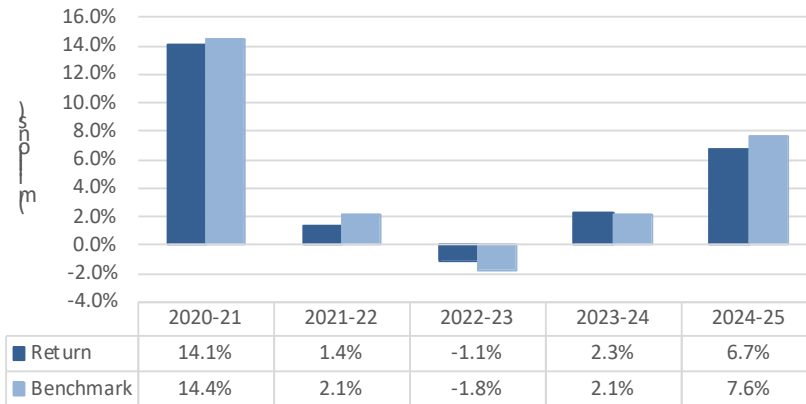
While the developments in the U.S. brought uncertainty and volatility to the bond market, it was not enough to offset the impacts of failing inflation and central bank moves to lower interest rates. The Bank of Canada cut rates seven times in the last twelve months from 5.00% to 2.75%. The impact on 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, holding back the return of long bonds somewhat.

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,

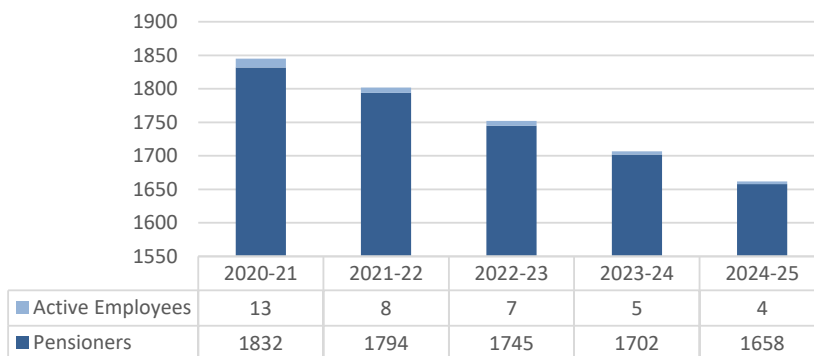
earning 2.3% vs. 2.4%. As the Total Fund de-risks the portfolio, performance will increasingly track the benchmark and the growth in Plan liabilities. This approach is designed to protect the funded status of the Plan and secure member benefits. As of March 31, 2025 the Total Fund held 13.0% in real estate, with the intent to reduce the allocation to 0% over the next two years.

Annual Return, 1 year trailing

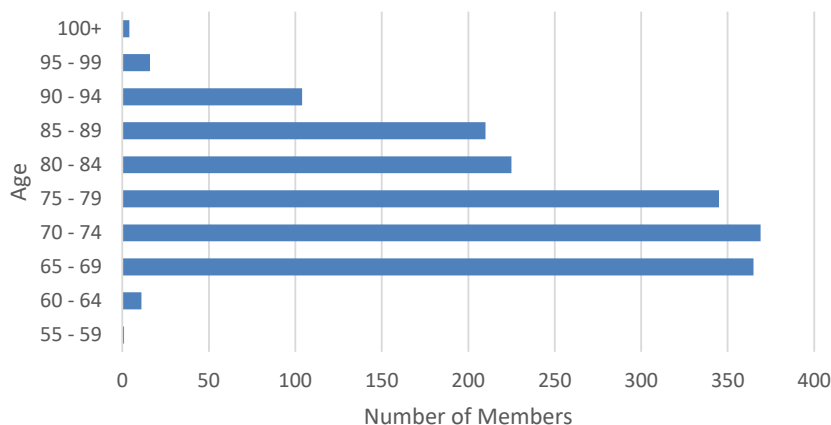


Plan Membership

Plan Membership



Membership Age Profile



Membership Trivia

- The average age of members is 77.3 years.
- Four centenarians are in the ranks!
- The 4 active members have achieved a minimum of 48 years of service at SaskTel.



Investment Policy

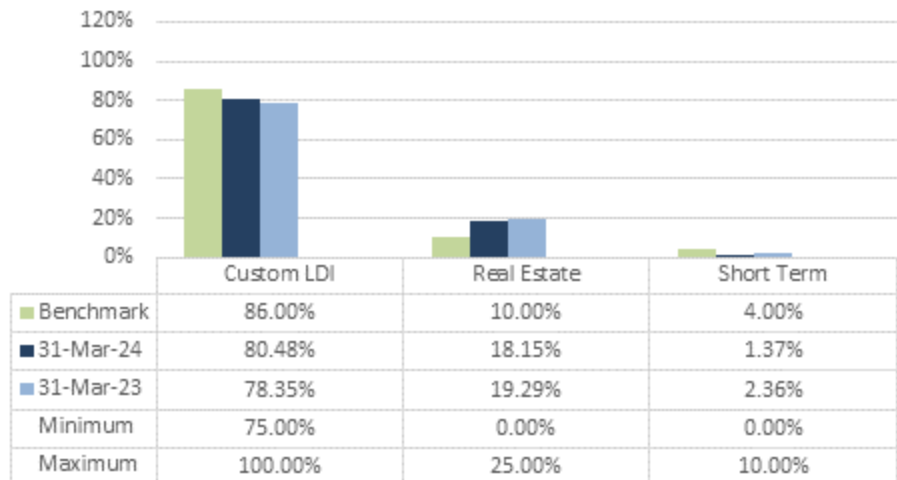
The Board, in cooperation with their advisors, assessed the Plan maturity, funded status, risk preferences and tolerances. The Plan maturity is high, cash demands are high, the Plan is fully funded and there is a low tolerance for risk. Based on these factors, the Fund can assume a low level of investment risk. An investment philosophy focused on earning modest returns within a very low risk portfolio was adopted by the Board. The primary investment objective is to achieve returns in-line with the growth of Plan liabilities.

The Board identified the primary risk as movements in interest rates that unevenly impact assets and liabilities. To address the risk, the Fund is primarily invested in a custom liability matching bond mandate. Direct real estate is the additional asset held in the Fund to achieve growth. The Plan

"The primary investment objective is to achieve returns in-line with the growth of Plan liabilities."



Asset Mix



The Board reduced the real estate target allocation to 10% in 2022/23 and increased the target allocation for liability matched fixed income and short term to a combined 90% of total assets. Progress has been made in reducing the real estate, which is expected to reach the 10% target during the 2025/26 fiscal year.



2025 Actuarial Update

The Board receives interim updates of the going concern and solvency status on a regular basis in order to monitor the health of the Plan.

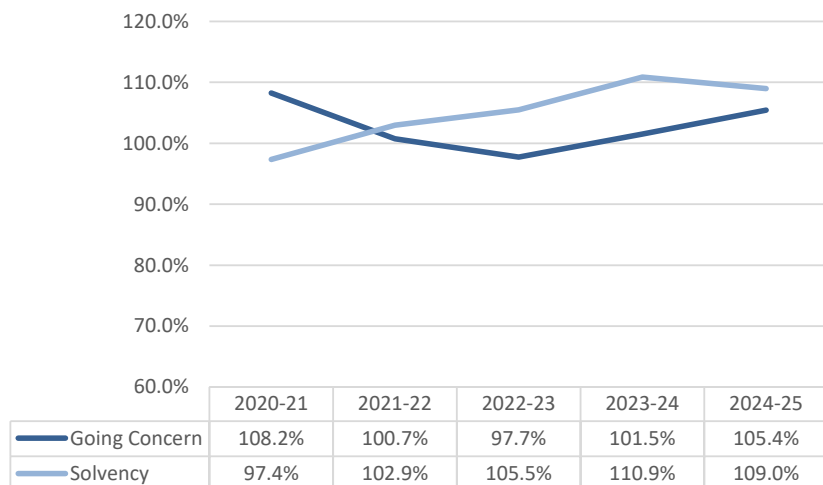
As at March 31, 2025, the going concern estimate showed a surplus of \$44 million. The solvency estimate remained in a surplus position at \$70 million.

| In thousands | March 31, 2025 | |
|-------------------|----------------|---------------|
| | Going Concern | Solvency |
| Assets | \$848,854 | \$848,004 |
| Liabilities | 805,042 | 778,176 |
| Surplus (Deficit) | 43,812 | 69,828 |
| Funded Ratio | 105.4% | 109.0% |

"Since the Plan has a going concern surplus, no special payments are required in respect of the going concern valuation."



Valuation Ratios



The Board

The primary responsibility of the Board, as the Plan Administrator, is to deliver the earned pensions. The Board has a legal responsibility to act in accordance with the Plan documents, the Saskatchewan Pension Benefits Act and Regulations, and the Canada Income Tax Act.

Board meetings continue to be in person to enhance participation and discussion.

Board members continue to attend education sessions to expand their current knowledge and skills and to learn new concepts. A combined 164 hours of development activity was undertaken in 2024/25.

Governance

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 plan beneficiaries.

The Board met eight times during 2024/25 to provide oversight and transact the business of the Plan. Notable activities include:

- Developed a new strategic plan and investment approach
- Reviewed investment performance and the Plan's financial status quarterly.
- Reviewed the Plan's documents for compliance with prevailing legislation.
- Reviewed and updated the Statement of Investment Policies and Goals.
- Reviewed the performance of the service providers.
- Reviewed governance practices as outlined in the Plan's governance manual.

In the coming year, the Board will be overseeing the implementation of its updated strategic plan and investment approach.

Welcome Gregory Young

Gregory Young was appointed to the Pension Board in September 2024.

Gregory retired from SaskTel in 2007 as a trunking and switching tech. After retirement he worked at Bombardier NFTC program doing IT support for 5+ years and then at Mosaic Potash in a part time position for 10 years.

Gregory has previously sat as a board member on the SaskTel Pension Plan in an interim position in 2015/2016.

In Memoriam

We are saddened by the sudden passing of trustee Brian Renas, who served the Pension Board for nearly 20 years across several terms between 1999 and 2024. His dedication and commitment helped ensure the financial security of those relying on the pension plan.

Brian was a trusted and knowledgeable member of the board, always focused on making sound decisions for the long-term benefit of the organization.

We extend our condolences to his family and friends. His contributions will be remembered, and he will be missed.

Letter from Unifor

The SaskTel Defined Benefit Pension Plan is administered by SaskTel. SaskTel manages the day-to-day operation of the pension plan and ensures that the appropriate pensions are paid to the members of the plan in a timely fashion. At March 31, 2025 the pension fund was valued at \$849 million and in the plan year ending March 31, 2025 paid out approximately \$60 million in benefits to the plan members.

There is a pension Board that oversees the pension fund and SaskTel's work. The Board has equal representation from SaskTel management and from Unifor, with two Board members appointed by each. There is an independent chairperson agreed upon by the members of the Board. The purpose of this letter is to canvas the Plan members to ascertain what interest there may be to let your name stand for appointment to the SaskTel Pension Board, the next time a Unifor vacancy arises.

The primary responsibility of the Board as the Plan Administrator, is to deliver the earned pensions. The Board has a legal responsibility to act in accordance with the Plan documents, the Saskatchewan Pension Benefit Act and Regulations and the Canada Income Tax Act. The Board identifies, monitors and manages risks to the Pension Plan. The Board, as Plan Administrator sets the Investment Policy for the Pension Fund and has a legal obligation to invest Plan assets prudently. Board meetings are generally held in person to enhance participation and discussions and it meets a minimum four times per year. Additional meetings may be called as required. Board members (non-SaskTel employees) receive a quarterly retainer of \$468.75 and a fee of \$220 per meeting is paid as well as expenses. Training is also provided.

The SaskTel Pension Board has recently prepared a Board Skills Matrix setting out the desired attributes of Board Members and it is attached to this letter. Please review the skills Matrix and consider whether your background lends itself to letting your name stand at some future date. Ideally the best candidates will have experience working with a Board of Directors, be financially literate and have some understanding of financial markets. Above all, a willingness to understand and learn will be important attributes given that training is provided.

I took forward to hearing from any members in the Plan who are interested in letting their name stand for a future vacancy.

| | |
|---|---|
| Jaime Sorrell | Mike Pilipow |
| Unifor President Local 1-S | Unifor President Local 2-S |
| 3525 Pasqua Street | 101-2225 Hanselman Court |
| Regina SK S4S 7G9 | Saskatoon SK S7L 6A8 |
| Email: president@uniforlocal1s.ca | Email: president@uniforlocal2s.ca |





SaskTel Pension Board Skill Matrix and Characteristics

Skills Inventory

The Pension Board's strives to maintain a balanced set of skills in key areas as a collective group. The Pension Board assesses its skill inventory based on individual self-assessment with the following rating scale:

Skills

Pension/Benefit Education

Board Experience

Risk Management

Governance

Strategic Planning

Finance

| Rating | Description |
|--------|-------------|
|--------|-------------|

| | |
|---|---|
| 1 | No experience/knowledge |
| 2 | Exposure/knowledge, no practical experience |
| 3 | Capable, some experience |
| 4 | Experienced, significant experience |
| 5 | Expert/Professional |

Skill Descriptions

Pension/Benefit Education

Level of education achieved as related to pension plans, such as accreditations from professional associations (for example, the Trust Management series offered by International Foundation of Employee Benefit Plans).

Board Experience

Familiarity and experience operating in an organizational board environment of any type.

Risk Management

Ability to identify, assess, and mitigate risks that could impact the pension plan, making informed decisions based on risk assessments.

Governance

Abilities and competencies in effectively overseeing and guiding the strategic direction, policies, and practices of an organization.

Strategic Planning

Ability to think long term and develop strategies that ensure the sustainability of the pension fund

Finance

Understanding of financial principles and investment strategies, ability to assess financial reports and data

Member Characteristics

Pension Board members and/or prospective members are expected to exhibit the following characteristics:

Interest:

Genuine interest in the operation and governance of a pension plan

Commitment

Dedication to the role and a willingness to invest time and effort in understanding complex issues.

Integrity

Ensuring independence, honesty, transparency, and fairness in all decisions.

Continuous Learning

Commitment to ongoing pension education and personal development.



Actuarial Valuation 101

The Plan works with an independent actuary on an ongoing basis in order to monitor the financial health of the Plan.

Performing a valuation is an exercise in predicting the future - we don't really know what is going to happen, but through the use of advanced computer modeling the actuary is able to take a set of assumptions on future events and produce an estimate of the Plan's status.

The assumptions we make about what lies ahead are based on what we know to be true today and what we have experienced in the past. Some of the larger assumptions we make include:

- Investment returns
- Inflation rates
- Interest rates
- Life expectancy

These assumptions are used to calculate the value of the pension obligations. The actuary compares the assets to the estimated obligation and determines whether the Plan is properly funded.

The Valuation Figures

The actuary prepares two assessments of the Plan's financial well-being:

- Going concern (Funding)
- Solvency

Each of the assessments looks at the Plan in a different way.

Going Concern (Funding)

The main valuation is the Going Concern method, also called the Funding valuation. This views the Plan over a long time horizon. It is the method used by actuaries to measure the ability of the Plan to meet current and future obligations to Plan members. It is also the method used by the provincial regulator to determine whether SaskTel must contribute additional funding to the Plan.

Solvency

The Solvency method views the Plan as if it were to cease operations immediately and pay out lump sum payments to members. This method provides additional insight to the Trustees on the financial health of the Plan.

The Impact of Interest Rates

Interest rates, known as discount rates in actuarial calculations, play a large role in determining the financial status of the Plan. When interest rates increase, the estimated current value of all future liabilities of the Plan decrease, while a decrease in rates results in an increase in the estimated liability.

Role of SaskTel

SaskTel has the ultimate responsibility to ensure that the pension obligations are paid. As the Sponsor of the Plan, SaskTel remains committed to meeting all funding requirements necessary to fulfill pension obligations to Plan members. SaskTel closely monitors the going concern funded position and will fund any shortfalls, should they occur, in accordance with provincial regulations.

SaskTel Pension Plan

The mandate of the Board is to facilitate the prudent administration and investment of the Pension Plan.

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 plan beneficiaries.

Established in 1928, the Plan is a contributory-defined benefit pension plan. It has been closed to new members since 1977.

Effective January 1, 1999, the Plan is governed by the Pension Benefits Act, 1992 (the Act). Prior to January 1, 1999, the Plan was governed by the Saskatchewan Telecommunication Superannuation Act and the Superannuation (Supplementary Provisions) Act. The Plan is registered under The Income Tax Act and The Pensions Benefits Act, 1992. It's administered by a Board appointed by the Corporation and Union consisting of four members plus an independent chair.

Since the Plan's inception it has paid \$1.84 billion in pension benefits to its members, funded by \$127 million in employee contributions and \$334 million in employer contributions, with the difference coming from investment returns.

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