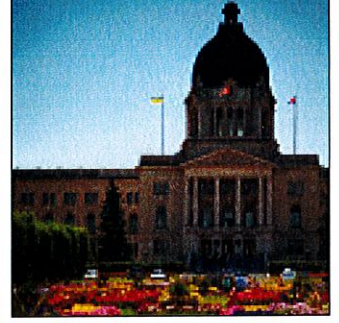
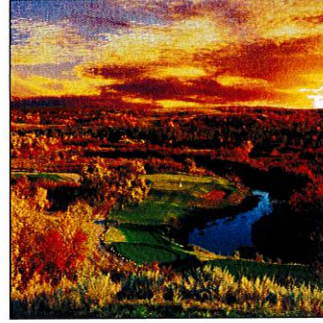


Saskatchewan Teachers' Superannuation Commission



Annual Report Superannuation Plan Dental Plan for 2018-19

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This annual report is available in electronic format at www.stsc.gov.sk.ca.

Letter of Transmittal

The Honourable Gordon Wyant, Q.C.
Minister in Charge
Teachers' Superannuation Commission

Sir:

The Teachers' Superannuation Commission has the honour to submit the Annual Report outlining activities under *The Teachers Superannuation and Disability Benefits Act* for the year ended June 30, 2019 and *The Teachers' Dental Plan Act* for the year ended December 31, 2018.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dr. Derwyn Crozier-Smith". The signature is fluid and cursive, with a large initial "D" and "C".

Dr. Derwyn Crozier-Smith
Chairperson

2018 – 2019 Annual Report

The Saskatchewan Teachers' Superannuation Commission
129 – 3085 Albert Street
Regina, Saskatchewan S4S 0B1

submits the:

Eighty-ninth Annual Report with respect to
*The Teachers Superannuation and Disability
Benefits Act* for the Year Ended June 30, 2019 and

Thirty-fourth Annual Report with respect to
The Teachers' Dental Plan Act
for the Year Ended December 31, 2018

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Message from the Chairperson

On behalf of the Teachers' Superannuation Commission, I am pleased to present the 2018-19 Annual Report of the Saskatchewan Teachers' Superannuation Commission.

The Teachers' Superannuation Fund (TSF) fair market value at June 30, 2019 was \$264.2 million. The total Fund returned 19.6% for 2018-19 versus its benchmark of 3.5%. Over the longer term of four years, the Fund returned 8.8%, surpassing the benchmark of 2.9%. The TSF's performance over the longer term received positive contributions from US equities, bonds and real estate, however the International Private Equity Funds and the sale of the TSF's ownership stake in Greystone are the primary drivers of the outperformance.

In October 2018, the sale of Greystone Capital Management to Toronto-Dominion (TD) Bank received regulatory approval and effective November 1, 2018, the sale of Greystone to the TD Bank was finalized. At the sale's closing, the 153,811 shares held in the TSF represented 9.5449% ownership of Greystone. The proceeds from the sale of the shares were tendered 70% in cash with the remaining 30% in TD Bank shares. The TD Bank shares are restricted from trading for a period of two years after which the Commission can liquidate and exit the investment at its discretion. The result of the sale of Greystone to TD Bank was a \$40.7 million investment gain for the Fund, which greatly influenced the Fund's investment returns for 2018-19.

The Commission continued with its de-risking investment strategy during 2018-19 with the final step of the de-risking glidepath allocated to the Fund effective July 1, 2018. The objective of the de-risking investment strategy implemented in July 2012 was to preserve capital, mitigate fluctuating investment returns caused by market volatility and reduce risk as the TSF winds down to its legislative end date of June 30, 2030. The first re-risking stage of the strategy will begin on July 1, 2019 where the Plan's short-term investment target will decrease to 50% from 65% with offsetting increases to universe bonds (20% to 30%) and real estate (5% to 10%).

The Commission completed an actuarial valuation for the year ending June 30, 2018. The last valuation was conducted three years earlier as at June 30, 2015. This financial snapshot in time assists the Commission in monitoring the pension deficit that exists within the Teachers' Superannuation Plan. The Commission will continue to conduct triennial valuations.

With the intent of following industry best practices, the Commission implemented a policy where it will write Teachers' Superannuation Plan pension recipients every three years with a request to confirm in writing that each recipient is receiving their pension entitlement. The next pension confirmation request will occur in July 2020.

The Commission acknowledges with sincere appreciation, the administrative team whose efforts resulted in another successful year of service to the membership. The Commission also expresses its appreciation to the Saskatchewan Teachers' Federation, the Superannuated Teachers of Saskatchewan, the school divisions and regional colleges and the administrative staff within the Ministry of Education for their respective contributions to the success of the Commission.



Dr. Derwyn Crozier-Smith

Chairperson, Teachers' Superannuation Commission

Profile

The Teachers' Superannuation Commission (TSC, the Commission) is established under *The Teachers Superannuation and Disability Benefits Act*.

The Minister of Finance is the trustee of the Teachers' Superannuation Fund (TSF) while the TSC is charged with administration of *The Teachers Superannuation and Disability Benefits Act*, *The Teachers' Dental Plan Act*, and *The Teachers' Life Insurance (Government Contributory) Act*.

The Province of Saskatchewan sponsors the TSF, with contributions also coming from plan members who are represented by the Saskatchewan Teachers' Federation (STF).

The Teachers Superannuation and Disability Benefits Act is a negotiable matter under *The Education Act, 1995*.

The Teachers' Superannuation Plan was closed in July 1980, and a new plan was created, now known as the Saskatchewan Teachers' Retirement Plan, for which administration has been transferred to the STF.

As at June 30, 2019, the TSF has net assets available for benefits of \$0.295 billion, actuarial pension obligations of \$5.701 billion, and a deficit of \$5.406 billion.

More on-line at www.stsc.gov.sk.ca

Plan Governance at a Glance

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Teachers' Superannuation Commission

Mission

The Commission's mission is to provide pensions and benefits for plan members through prudent stewardship of assets and liabilities and effective plan administration in accordance with current legislation.

Mandate

To attain this outcome, our organizational mandate is to administer the various Acts to ensure the provision of retirement and negotiated benefits to teachers. The various Acts (and regulations thereto) are:

- *The Teachers Superannuation and Disability Benefits Act*
- *The Teachers' Life Insurance (Government Contributory) Act*
- *The Teachers' Dental Plan Act*

The TSC is not subject to the Saskatchewan *Pension Benefits Act, 1992* except in relation to investments.

Objectives

Our specific objectives associated with this organizational mandate are:

- Communicate information and guidance to plan members
- Collect pension contributions from all participating teachers
- Accept additional contributions for the Voluntary Contributions Fund
- Calculate and distribute retirement benefits to teachers, spouses and dependents of deceased teachers
- Assess, review and provide disability benefits to eligible teachers

- Monitor the performance of the pension fund investments
- Negotiate and administer reciprocal transfer agreements with other jurisdictions
- Maintain appropriate financial records of the affairs of the Plans
- Manage accurate and timely dental claims administration in conjunction with the insurance carrier
- Administer the insurance claims associated with death and dismemberment in conjunction with the insurance carrier

Governance

The Commission maintains its governance manual which is posted on its website. This manual is the key document directing the Commission's governance activity during the year. The manual facilitates the planning and tracking of progress in areas such as ongoing board education, strategic planning, board-self assessment, and monitoring of administration operations and management. The manual also addresses various overarching matters such as: conflict of interest, dispute resolution, risk management, investment policy and monitoring, roles and responsibilities, and code of conduct.

Accountability

The TSC issues this annual report including audited financial statements supported by an actuarial opinion.

Commission Members

The TSC is responsible to the Minister in Charge for the administration of *The Teachers Superannuation and Disability Benefits Act*, who at present is also the Minister of Education (the Minister).

The TSC consists of seven members appointed by the Lieutenant Governor in Council:

- Three members are nominated by the STF executive committee
- Three members are nominated by the Minister
- A Chairperson is nominated by the other six members

Appointments are typically for a term of five years and are eligible for reappointment.

Effective March 19, 2019, Doug Schell resigned from the Commission. Mr. Schell was appointed to the Commission effective December 5, 2012.

To fill the vacancy created by Mr. Schell's resignation, Kathy Deck, Director of Financial Analysis and Reporting was nominated by the Ministry of Education to serve on the Commission. The formal appointment of Ms. Deck to the Commission is pending.

The Commission gratefully recognizes the contributions of Mr. Schell.

Commission members as at June 30, 2019 with background credentials are:

Derwyn Crozier-Smith, B.Ed., B. A., M.Ed., Ph.D. Chairperson STF General Secretary (Retired), Former STF Executive Assistant	
Clint Repski, B.Admin, CPA-CA Assistant Deputy Minister Ministry of Education	Murray Wall, B.Ed., B.Sc., M.Ed. Senior Administrative Staff (Retired) Saskatchewan Teachers' Federation
Dustin Antonini, CPA-CGA Director of Public Investments Saskatchewan Healthcare Employees' Pension Plan	Laurel Irving Piot, B.Ed., P.G.D., M.Ed. Senior Administrative Staff (Retired) Saskatchewan Teachers' Federation
	Rob Lehne, B.Ed. Senior Administrative Staff Saskatchewan Teachers' Federation

	Meeting attendance	Expiration of term
Derwyn Crozier-Smith	5 of 5	May 18, 2021
Murray Wall	5 of 5	September 4, 2019
Clint Repski	5 of 5	November 1, 2023
Doug Schell	3 of 4	March 15, 2023
Laurel Irving Piot	5 of 5	April 27, 2022
Dustin Antonini	4 of 5	September 23, 2020
Rob Lehne	4 of 4	March 15, 2023
Kathy Deck*	1 of 1	TBD

*Observer

Commission Member Role and Responsibilities

It is the collective responsibility of the members of the Commission to:

- Fulfill the mission statement
- Administer the Plans in compliance with governing legislation
- Determine any question as to the application of *The Teachers Superannuation and Disability Benefits Act*
- Review all applications for disability benefits
- Establish investment policy and monitor investment performance
- Promote awareness and understanding of the Plans
- Monitor management and administration of the Plans
- Report annually to the Minister responsible for the Commission

Commission Strategic Plan:

Key Functions, Objectives and Actions

To fulfill its statutory obligations and to address challenges and opportunities, the Commission reviewed and revised its Strategic Plan for 2018-19 in September 2018. The Strategic Plan contemplates a number of risks identified in the Risk Assessment and Management Plan.

The Strategic Plan outlines four key functions:

1. Governance
2. Administration
3. Member Services
4. Affiliate Services

Each Key Function involves a number of Strategic Objectives that the Commission and its Executive Director review and revise on an annual basis in accordance with the TSC's governance manual. These Strategic Objectives indicate where the TSC is headed, at least in the foreseeable future.

For each Strategic Objective, the Strategic Plan highlights various Strategic Actions that the Commission will do to carry out the TSC's purpose of providing appropriate pension, long-term disability, dental and group life insurance benefits to relevant Saskatchewan members.

The application of the Strategic Plan is designed to highlight and communicate the nature of the services provided by the TSC and is intended to maintain the focus on activities that best address relevant risks and ensure statutory obligations are being met. The Strategic Plan is structured to be concise, practical, and manageable, relying on reference documents that contain greater detail (i.e., risks, communication, information systems) and facilitates healthy governance in identifying measurable objectives through which measurement against plan and reporting can occur.

Commission Strategic Plan: Key Functions, Objectives and Actions

1. Governance

The Commission’s governance processes:

- Ensure the Commission carries out its purposes as set out in relevant legislation for the: Teachers’ Superannuation Plan, Disability Benefits Plan, Dental Plan, and Group Life Insurance Plan
- Exhibit leadership in fulfillment of fiduciary duty
- Establish TSC policies
- Provide an operational and governance framework; communicate and report on it

Strategic Objective	Strategic Action
<ul style="list-style-type: none"> • Monitor, evaluate and report on the effectiveness of the TSC’s governance structures ensuring compliance with relevant legislation and policies. 	<ul style="list-style-type: none"> • The Commission follows an annual planning calendar that is part of its Strategic Plan. • As part of its annual planning, the Commission reviewed, revised and approved its Strategic Plan for 2018-19 in September 2018. • The Commission reviewed, revised and approved amendments and additions to its Governance Manual at its December 2018 meeting. • Commission members completed self-assessments and submitted signed conflict of interest declarations. • At its October 2018 meeting, the Commission collectively reviewed the results of the <i>Canadian Association of Supervisory Authorities (CAPSA) Governance</i> questionnaire to assist in identifying if any gaps exist in its governance processes. • In June 2019, the Commission reviewed its Investment Policy and Objective Statement (IP&OS) to ensure the clarity of its policies and mirrors industry best practices. The IP&OS was amended effective July 1, 2019 to reflect the next step for the Commission’s investment strategy where return seeking assets are gradually reintroduced to the Fund.

-
- Encourage and foster a shared understanding of the TSC's governance structure and organizational processes within government, teacher membership and associated agencies.
 - The Commission maintains regular communication with the Ministries of Education and Finance with respect to the funding requirements from the General Revenue Fund for the superannuation, disability and benefit plans.
 - The Commission has a *Dispute Resolution Process*, which outlines procedures to follow in the event a dispute with the Commission arises. Members can access this process on the TSC's website.
 - The Commission tables an annual report that outlines its activities and the governance for the Teachers' Superannuation Plan, Teachers' Disability Benefits Plan and Teachers' Dental Plan. The annual report is widely distributed and is accessible on the TSC website for all interested parties.
 - The Commission tables a separate annual report on the activities of the Teachers' Group Life Insurance Plan.
 - The Commission produces two annual newsletters. One newsletter is for active/inactive members while the other is directed at superannuated members and spousal benefit recipients.
-
- Encourage innovation in the identification and analysis of ways to add value and manage risks.
 - At its May 2018 meeting, the Commission reviewed and revised its Risk Assessment and Management Plan for 2018-19 to identify key risks and how to manage those risks.
 - The Commission received an educational session regarding investment strategies and managing the Fixed Income portfolio.
 - The Commission and Management completed Fraud and Error questionnaires and submitted the results to the Provincial Auditor of Saskatchewan for its review.
 - The Commission monitored the TSF investment performance to measure the pace of the decline of the Fund's assets against the objectives of its de-risking investment strategy.

2. Administration

The Teachers' Superannuation Commission's Administration;

- Provides support for the provision of pension allowances, disability, dental and group life insurance benefits to teachers in accordance with legislation
- Maintains and safeguards the TSC's assets directly and indirectly through agents and advisors
- Supports the Commission and government agencies as requested
- Implements Commission policies and directives
- Adds value and manages risks associated with the TSC's business portfolio
- Enriches and develops the TSC's human resources

Strategic Objective	Strategic Action
<ul style="list-style-type: none"> • Ensure effective operation of the TSC's governance structure in accordance with legislation and policies. • Establish and implement effective ways to carry out the TSC's Key Functions and Strategic Objectives. 	<ul style="list-style-type: none"> • At all meetings, the Commission receives an updated plan activity chart that allows the Commission to effectively monitor the ongoing activities of the Commission and TSC Administration to ensure action items are completed. • As part of its annual planning, the Commission refined its Strategic Plan after approving a Risk Assessment and Management Plan at its September 2018 meeting. • In October 2018, the Commission evaluated the performance of its agents and advisors to whom it has delegated certain responsibilities. The Executive Director contacted each agent and advisor and provided a copy of their performance evaluation. • The Commission conducted an actuarial valuation as at June 30, 2018 for the superannuation and disability plans. The superannuation valuation was filed with the Canada Revenue Agency. The valuation also included a financial projection report that estimates the superannuation allowances payable for the next 75 years. • The Commission met with its investment consultant, Aon at its September 2018 and June 2019 meetings to review the performance of the investment returns and investment managers as it compares to established benchmarks within the IP&OS. • The Commission received quarterly investment performance reports from plan fund managers, TD Greystone Asset Management and State Street Global Advisors.

-
- Provide effective oversight of the administrative operations of the TSC.

- Management participated in the Annual Investors Update Conference Call with State Street Global Advisors Private Equity Investment team. Management reports back to the Commission with an update surrounding the investment status, performance and outlook for both international private equity portfolios.
- TSC administrative staff attended various education and professional development sessions during 2018-19.
- All TSC employees have established work plans that are assessed and reviewed annually.
- Along with its information technology service provider, the Commission maintains an information technology plan for disaster recovery that integrates with a business continuity plan for its information systems.
- In October 2018, the Commission reviewed, revised and approved its Communication Plan. The Communication Plan is aligned with the overall Strategic Plan and TSC Governance Manual.
- The Commission maintains and reviews an effective Risk Assessment and Management Plan.

- The Commission receives regular updates on the progress towards fulfilling the recommendations made by the Provincial Auditor of Saskatchewan.
- The Commission annually evaluates the performance of the Executive Director utilizing the management performance tool, *Planning for Success*.
- The Commission receives quarterly financial reports on the financial operations of the TSC as well as all pension and benefit plans under administration.
- The Commission receives an administrative update report from Management on the administrative and financial operations of the TSC at every meeting.

3. Member Services

The TSC acknowledges the importance of service to teachers. For member services, the TSC will:

- Assist/Enable teachers to understand the options available to them respecting their pension, disability benefits, dental and group life insurance coverage
- Support teachers through timely, responsive and appropriate communication
- Render services with personalized care and attention, with integrity, fairness and efficiency

Strategic Objective

- Identify and assess performance measurement against relevant service standards.

Strategic Action

- The TSC Staff provides care and attention to the quality of service provided to teachers for all plans under administration.
- Management regularly reviews its policies and procedures to ensure it is meeting its statutory requirements and obligations under the Provincial Collective Bargaining Agreement for the teacher pension and benefit plans.
- The TSC staff collaborates with the insurance carrier to implement the most efficient processes to administer the benefit plans.
- Administration meets annually with the insurance carrier to review service standards and claim turnaround times.

- Ensure continuity and consistency of service received.

- The TSC has procedures and processes in place for cross-training to maintain high quality service and ensure adequate segregation of duties to mitigate risk to superannuation and benefit plan monies.
- The TSC staff is available to members to provide pension information and options for retirement planning as well as be of assistance to members for questions surrounding the group life insurance and dental plans.
- A toll-free number is provided for teachers and superannuates with access to staff to answer any questions regarding the teacher superannuation and benefit plans.
- The TSC website provides members with pertinent information and forms with respect to the teacher superannuation and benefit plans.

4. Affiliate Services

The TSC interacts with a number of affiliate parties when delivering services to teachers. For affiliate services the TSC will:

- Support teachers through cooperative, progressive relationships with teacher related organizations (i.e. School Divisions, Saskatchewan Association of School Business Officials (SASBO), League of Education Administrators, Directors and Superintendents (LEADS), etc.)
- Work with the Saskatchewan Teachers' Federation (STF) and Superannuated Teachers of Saskatchewan (STS) where possible and invited to do so in support of Saskatchewan teachers

Strategic Objective	Strategic Action
<ul style="list-style-type: none">• Seek collaboration and initiate activities that increase service to membership or add value and minimize risk to teachers or the people of Saskatchewan.	<ul style="list-style-type: none">• When requested by the STF, the TSC Administrative staff attends STF sponsored retirement planning seminars and provides pension projections for seminar participants.• The TSC staff communicates regularly with school divisions to continue the efficiency of remitting teacher contributions for the superannuation and group life insurance plans.• Maintain an open dialogue with the STF and STS to best serve the needs of current and superannuated teachers.• The Commission supports the STS by deducting STS benefit plan premiums from superannuates' pension payments.

Administration

The TSC employs an Executive Director and staff required for administration of the various legislation and commission policies and is independent from management.

The administrative team consisting of 12.0 full time equivalent employees is responsible for all the administrative functions that result in meeting the objectives outlined earlier and includes the strategic and operating unit work plans, financial and business decisions, evaluation of results against these plans, and reporting of activity to Commission members. Refer to the governance manual for further elaboration of management's roles and responsibilities.

The administrative team also highlights certain policy decision items to the Commission members, including relevant recommendations, and responds to requests for information or onward execution as requested by Commission members.

Administration works very closely and cooperatively with the Saskatchewan Teachers' Federation and the Superannuated Teachers of Saskatchewan to ensure seamless delivery of consistent, high-quality services to teachers across the province. This is particularly true in relation to the retirement planning sessions facilitated by the Saskatchewan Teachers' Federation. Collaboration on these retirement oriented activities ensures the teachers of Saskatchewan have the opportunity to be informed through group and one-on-one counseling sessions.

Management formally communicates to Commission members on the operational activities at the regularly scheduled meetings, in addition to ad-hoc communications on various matters. The Commission conducts performance evaluation of management against established objectives.

The \$1.3 million operating budget of the Commission is paid out of monies appropriated by the Legislature.

Consultants

The TSC, as part of fulfilling its fiduciary duty in relation to the assets of the funds and as part of good governance, may acquire specialist competencies. This may include the engagement of technical, professional or other advisor, specialist or consultant services. Given the specialist knowledge required in investment management, defined benefit plan valuations and calculations, and pension administration software, the TSC does engage a number of outside consultants and advisors.

Actuarial consulting firms assist with the development of the investment policy guidelines, propose assumptions and perform the calculations of benefits for marriage breakdown, and actuarial present value for the purpose of reciprocal transfer agreements. Actuarial services are also required in preparing a valuation of the Plan and for cash flow projections. The current actuary for the plan is Aon.

Investment managers provide the necessary expertise in managing the pension assets in compliance with the asset mix guidelines to ensure risk-adjusted returns are maximized and achieve performance at or above the established performance benchmarks. Quarterly performance reports and presentations are provided to Commission members. TD Greystone Asset Management is responsible for managing the assets with the exception of private equity managed by State Street Global Advisors.

State Street Trust Company, the superannuation plan custodian, provides compliance reporting on a quarterly basis and all results are reported to Commission members.

Aon also assists the Commission as an investment advisor by monitoring performance of the investment managers. Reports and presentations are provided to Commission members biannually.

When required, legal consultation is provided by either the Ministry of Justice or private legal counsel. Legal advice provided to the Commission ensures all legal obligations are fulfilled.

Specialized information technology services are purchased to ensure the critical pension administration system, retirement management and payroll systems, disability systems and backbone network systems are securely maintained.

Valuation

The Commission has historically reviewed the valuation assumptions biennially and does so in consultation with the plan actuary. In June 2017, the Commission changed its policy to perform actuarial valuations every three years. The most current actuarial valuation was prepared as at June 30, 2018.

The 2018 valuation discount rate assumption was updated to reflect the Saskatchewan provincial bond yield curve as at June 30, 2018 to match the timing and amount of future expected benefit payments as well as the expected rate of return on assets of 4.00%. This single discount rate for valuation purposes was 3.0% per annum and was determined as a blend between the funded and unfunded portions of the Plan.

The financial statements at June 30, 2019 are based on an extrapolation of the June 30, 2018 valuation results. The total deficit as at June 30, 2019 is \$5.41 billion.

The legal obligation to pay pensions to the teachers of Saskatchewan in accordance with the provisions of *The Teachers Superannuation and Disability Benefits Act* rests with the Government of Saskatchewan.

Investments

The segregated funds of the Teachers' Superannuation Fund assets and all of the Voluntary Contributions Fund (together known as the Teachers' Superannuation Plan or the "Plan") are held in trust by State Street Trust Company, custodian of the investments on behalf of the Plan. Custodial fees of \$34,916 (2018 – \$36,889) and \$8,157 (2018 – \$10,327) for brokerage fees were paid to State Street Trust Company for 2019. TD Greystone Asset Management is responsible for investing the funds. Investment fees paid to TD Greystone Asset Management for 2019 were \$272,892 (2018 – \$379,041). Investment management fees for private equity paid to State Street Global Advisors for 2018 were \$Nil (2018 – \$2,807,882). CIBC Mellon is the custodian for the pooled fund investments on behalf of TD Greystone Asset Management.

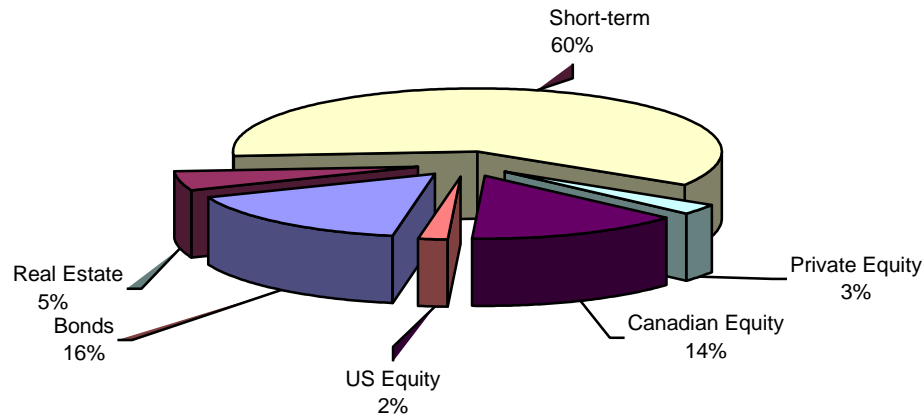
The TSC with the assistance of the investment manager, investment consultant, and actuarial consultant develop investment policies, strategies and objectives for each fund of the Plan. The Investment Policy & Objectives Statement (IP&OS) details the asset mix guidelines, and a benchmark portfolio against which the performance of the investment managers is measured. Individual asset class performance is also measured against their relevant, respective indices. The current IP&OS is posted on the TSC website.

In meeting with its investment consultant, the Commission reviews its IP&OS annually. A key aspect of risk is managed through adequate portfolio diversification. Working in conjunction with the asset manager, investment consultants and actuary, the desired risk-adjusted return is established.

IP&OS asset mix guidelines for the TSF as at June 30, 2019

	Minimum %	Maximum %
Canadian Equities, Large Cap	2.5	7.5
Canadian Equities, Small Cap	0	0
Total Canadian Equities	2.5	7.5
U.S. Equities, Large Cap (Unhedged)	1.0	5.0
International Equities, Public and Private (Unhedged)	0	10.0
Total Foreign Equities	1.0	15.0
Total Equities	3.5	22.5
Nominal Bonds	10.0	40.0
Short Term	40.0	75.0
Total Fixed Income	50.0	90.0
Real Estate	2.5	20.0

TSF portfolio asset mix at June 30, 2019



TSF Rates of Return – Periods to June 30, 2019						
Asset class	1 Year		4 Years		10 Years	
	Return	Bench mark	Return	Bench mark	Return	Bench mark
	%	%	%	%	%	%
Canadian Equity	3.2	3.9	3.8	6.2	7.3	7.8
U.S. Equity	14.0	9.8	15.6	12.9	17.0	16.1
Private Equity	-8.1	0.5	16.4	5.2	15.9	8.2
Bonds	7.4	7.4	3.5	3.3	4.8	4.5
Real Estate	7.1	7.6	8.5	7.3	9.0	8.4
Total Fund	19.6	3.5	8.8	2.9	8.0	5.7

To reflect the declining asset base, the Commission adopted a de-risking investment strategy effective July 1, 2012. The TSF's asset mix experienced a gradual reduction in return seeking, risky assets until June 30, 2018. Effective July 1, 2019, the allocation to return seeking assets will be increased gradually until 2025. The re-risking phase acknowledges the reduced asset base and the lower impact higher risk assets will have on overall TSF market values after 2018. The Commission revisited its investment strategy in 2016-17 by conducting a Glidepath Optimization Review. The results of the review confirmed the asset mix glidepath from the 2012 de-risking study remain efficient for the Fund.

Pension Administration Systems

The pension administration software is crucial for the tracking of service, contributions, refunds,

purchases, crediting of interest to teacher accounts and pension estimates.

During the year, all system software was evaluated to ensure the underlying operating systems are actively supported by the various software providers, and to ensure the information technology (IT) systems remain functional in the current IT environment. Risk related to data and system conversion are appropriately planned and managed to ensure data and system integrity. The Commission maintains a business continuity and disaster recovery plans for its administrative operations and IT systems.

The Commission contracts with two outside information technology providers, ESTI Consulting Services and James Evans Associates (JEA) Limited. These two service providers possess the specific competencies needed to manage the IT risks effectively.

Risk Management

As part of governance processes, the Commission adopted a Risk Assessment and Management Plan whereby key risks are identified, along with identification of how risks will be managed and who is responsible. The outcome of this approach is to provide cost-effective management of risk and to create opportunities to add value. The following are potential risks that could adversely affect the operation of the Plan:

- Risk of loss associated with non-compliance with laws, rules, regulations, prescribed practices or ethical standards within jurisdiction of operation
- Risks arising from inability to implement appropriate business plans, strategies, decision-making, resource allocation and inability to adapt to changes in the business environment
- Risk of direct or indirect loss resulting from the inadequate or failed internal processes, people, system or from external events
- Risk associated with direct or indirect loss resulting from market events and investment related profiles
- Risk of not having adequate procedures and processes in place to continue operations in the event of a disaster or inability to access building

The Commission reviews and updates its Risk Assessment and Management Plan on an annual basis.

Communication

Timely and transparent communications are an essential element of good pension governance. The Commission strives to achieve effective communication with its teacher and superannuated members.

Federal and Provincial legislation in the area of privacy along with the implementation of the Privacy Framework within the Province will not only serve to protect the interests of teachers but mitigate the related risks and concerns. This privacy legislation is impacting communication not only in relation to what type of information is communicated from the pension plan, but also in assessing what the Commission collects directly from members.

In addition to this annual report, newsletters and the annual statements to members, the TSC website and email have become increasingly important as the preferred tools of communication and information exchange. The website provides considerable information:

- Downloadable forms for Dental, Group Life Insurance, Disability, Reciprocal Transfers, and personal information change forms
- Information, including Frequently Asked Questions on Dental, Pension, Disability and Group Life Insurance
- Various legislative Acts and Regulations administered by the Commission
- Policies and responsibilities adhered to by the Commission
- Recent annual reports, superannuate and annual statement newsletters
- Contact information
- Dispute Resolution Process
- Governance Manual
- Communication Plan
- Strategic Plan
- Investment Policy & Objective Statement

More on-line at www.stsc.gov.sk.ca

Teachers' Superannuation Plan

The Teachers' Superannuation Plan was inaugurated on July 1, 1930 and became a closed plan in 1980. The Teachers' Annuity Plan was established for new teachers who had not previously taught in Saskatchewan and certain teachers who chose to transfer from the old formula plan. Through provincial negotiations, the Annuity Plan later became the Saskatchewan Teachers' Retirement Plan (STRP) administered by the Saskatchewan Teachers' Federation.

Highlights

As at June 30	2019	2018
Active Members	108	142
Inactive Members	4,811	4,957
Pensioners/Survivors	10,953	11,091
Disability Recipients	14	19
July 1 Retirements	16	32
Total Members	15,902	16,241

From July 1, 2018 to June 30, 2019 a total of 62 (2018 – 100) new allowances were granted.

On January 1, 2019, a cost of living allowance increase of 1.8% (2018 – 1.2%) was applied to superannuation allowances and disability benefits.

Investment earnings of 13.47% (2018 – 3.56%) were credited to teachers in the Teachers' Superannuation Fund. These earnings include only 25% of the current period change in fair values of investments and 25% of each of the previous 3 years' change in fair values (including both realized and unrealized gains and losses) in accordance with the policy established for administrative purposes by the Commission.

The Teachers' Superannuation Commission administers a Voluntary Contributions Fund, which allows active teachers to make additional tax-deductible contributions that are invested separately from the mandatory superannuation contributions.

Investment earnings of 5.29% were applied to the Voluntary Contributions Fund at June 30, 2019 (2018 – 5.41%). There are 45 members (2018 – 50) with contributions in the Voluntary Contributions Fund.

Teachers' Group Life Insurance Plan

The Teachers' Superannuation Commission administers the Teachers' Group Life Insurance Plan for active and superannuated teachers. An annual report for activities of the group life insurance plan will be tabled under separate cover for 2018-19.

Teachers' Disability Benefits Plan

Disability benefits are available when a teacher is physically or mentally incapacitated and unable to teach. All payments are a charge on and payable from the General Revenue Fund of the Province of Saskatchewan, pursuant to Section 38(2) of *The Teachers Superannuation and Disability Benefits Act*.

Eligibility

Teachers who participate in The Teachers' Superannuation Plan are eligible for benefits from this Plan. The Plan provides benefits based on a formula incorporating years of service and average earnings. To be eligible, a teacher must have 10 years of eligibility service of which three years are in the five years immediately preceding the disability date, be under the age of 65 and the disability continues beyond 60 days. The disability payment commences when the sick leave benefits from a school board cease.

Medical evidence is required from two physicians verifying the disability. Ongoing eligibility for benefits is confirmed by periodic medical reviews.

Teachers who are partially disabled and teaching on a part-time basis are entitled to benefits in proportion to the non-teaching time.

A teacher's disability benefit ceases on the earliest of:

- (a) The commencement of a superannuation allowance;
- (b) The attainment of age 65 by the teacher; and
- (c) The death of the teacher.

At June 30, 2019, 14 teachers (2018 – 19) were in receipt of disability benefits from the Plan. Teachers are also encouraged to apply for disability benefits from the Canada Pension Plan. If benefits are not payable from the Canada Pension Plan, the amount payable by the Teachers' Disability Benefits Plan are increased accordingly.

Highlights

As at June 30	2019	2018
New Applications	3	4
Medical reviews	6	12
Return to teaching	1	0
Commenced Superannuation Allowance	5	20
Deceased	1	0

At its meetings, the Commission receives new disability applications, grants benefits to the teachers who meet the eligibility requirements and sets dates for follow-up medical reviews. Administration reviews subsequent medical reports for teachers already approved for benefits and submits a report to the Commission for approval of continued benefits. During the year, the Plan paid disability benefits of \$0.4 million (2018 – \$0.6 million).

Valuation

The most recent valuation was performed at June 30, 2018 and extrapolated to June 30, 2019. The total Plan deficit as at June 30, 2019 is \$0.6 million.

Teachers' Dental Plan

The Teachers' Dental Plan was implemented effective January 1, 1986 for Saskatchewan teachers and is a collectively bargained benefit. In accordance with *The Teachers' Dental Plan Act*, the Minister of Finance, on behalf of the Government of Saskatchewan, is responsible for all the costs associated with the dental plan. The Teachers' Dental Plan is a benefit provided to all eligible teachers and their families for dental care promoting health and wellness. The intent of the plan is to promote good dental health by reducing costs for preventative, routine and major restorative dental work. Teachers with regular or temporary contracts are eligible for dental coverage as well as their spouse and dependants. Dependents 21 years of age to the age of 26 continue to be eligible for coverage provided they are in full-time attendance at an educational institution. Teachers receiving disability benefits under the STF Income Continuance Plan and/or the Teachers' Disability Benefits Plan are covered under the Plan.

Dental Coverage

The Plan provides Saskatchewan teachers and their dependants with coverage for Preventive, Routine and Major Restorative dental services. It also provides orthodontic services for members and dependent children.

Level I – Preventive Services – 100% of the eligible charge.

Level II – Basic and Routine Services – 85% of the eligible charge.

Level III – Major Restorative Services – 60% of the eligible charge.

Level IV – Orthodontic Services – 50% of the eligible charge to the maximum of \$2,000 per person.

Insurance Carrier

The Government of Saskatchewan and the STF mutually agree upon the insurance carrier to provide administrative services. The dental plan is administered by Sun Life Assurance Company of Canada on an Administrative Services Only (ASO) basis under Group Policy # 25273. Teachers can electronically submit or mail claims directly to Sun Life for processing. Dental forms can be downloaded from the internet on the website www.stsc.gov.sk.ca/forms/. Sun Life can be contacted at their toll free number 1-800-361-6212 or online at www.sunlife.ca.

Highlights

For the year ended December 31, 2018, Sun Life processed 56,257 (2017 – 56,831) dental claims.

For the year ended December 31, 2018, the government paid \$13,020,298 (2017– \$12,336,815) in dental benefits and administrative costs.

Dental claim forms and additional information on the dental plan regarding costs, benefits after termination, pre-treatment estimates, coordination of benefits, maximum reimbursement levels, dependent coverage, how to make a claim, link to enroll on the insurance carrier website, fee changes, etc., are available on-line at www.stsc.gov.sk.ca/dental/.

Teachers' Superannuation Commission Management Report, 2019

The management of the Teachers' Superannuation Commission is responsible for the integrity of the accompanying financial statements and all other information in this Annual Report. In Canada, it is the responsibility of management to prepare financial statements in accordance with Canadian generally accepted accounting principles.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are executed in accordance with proper authorization, transactions are appropriately recorded in order to permit preparation of financial statements and assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal accounting controls based on the premise that the cost of such controls should not exceed the benefits derived there from.

The pension obligations and actuarial value of net assets available for benefit are determined by an actuarial valuation and extrapolation. Actuarial valuation and extrapolation reports require best judgment in order that the financial statements reflect fairly the financial position of the Plan. The actuary's opinion for the Teachers' Superannuation Plan for the June 30, 2018 valuation and the extrapolation of the valuation results to June 30, 2019 appear on page 25.

The financial statements have been audited by the Provincial Auditor of Saskatchewan. The report to the Members of the Legislative Assembly, stating the scope of the examination and opinion on the financial statements, appears on page 26.

The financial statements have been examined and approved by the Commission.



Doug Volk, BA (Econ), PPAC
Executive Director



Sharlene Arklie, FCPA, FCGA
Senior Manager, Financial Operations

Regina, Saskatchewan
October 9, 2019

Actuary's Opinion

Aon was retained by the Saskatchewan Teachers' Superannuation Commission (the "Commission") to perform an actuarial valuation of the assets and liabilities of the Saskatchewan Teachers' Superannuation Plan (the "Plan") as at June 30, 2018. Aon was further retained to prepare an extrapolation of the valuation results to June 30, 2019 for inclusion in the Annual Report with respect to *The Teachers Superannuation and Disability Benefits Act* for the Year Ended June 30, 2019.

The valuation and extrapolation of the Plan's actuarial assets and liabilities were based on:

- Membership data provided by the Commission as at June 30, 2018;
- Financial Statements as at June 30, 2019 provided by the Commission;
- Methods prescribed by the Chartered Professional Accountants of 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 estimate 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.

I have tested the data for reasonableness and consistency with prior valuations and, in my opinion, the data is sufficient and reliable for the purposes of the valuation and the extrapolation. In my opinion, the methods and assumptions used in the valuation and extrapolation are appropriate for the purposes of the valuation and extrapolation. My opinions have been given, and the valuation and extrapolation have been performed, in accordance with accepted actuarial practice in Canada.



Johanan Schmuecker
Fellow, Canadian Institute of Actuaries
Fellow, Society of Actuaries

October 9, 2019



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Teachers' Superannuation Plan, which comprise the statement of financial position as at June 30, 2019, and the statements of changes in net assets available for benefits, and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Teachers' Superannuation Plan as at June 30, 2019, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Teachers' Superannuation 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. The other information comprises the information included in the Teachers' Superannuation Commission *Annual Report for 2018-19*, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or any knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 this 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 these financial statements in accordance with Canadian accounting standards for pension plans for Treasury Board's approval, 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 Teachers' Superannuation 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 Teachers' Superannuation Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Teachers' Superannuation 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Teachers' Superannuation 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 Teachers' Superannuation 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 Teachers' Superannuation 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

Regina, Saskatchewan
October 9, 2019



Judy Ferguson, FCPA, FCA
Provincial Auditor

Teachers' Superannuation Plan Statement of Financial Position

Statement 1

As at June 30

(in thousands of dollars)

	2019			2018		
	Superannuation Fund	Voluntary Contributions Fund	Total	Superannuation Fund	Voluntary Contributions Fund	Total
ASSETS						
Cash	\$ 42	\$ -	\$ 42	\$ 48	\$ -	\$ 48
Due from General Revenue Fund (Note 3)	280	22	302	229	27	256
Accrued investment income	218	-	218	354	-	354
Investments (Note 4):						
Bonds and debentures	42,389	-	42,389	62,526	-	62,526
Pooled Funds	13,572	2,281	15,853	34,692	2,222	36,914
Equities	41,283	-	41,283	12,640	-	12,640
Private equity	8,790	-	8,790	43,607	-	43,607
Short – term	158,158	-	158,158	111,566	-	111,566
	<u>264,192</u>	<u>2,281</u>	<u>266,473</u>	<u>265,031</u>	<u>2,222</u>	<u>267,253</u>
Contributions receivable:						
Teachers	147	-	147	211	-	211
General Revenue Fund	30,737	-	30,737	23,645	-	23,645
	<u>30,884</u>	<u>-</u>	<u>30,884</u>	<u>23,856</u>	<u>-</u>	<u>23,856</u>
Total assets	<u>\$ 295,616</u>	<u>\$ 2,303</u>	<u>\$ 297,919</u>	<u>\$ 289,518</u>	<u>\$ 2,249</u>	<u>\$ 291,767</u>
LIABILITIES						
Accounts payable	\$ 261	\$ -	\$ 261	\$ 239	\$ -	\$ 239
Total liabilities	<u>261</u>	<u>-</u>	<u>261</u>	<u>239</u>	<u>-</u>	<u>239</u>
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	295,355	2,303	297,658	289,279	2,249	291,528
Pension obligation (Statement 3)	<u>5,701,587</u>	<u>2,303</u>	<u>5,703,890</u>	<u>5,705,442</u>	<u>2,249</u>	<u>5,707,691</u>
Deficit	<u>\$ 5,406,232</u>	<u>\$ -</u>	<u>\$ 5,406,232</u>	<u>\$ 5,416,163</u>	<u>\$ -</u>	<u>\$ 5,416,163</u>

(See accompanying notes to the financial statements)

Teachers' Superannuation Plan Statement 2

Statement of Changes in Net Assets Available for Benefits

Year Ended June 30

(in thousands of dollars)

	2019			2018		
	Superannuation Fund	Voluntary Contributions Fund	Total	Superannuation Fund	Voluntary Contributions Fund	Total
INCREASE IN ASSETS:						
Investment income:						
Interest	\$ 1,513	\$ -	\$ 1,513	\$ 2,444	\$ -	\$ 2,444
Dividends	2,879	-	2,879	2,213	-	2,213
Pooled fund distributions	-	5	5	-	3	3
Total investment income	<u>4,392</u>	<u>5</u>	<u>4,397</u>	<u>4,657</u>	<u>3</u>	<u>4,660</u>
Increase in fair value of investments	<u>\$ 48,698</u>	<u>\$ 114</u>	<u>\$ 48,812</u>	<u>\$ 4,896</u>	<u>\$ 117</u>	<u>\$ 5,013</u>
Contributions:						
General Revenue Fund other contributions	289,383	-	289,383	274,467	-	274,467
Teachers	273	-	273	508	1	509
General Revenue Fund matching contributions	273	-	273	508	-	508
Other transfers and contributions	<u>55</u>	<u>-</u>	<u>55</u>	<u>22</u>	<u>-</u>	<u>22</u>
Total contributions	<u>289,984</u>	<u>-</u>	<u>289,984</u>	<u>275,505</u>	<u>1</u>	<u>275,506</u>
Total increase in assets	<u>\$ 343,074</u>	<u>\$ 119</u>	<u>\$ 343,193</u>	<u>\$ 285,058</u>	<u>\$ 121</u>	<u>\$ 285,179</u>
DECREASE IN ASSETS:						
Allowances to superannuates	\$ 330,671	\$ -	\$ 330,671	\$ 332,979	\$ -	\$ 332,979
Refunds and transfers	5,926	62	5,988	5,147	408	5,555
Investment expenses (Note 7)	316	3	319	3,234	4	3,238
Marriage breakdown payments	<u>85</u>	<u>-</u>	<u>85</u>	<u>194</u>	<u>-</u>	<u>194</u>
Total decrease in assets	<u>\$ 336,998</u>	<u>\$ 65</u>	<u>\$ 337,063</u>	<u>\$ 341,554</u>	<u>\$ 412</u>	<u>\$ 341,966</u>
Increase (decrease) in net assets	6,076	54	6,130	(56,496)	(291)	(56,787)
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	<u>289,279</u>	<u>2,249</u>	<u>291,528</u>	<u>345,775</u>	<u>2,540</u>	<u>348,315</u>
NET ASSETS AVAILABLE FOR BENEFITS, end of year	<u>\$ 295,355</u>	<u>\$ 2,303</u>	<u>\$ 297,658</u>	<u>\$ 289,279</u>	<u>\$ 2,249</u>	<u>\$ 291,528</u>

(See accompanying notes to the financial statements)

Teachers' Superannuation Plan Statement of Changes in Pension Obligations

Statement 3

Year Ended June 30

(in thousands of dollars)

	2019			2018		
	Superannuation Fund (Note 8)	Voluntary Contributions Fund	Total	Superannuation Fund (Note 8)	Voluntary Contributions Fund	Total
PENSION OBLIGATIONS, beginning of year	\$ 5,705,442	\$ 2,249	\$ 5,707,691	\$ 5,936,529	\$ 2,540	\$ 5,939,069
INCREASE IN PENSION OBLIGATIONS:						
Interest accrued on obligations	162,047	-	162,047	167,304	-	167,304
Impact of plan assumption changes	305,034	-	305,034	(63,531)	-	(63,531)
Obligations accrued	2,096	54	2,150	3,460	-	3,460
	469,177	54	469,231	107,233	-	107,233
DECREASE IN PENSION OBLIGATIONS:						
Impact of Plan experience	136,350	-	136,350	-	-	-
Obligations paid	336,682	-	336,682	338,320	291	338,611
	473,032	-	473,032	338,320	291	338,611
PENSION OBLIGATIONS, end of year	\$ 5,701,587	\$ 2,303	\$ 5,703,890	\$ 5,705,442	\$ 2,249	\$ 5,707,691

(See accompanying notes to the financial statements)

Teachers' Superannuation Plan

Notes to the Financial Statements

June 30, 2019

1. Status of the Commission

The Saskatchewan Teachers' Superannuation Commission (Commission) administers a pension plan, the Teachers' Superannuation Plan, consisting of the Teachers' Superannuation Fund and the Voluntary Contributions Fund (hereafter collectively referred to as the Plan). The Teachers' Superannuation Fund is used to account for the net assets accumulated for the defined benefit final average pension plan for teachers who commenced service prior to July 1, 1980. The Voluntary Contributions Fund is a money purchase fund, used to account for the net assets accumulated for teachers' voluntary contributions.

Description of the Plan

The Plan is a registered pension plan as defined by the *Income Tax Act (Canada)* and accordingly, is not subject to income taxes. Allowances and refunds are subject to withholding taxes that are remitted to the Canada Revenue Agency. The following description is a summary only. For more complete information, reference should be made to *The Teachers Superannuation and Disability Benefits Act (the Act)*.

Teachers' Superannuation Fund

a) Funding Policy

Members are required to contribute 6.05% of their salary subject to Canada Pension Plan contributions, and 7.85% on the remainder of their salary. The Government's General Revenue Fund (GRF) pays into the Teachers' Superannuation Fund an amount equal to the amount contributed by members. Also, the GRF pays into the Teachers' Superannuation Fund other contributions pursuant to section 9(4) of the Act. Section 9(4) of the Act requires the GRF to pay yearly an amount by which the allowances, transfers and refunds that are paid out in that fiscal year exceed the credited contributions of members with respect to whom an allowance commences or a refund or transfer is made in that fiscal year.

b) Age and Service Allowance

The annual amount of pension is determined as follows:

- 2% of the five highest years salary times years of service (maximum 35 years)
- reduced at age 65 for Canada Pension Plan integration
- increased each January 1 by 80% of the increase in the Consumer Price Index for Canada

c) Interest Credited to Contributions

As of July 1, 1994, the interest credited to contributions is based on an annual rate determined by the Commission to be the annual rate of return earned from the investments of the Fund in a fiscal year, compounded annually. See Note 5 for determination of investment earnings.

d) Death Benefits

When a superannuate dies, the spouse receives 60% of the allowance plus a further 10% for each dependent child to a maximum of 25%. If there is neither a spouse nor dependent children, the nominee or estate

receives a lump sum payment of the difference, if any, between the teacher's contributions and interest at retirement and the total pension paid to date.

e) Refunds

Refunds to teachers typically consist of the teacher's contributions and interest on those contributions.

Voluntary Contributions Fund

The Commission administers the Voluntary Contributions Fund. The Voluntary Contributions Fund allows active teachers to make contributions into the Fund, according to the limits set out in the *Income Tax Act (Canada)*.

The Voluntary Contributions Fund is credited with all voluntary contributions, any interest earned and any other revenue accrued from the investment of monies in the Voluntary Contributions Fund less investment expenses. The Voluntary Contributions Fund amount is reduced by amounts paid out at the time the teacher makes an application for a refund. If eligible, the accumulated contributions and interest earned are paid to the teacher, the teacher's nominee or to the teacher's estate.

2. Significant Accounting Policies

The following accounting policies are considered significant:

a) Basis of Presentation

The financial statements for the year ended June 30, 2019 have been prepared in accordance with Canadian accounting standards for pension plans as defined in the CPA Canada Handbook Section 4600, *Pension Plans*. For matters not addressed in Section 4600, *Pension Plans*, Canadian Accounting Standards for Private Enterprises (ASPE) have been followed. These financial statements were authorized and issued by the Board on October 9, 2019.

b) Investments

Investments in bonds and equities are recorded at fair value which are determined by reference to closing year end bid prices from recognized security dealers. Transactions in bonds and equities are recorded as of the trade date.

Investments denominated in foreign currency are translated at the exchange rate in effect at year end. Investment transactions and realized gains and/or losses are translated at the exchange rate in effect at the transaction date. Unrealized gains and losses resulting from exchange differences are included in the determination of the change in fair value of investments.

Pooled funds are recorded based on the net asset value per unit of the underlying investments determined using closing bid prices as at year end. Short-term investments are recorded at fair value. Real estate pooled funds and private equity are recorded at fair value as estimated by independent appraisals. The fair value of the investments approximates the market value.

All investments are classified at fair value through profit or loss.

c) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of investments and accrued pension obligation. Actual results could differ from these estimates.

d) Accounting Policy Changes

Effective for the period beginning on or after January 1, 2018, the Plan adopted the new standard IFRS 9.

IFRS 9, Financial Instruments, has replaced IAS39 Financial Instruments: Recognition and Measurement and includes guidance on the classification and measurement of financial instruments, impairment of financial assets and a new general hedge accounting model.

The adoption of this new standard did not result in any financial impact or change in the financial statement presentation.

3. Due From General Revenue Fund

The Plan's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. Under this arrangement, interest is calculated on the net position of all COBC accounts and is paid by the bank into the GRF.

The Plan's share of this interest is allocated and paid by the GRF on a quarterly basis into the Plan's bank accounts using the Government's thirty-day borrowing rate. The Government's average thirty-day borrowing rate in 2019 was 1.66% (2018 – 1.06%).

4. Investments

The Commission's investment strategy is to invest cash flows from contributions, maturing debentures and investment returns into assets such as Canadian, foreign and private equities, pooled funds, money market securities, bonds and real estate pooled funds.

Teachers' Superannuation Fund

The Act and the Plan's investment policy require that all the Fund's investments comply with the provisions of *The Pension Benefits Act, 1992*, which does not allow any one holding to represent more than 10% of the cost of the Fund's portfolio at the time of acquisition.

During 2011-12, the Commission engaged its Investment Consultant to conduct a de-risking optimization study of the asset mix for the Teachers' Superannuation Fund. In March 2012, the Commission amended their investment policy to reflect the de-risking investment strategy to be effective July 1, 2012. The final step of the de-risking glidepath was allocated to the Fund asset mix on July 1, 2018. Effective July 1, 2019 riskier assets will be gradually introduced to the Fund until 2025.

The de-risking glidepath is in the Plan's investment policy. The effect of the de-risking investment strategy has been reflected in the further projections used in the actuarial valuation at June 30, 2018 and the extrapolation at June 30, 2019 in Note 8.

Short-term Investments

These investments are comprised of T-Bills, notes and commercial paper with effective interest rates of 1.67% to 2.35% (2018 – 1.22% to 1.86%) and a weighted average term to maturity 64 days (2018 – 94 days). Interest is receivable until maturity.

Bonds and Debentures

The Plan's investment policy limits its investment concentration in any one investee or related group to no more than 10% of that corporation's cost of outstanding bonds. Bonds must meet a minimum quality standard of BBB rating as measured by a recognized credit rating service.

For the Teachers' Superannuation Fund, the Plan invests in bonds that are considered to be high quality as described below:

	Years to Maturity	2019			2018		
		Fair Value	Weighted Average Yield (%)	Weighted Average Coupon Rate (%)	Fair Value	Weighted Average Yield (%)	Weighted Average Coupon Rate (%)
		(\$000's)			(\$000's)		
Federal Bonds	1-5	\$ 10,094	1.59	1.83	\$ 14,560	2.18	1.71
Government of Canada	6-10	1,129	1.73	2.02	6,299	2.16	2.16
	16-20	1,065	2.54	4.36	1,699	3.16	4.41
	20+	2,152	1.82	2.98	1,761	2.49	3.64
Provincial & Provincially Guaranteed Bonds	1-5	2,885	1.72	2.97	3,530	2.46	2.93
	6-10	748	2.10	2.92	2,114	2.84	4.49
Other Provinces	11-15	1,975	2.27	6.23	3,098	2.95	6.23
	20+	5,775	2.49	3.19	7,506	3.03	3.89
Saskatchewan	11-15	-	-	-	771	2.93	6.40
	20+	78	2.55	2.75	102	2.99	2.75
Corporate Bonds	<1	766	2.00	3.20	724	2.13	3.41
	1-5	10,862	2.15	2.58	9,957	2.74	2.73
	6-10	1,789	2.75	3.39	5,663	3.23	3.20
	11-15	450	3.04	3.34	289	3.67	6.67
	16-20	200	3.38	4.35	415	3.77	4.84
	20+	2,421	4.24	4.52	4,038	4.36	4.52
		<u>\$ 42,389</u>			<u>\$ 62,526</u>		

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Equities

		2019		2018	
		(\$000's)		(\$000's)	
Common Shares	Canadian	\$	35,481	\$	8,401
	Foreign		5,802		4,239
			<u>41,283</u>		<u>12,640</u>
Private Equity			8,790		43,607
Total Equities		\$	<u>50,073</u>	\$	<u>56,247</u>

The Plan's investment policy limits any holding in this Fund to no more than 30% of the outstanding shares of the issuing corporation. The investment policy allows up to 15.0% of the Fund to be invested in foreign equities, including those held in pooled funds. At June 30, 2019, the Plan held 2.2% (2018 – 1.6%) in foreign equities and 0% (2018 – 0%) in pooled foreign equity funds.

Foreign equities and pooled funds are denominated in Canadian dollars. The Fund's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. Dividends are generally declared on a quarterly basis. The average effective dividend rate during the year was 6.5% (2018 – 4.2%).

Pooled Funds

The Plan holds units in pooled funds, which have no fixed interest rate, and its returns are based on the success of the fund manager. The Plan unit holdings are:

	Units Held		% of Total Units Outstanding		Fair Value		Investment Income and Change in Fair Value	
	2019	2018	2019	2018	2019	2018	2019	2018
	(000's)				(\$000's)		(\$000's)	
Greystone Real Estate Fund	88	242	0.12	0.36	\$ 13,572	\$ 34,692	\$ 850	\$ 3,445
					<u>\$ 13,572</u>	<u>\$ 34,692</u>	<u>\$ 850</u>	<u>\$ 3,445</u>

Private Equity

In 2005, the Plan committed \$36 million US, as a Limited Partner, to GE Asset Management Incorporated (GEAM), investment manager for investment in the GEAM International Private Equity Fund, L.P. representing \$437 million US in total partnership commitments. One pension trust represents 50% of committed and invested funds with the sixteen Limited Partners representing the remaining 50%. The purpose of the Partnership is to invest in primarily private placement investments and through such investments provide its partners with current income and long-term capital gains. The private placements would be those of companies located and doing a substantial portion of their business outside of the United States. The Teachers' Superannuation Fund has 8.2% (2018 – 8.2%) of the committed and 9.5% (2018 – 8.1%) of the invested funds. As of June 30, 2019, the total value of the International Private Equity Fund, L.P. was \$60.2 million US (2018 – \$63.8 million US) and the Plan's share was \$7.5 million CDN (2018 – \$6.8 million CDN).

Effective September 30, 2008, the Plan committed an additional \$37.5 million US, as a Limited Partner, to GEAM, investment manager for investment in the International Private Equity Fund II, LP. The Teachers' Superannuation Fund has 11.0% (2018 – 11.0%) of the committed and 6.8% (2018 – 9.6%) of the invested funds. As of June 30, 2019, the total value of the International Private Equity Fund II, L.P. was \$6.3 million US (2018 – \$21.9 million US) and the Plan's share was \$0.6 million CDN (2018 – \$2.8 million CDN). In 2014, the General Partnership for International Private Equity Fund II chose to release 40% of the Fund's commitments subsequent to the end of the investment stage for Fund II.

In March 2016, the General Electric Company (GE) announced that GE sold GEAM's asset management and advisory services to State Street Global Advisors (SSGA). The sale of GEAM to SSGA was finalized in July 2016.

Determination of Fair Value

The determination of fair value for both the Teachers' Superannuation Fund and the Voluntary Contributions Fund is based on valuations that make maximum use of available market information. The best measure of fair value is 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. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

The three levels of the fair value hierarchy are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted market prices that are observable for the asset or liability either directly or indirectly; and

Level 3 Inputs that are not based on observable market data.

The following table classifies the Plan's financial instruments within a fair value hierarchy:

Teachers' Superannuation Fund (\$000's)

	Level 1		Level 2		Level 3		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Bonds and debentures	\$ -	\$ -	\$ 42,389	\$ 62,526	\$ -	\$ -	\$ 42,389	\$ 62,526
Pooled funds	-	-	-	-	13,572	34,692	13,572	34,692
Equities	41,283	12,640	-	-	-	-	41,283	12,640
Private equity	-	-	-	-	8,790	43,607	8,790	43,607
Short - term	158,158	111,566	-	-	-	-	158,158	111,566
Total	\$ 199,441	\$ 124,206	\$ 42,389	\$ 62,526	\$ 22,362	\$ 78,299	\$ 264,192	\$ 265,031

Fair value measurements using level 3 inputs:

Teachers' Superannuation Fund (\$000's)

	Real Estate Pooled		Greystone Private Equity		International Private Equity		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Balance at July 1	\$34,692	\$31,247	\$ 34,458	\$ 32,282	\$ 9,149	\$ 19,649	\$ 78,299	\$ 83,178
Purchases	1,000	-	-	-	-	160	1,000	160
Sales	(22,970)	-	(75,662)	(3,832)	-	(3,406)	(98,632)	(7,238)
Net transfers in (out)	-	-	-	-	-	-	-	-
Gains (Losses):								
Realized	12,434	-	75,805	3,808	-	3,756	88,239	7,564
Unrealized	(11,584)	3,445	(34,601)	2,200	(359)	(11,010)	(46,544)	(5,365)
Balance at June 30	\$ 13,572	\$ 34,692	\$ -	\$ 34,458	\$ 8,790	\$ 9,149	\$ 22,362	\$ 78,299

Realized and unrealized gains and losses appear in the increase in fair value of investments on the Statement of Changes in Net Assets Available for Benefits.

At June 30, 2019, the following techniques were used to determine the fair value of the investments categorized in level 3:

i. Real Estate Pooled Funds

For the Greystone Real Estate Pooled Funds, the Pool Fund Manager uses an independent arm's length appraisal process for each property held within the pooled fund to establish the fair market value of the real estate investments on a semi-annual basis for each property in the Pooled Fund.

The fund is audited by an independent accounting firm on an annual basis which includes a review of the valuation process as well as the appropriateness of the values contained within the financial statements of the Real Estate Pooled Fund to ensure compliance with all standards set by the CPA Canada Handbook and all Canadian pension legislation that may apply to the Fund or its shareholders. Changes in the underlying assumptions would have an immaterial impact on the market value of the investments.

ii. Greystone Private Equity

The Plan's private equity investment in Greystone Capital Management Inc. (GCM) consists of Nil shares (2018 - 153,811) due to the sale of GCM to Toronto Dominion Bank (TD) in November 2018. The TD share consideration received as part of this sale is now classified in Level 1 since they are listed on the open market. The fair market value of the GCM shares in 2018 and prior years was derived by using an income valuation approach whereby adjusted operating earnings before interest, taxes, depreciation and amortization (EBITDA) is multiplied by an income multiple and adjusted for working capital cash positions. Changes in the underlying assumptions would have an immaterial impact on the market value of the investments.

iii. International Private Equity

The Plan's private equity investment in the International Private Equity Fund I and Fund II are held through limited partnerships within the corresponding funds. The investments are valued using the net asset valuation technique by the General Partner, using the best information available, including quoted market prices or market prices for similar assets when available, internal cash flow estimates discounted at an appropriate interest rate or independent appraisals as appropriate. Changes in the underlying assumptions would have an immaterial impact on the market value of the investments.

The Voluntary Contributions Fund holds pooled funds which are classified as level 2 and are described below.

Voluntary Contributions Fund

Pooled Funds

The Plan holds for the Voluntary Contributions Fund units in pooled funds, which have no fixed interest rate, and its returns are based on the success of the manager.

The Greystone International Equity Fund may use derivative financial instruments such as equity index future contracts for managing its equity portfolio and forward contracts for cash management. Derivative financial instruments are financial contracts that change in value resulting from changes in underlying assets or indices. Derivative transactions are conducted in over-the-counter markets directly between two counterparties or on regulated exchange markets. All derivative financial instruments are recorded at fair value using market prices. Where market prices are not readily available, other valuation techniques are used to determine fair value.

The Voluntary Contributions Fund unit holdings are:

	Units Held		% of Total Units Outstanding		Fair Value		Investment Income and Change in Fair Value	
	2019	2018	2019	2018	2019	2018	2019	2018
	(000's)				(\$000's)		(\$000's)	
Greystone International Equity Fund	9	10	0.02	0.02	\$ 113	\$ 118	\$ 1	\$ 15
Greystone Canadian Fixed Income Fund	89	94	0.15	0.15	1,074	1,054	74	(16)
Greystone Canadian Equity Fund	25	25	0.09	0.09	700	694	24	65
Greystone US Equity Fund	4	5	0.06	0.06	113	124	15	25
Greystone Money Market Fund	28	23	0.06	0.03	281	232	5	31
					<u>\$ 2,281</u>	<u>\$ 2,222</u>	<u>\$ 119</u>	<u>\$ 120</u>

5. Teachers' Superannuation Fund – Determination of Investment Earnings for Administrative Purposes

The Commission determines investment earnings of the Superannuation Fund in order to establish what interest must be credited to teachers, and what interest teachers must pay when purchasing past service. The Commission has determined that only 25% of the current period change in fair values of investments (includes both realized and unrealized gains and losses) will be recognized as part of investment earnings. The remaining 75% will be recognized equally over the following three years as part of investment earnings. Interest and dividend income less investment expenses are fully allocated for the current year. The investment earnings rate was 13.47% (2018 – 3.56%) for the year.

6. Voluntary Contributions Fund - Earnings Allocation to Members

The Commission allocates all realized and unrealized gains/losses at year-end. During the year, the Commission allocated investment earnings less investment expenses of \$116,039 to teachers' accounts and for 2018 allocated investment earnings less investment expenses of \$116,987.

7. Related Party Transactions

These financial statements include transactions with related parties. The Plan is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Plan is related to non-Crown enterprises that the Government jointly controls or significantly influences.

a) Administration

In accordance with the Act, all expenses of the administration are paid out of monies appropriated for the Ministry of Education by the Legislature. Accordingly, no provision for these costs is included in the financial statements.

Expenses related to managing, investing or disposing of assets of the Plan are paid directly by each fund. The annual expenses for custodial, brokerage and investment management fees appear on the following page.

	2019			2018		
	Superannuation Fund (\$ 000's)	Voluntary Contributions Fund (\$ 000's)	Total (\$ 000's)	Superannuation Fund (\$ 000's)	Voluntary Contributions Fund (\$ 000's)	Total (\$ 000's)
Custodial fees	\$ 35	\$ -	\$ 35	\$ 37	\$ -	\$ 37
Brokerage fees	8	-	8	10	-	10
Investment and asset management fees	273	3	276	3,187	4	3,191
	<u>\$ 316</u>	<u>\$ 3</u>	<u>\$ 319</u>	<u>\$ 3,234</u>	<u>\$ 4</u>	<u>\$ 3,238</u>

b) Investment Management Services

Greystone Managed Investments Inc. (GMI) provides investment management services to the Teachers' Superannuation Fund and the Voluntary Contributions Fund on a fee-for-service basis. The Teachers' Superannuation Fund was a shareholder in Greystone Capital Management Inc. (GCMI) and GMI was wholly-owned by GCMI. During 2018-19, the Fund divested its remaining investment in GCMI as a result of the sale of GCMI to the Toronto-Dominion bank which was announced in July 2018 and finalized in November 2018. The Teachers' Superannuation Fund holds no common shares (2018 – 153,811 common shares) representing 0% of the total shares outstanding in GCMI (2018 – 9.54%). Investment management services will now be provided by TD Greystone Asset Management. The Teachers' Superannuation Fund holds 306,471 Common shares (2018 – Nil common shares) of the TD bank in escrow for a period of two years based on the terms of the Agreement from the sale of GCMI to TD bank.

c) Investment Holdings

Teachers' Superannuation Fund

Included in the totals for bonds and debentures and income are Province of Saskatchewan holdings of \$77,984 (2018 – \$873,459) and interest income including change in fair value of \$41,757 (2018 – \$16,663).

8. Actuarial Valuation - Pension Benefits

Accrued Pension Benefit Obligation

The present value of accrued pension benefits was determined using the projected benefit method prorated on services and the best estimate assumptions of the Teachers' Superannuation Commission. In June 2017, the Commission approved the policy change to perform actuarial valuations from every two years to every three years. Therefore, the most recent actuarial valuation prepared was at June 30, 2018.

Extrapolations are made every year using the last valuation available since the valuation results are not available until approximately six months following the year-end. Aon prepared an actuarial valuation of the Teachers' Superannuation Fund as at June 30, 2018 with an extrapolation made to June 30, 2019 and 2018 respectively.

The pension liability is based on a number of assumptions about future events including discount rate, rate of salary increase, inflation rate, mortality, retirement rates and termination rates. The actual rates may vary significantly from the long-term assumptions used.

The discount rate methodology reflects the Saskatchewan provincial bond yield curve to match the timing and amount of future expected benefit payments as well as the expected rate of return on assets. The single discount rate was determined as a blend between the funded and unfunded portions of the Plan and at

June 30, 2018, the rate was updated to reflect the expected rate of return on assets assumption of 4.0% per annum up to 2030.

The Commission adopted the adjusted 2014 Public Sector Canadian Pensioner Mortality table with generational mortality improvements in accordance with Scale CPM-B and was used to prepare the actuarial valuation at June 30, 2018 and the extrapolation at June 30, 2019.

In June 2018, the Commission approved a change to the inflation rate assumption, the salary scale assumption and the discount rate assumption reflected in the extrapolation at June 30, 2018.

The assumptions used in determining the actuarial value of accrued pension benefits were:

	<u>2019</u>	<u>2018</u>
▪ salary increases	3.0% thereafter	3.0% thereafter
▪ discount rate	2.5%/ year	3.0%/ year
▪ inflation	2.25%	2.25%
▪ mortality table	CPM-B 2014 generational	CPM-B 2014 generational

The following illustrates the effect of changing certain assumptions from the assumed rates. For the salary and discount rate categories, the changes in assumption are independent of one another. The inflation category, however, shows the impact of changing all assumptions that have an inflation component. In the scenario of the 1% change in inflation, the assumptions for the interest rate, salary increase, Year's Maximum Pensionable Earnings (YMPE) and Canada Revenue Agency pension maximum are also changed by 1%.

Effect on Pension Obligation	<u>Long-term assumptions</u>					
	<u>Salary</u>		<u>Discount rates</u>		<u>Inflation</u>	
	2.0%	4.0%	1.5%	3.5%	1.25%	3.25%
(Decrease)						
Increase	\$(65)	\$65	\$723,035	\$(599,623)	\$155,613	\$(147,446)
(\$'000s)						

Assumption changes arise when the assumptions change from the previous valuation/extrapolation to the current valuation/extrapolation. In the June 30, 2019 extrapolation, the changes in assumptions decreased the accrued pension benefit by \$305.0 million. This is mainly due to the change in the discount rate required to increase the bond rate used in the bond yield curve.

Plan experience gains or losses result from the differences between actual and expected terminations, disabilities, retirements, salaries, yearly maximum pensionable earnings, interest credited and deaths that occur between valuations/extrapolations. In the June 30, 2019 extrapolation, these experience gains or losses decreased the liability by \$136.4 million which is primarily made up of indexation experience gains of \$130.8 million, \$7.4 million in termination gains, salary experience gains of \$0.3 million and miscellaneous gains of \$0.5 million offset by \$0.6 million in retirement experience losses and \$2.0 million in mortality losses from mortality refinement.

9. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Commission. The Commission reviews the investment performance of the Funds in terms of the performance of the benchmark portfolio over four-year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance, which assumes a full allocation of realized and unrealized gains and losses:

	<u>2019 annual return%</u>	<u>Rolling four-year average annual return%</u>
Teachers' Superannuation Fund ¹	19.6%	8.8%
Target rate of return ²	3.5%	2.9%
Voluntary Contributions Fund ¹	5.6%	4.2%
Target rate of return ²	5.7%	4.7%

¹ The annual returns are before deducting investment expenses

² The Commission's weighted target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined, after the fact, using the weighted actual returns of certain market indices such as S&P/TSX Capped Composite Index, S&P 500, MSCI EAFE, FTSE TMX Canada Universe Bond Index, Investment Property Databank and 91-Day T-Bills.

10. Financial Risk Management

The nature of the Plan's operations results in a statement of financial position that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price 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 the Commission. The investment policy provides guidelines to the Plan's investment managers for the asset mix of the portfolio regarding quality and quantity of fixed income, real estate 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. The Commission reviews regular compliance reports from both its investment managers and custodian as to their compliance with the investment policy.

a) Credit Risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from two distinct sources – accounts receivable and certain investments. The maximum credit risk to which it is exposed at June 30, 2019 is limited to the carrying value of the financial assets and is disclosed in the table on the following page.

	2019 Carrying Value (\$000's)	2018 Carrying Value (\$000's)
Teachers' Superannuation Fund		
Cash	42	48
Contributions receivable	30,884	23,856
Fixed income investments	200,547	174,092
Due from General Revenue Fund	280	229
Voluntary Contributions Fund		
Due from General Revenue Fund	22	27

Fixed income investments include short-term investments and bonds and debentures. Accounts receivable are primarily made up of employee and employer contributions receivable and accrued investment income. Employee and employer contributions receivable are generally received in less than 30 days. Accrued investment income is received on the next scheduled payment date, generally annually or semi-annually.

For both the Teachers' Superannuation Fund and the Voluntary Contributions Fund, credit risk within investments is primarily related to short-term investments and bonds and debentures. The Commission limits the credit risk by dealing with issuers that are considered to be high quality (minimum rating of BBB for bonds and debentures and R-1 for short-term investments) along with an investment policy that limits the maximum exposure with respect to any one issuer. The credit ratings used to describe the bonds and debentures appear below.

Teachers' Superannuation Fund

Credit Rating	2019		2018	
	Fair Values (\$000's)	%	Fair Values (\$000's)	%
AAA	\$ 15,110	35.7	\$ 24,954	39.9
AA	17,560	41.4	17,333	27.7
A	4,722	11.1	12,414	19.9
BBB	4,997	11.8	7,825	12.5
Total	\$ 42,389	100.0	\$ 62,526	100.0

With bonds and debentures, there are no holdings from one issuer, other than the Government of Canada or a Canadian province, over 4.46% of the market value of the combined bonds and debentures and short-term investment portfolios. No one holding of a province is over 14.44% of the market value of the investment portfolio.

b) Market Risk

The Commission invests in publicly traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The Commission manages market risk by investing in different domestic and foreign markets and through the establishment and review of asset mix ranges and limits for various investments. The Commission does not use derivative financial instruments to alter the effects of these market changes and fluctuations except through their use in pooled funds.

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

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of the Plan's assets is affected by short-term changes in nominal interest rates in its short-term investments and bonds and debentures. Interest rate risk is managed by investing in bonds and debentures with varying durations.

It is estimated that a 100 basis point change in interest rates would change net assets available for benefits and Plan deficit by \$15.2 million at June 30, 2019; representing 7.6% of the \$200.5 million of fixed income investments.

The Voluntary Contributions Fund is exposed to changes in interest rates in its money market and the fixed income pooled funds. It is estimated that a 100 basis point change in interest rates would change net assets available for benefits by \$0.1 million at June 30, 2019; representing 7.6% of the \$1.4 million of fixed income investments.

Foreign Currency Risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian Dollar. Fluctuations in the relative value of the Canadian Dollar against these foreign currencies results in a positive or negative effect on the fair value of investments. Exposure to both U.S. equities and non-North American equities is limited to a maximum 15% of the market value of the total investment portfolio. At June 30, 2019, the Plan's exposure to U.S. currencies was 5.5% (2018 – 5.1%).

At June 30, 2019, a 10% change in the Canadian Dollar versus the U.S. Dollar exchange rate would result in approximately a \$1.4 million change in the net assets available for benefits and Plan deficit.

Equity Price Risk

The Teachers' Superannuation Fund is exposed to changes in equity prices in Canadian, U.S. and EAFE markets. Equities and equity pooled funds comprise 15.6% (2018 – 17.8%) of the market value of the Fund's total investments. The investment policy of the Teachers' Superannuation Fund limits the Plan's equity exposure to 22.5% of the Plan's total investments and any holding to represent no more than 30% of the outstanding shares of the issuing corporation. The policy also limits the Voluntary Contributions Fund's equity exposure to 60% of the Plan's total investments.

For the Voluntary Contributions Fund, equity pooled funds comprise 40.6% (2018 – 42.2%) of the market value of the Fund's total investments.

The table on the following page indicates the approximate change that could be anticipated to both the increase in net assets available for benefits and Plan deficit based on changes in the Plan's benchmark indices at June 30, 2019.

	Change in thousands of \$	
	10% increase	10% decrease
Teachers' Superannuation Fund		
S&P/TSX Composite Index	\$ 3,548	\$ (3,548)
S&P 500 Index	580	(580)
Voluntary Contributions Fund		
S&P/TSX Composite Index	\$ 70	\$ (70)
S&P 500 Index	11	(11)
MSCI EAFE Index	11	(11)

Securities Collateral

At June 30, 2019, the Plan has not borrowed any securities, therefore no Plan assets have been deposited or pledged as collateral or margin. As part of the Plan's securities lending strategy, cash and non-cash collateral has been pledged as security to the Plan by various counterparties for securities out on loan to the counterparties. At June 30, 2019, cash collateral of \$Nil million (2018 – \$Nil million) and non-cash collateral of \$4.8 million (2018 – \$58.0 million) was pledged to the Plan.

For loans of Canadian fixed income securities and Canadian equities collateralized by cash, the cash collateral must have a market value of not less than 102% of the market value of the loaned securities. For loans of Canadian fixed income securities and Canadian equities collateralized by non-cash collateral, the collateral must have a market value of not less than 105% of the market value of the loaned securities.

The Voluntary Contributions Fund does not have a securities lending strategy.

Real Estate Risk

Risk in the real estate pooled fund is managed through diversification across real estate 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. The real estate portfolio currently consists of \$13.6 million (2018 – \$34.7 million) in real estate pooled funds.

The Voluntary Contributions Fund does not have real estate holdings.

c) Liquidity Risk

The Plan is exposed to liquidity risk through its responsibility to pay pensions on a timely basis. The contributions from the GRF as well as the majority of Plan investments provide sufficient liquidity to support the Plan's required cash flows without impacting its asset mix. Cash resources are managed on a daily basis based on anticipated cash flows. Accounts payable are due within one year.

11. Cash Flow Forecast

The total cash inflow is the amount of contributions and investment income expected to be received by the pension plan. The GRF contributions include matching contributions and additional amounts contributed pursuant to section 9(4) of the Act. The total cash outflow is the amount required to pay all pension obligations. The cash required is the amount by which the cash outflows exceed cash inflows and is forecasted to the year 2048-49. The cash required will be funded from the proceeds of disposals of investments for the period 2019 to 2030.

The forecast of cash inflows and outflows have been determined using the long-term assumptions used in the June 30, 2018 valuation. All amounts shown are based on actual dollar forecasts and appear below.

	Cash inflows				
	Teachers Contributions	GRF Contributions	Investment Income	Cash Outflows	Cash Required
	(\$ 000's)	(\$ 000's)	(\$ 000's)	(\$ 000's)	(\$ 000's)
2019-20	247	276,034	10,567	333,591	46,743
2020-21	146	295,625	9,156	329,978	25,051
2021-22	71	290,943	8,124	326,730	27,592
2022-23	26	287,655	7,016	323,631	28,934
2023-24	10	293,904	6,026	321,365	21,425
Total within 5 years	<u>\$ 500</u>	<u>\$ 1,444,161</u>	<u>\$ 40,889</u>	<u>\$ 1,635,295</u>	<u>\$ 149,745</u>
Total 6 to 10 years	<u>\$ 0</u>	<u>\$ 1,442,055</u>	<u>\$ 17,476</u>	<u>\$ 1,572,947</u>	<u>\$ 113,416</u>
Total 11 to 30 years	<u>\$ 0</u>	<u>\$ 4,162,133</u>	<u>\$ 605</u>	<u>\$ 4,192,144</u>	<u>\$ 29,406</u>

12. Fair Value of Financial Assets and Financial Liabilities

For the following financial instruments the fair value approximates their carrying value due to the immediate or short-term nature of these instruments. These financial instruments are interest and non-interest bearing and are due or payable within the next year.

- Cash
- Due from GRF
- Accrued investment income
- Teachers' contributions receivable and GRF contributions receivable
- Accounts Payable

For investments, fair values are considered to be market value, the calculation of which is described in Note 4. The actuarial accrued pension benefits are long-term in nature and there is no market for settling these obligations. Therefore, determination of the fair value of the actuarial accrued pension benefits is not practicable (see Note 8).

13. Capital Management

The Plan receives new capital from employee and employer contributions. The plan also benefits from income and market value increases on its invested capital. The Plan's capital is invested in a number of asset classes including equities, fixed-income and short-term investments. The Commission has delegated the operational investment decisions to a number of different investment management firms through a number of different investment mandates as defined in the Plan's Statement of Investment Policy and Objective Statement (IP&OS).

Investment Schedules

SCHEDULE 1

TEACHERS' SUPERANNUATION FUND

SCHEDULE OF INVESTMENTS AND ACCRUED INTEREST AS AT JUNE 30 (UNAUDITED)

	2019		2018	
	Total Fair Value (\$000's)	Accrued Interest (\$000's)	Total Fair Value (\$000's)	Accrued Interest (\$000's)
Canada and Canada Guaranteed	\$ 14,440	\$ 19	\$ 24,319	\$ 28
Provincial and Provincially Guaranteed	11,461	29	17,121	78
Urban Municipalities And Hospitals	-	-	-	-
Corporate Debentures	16,488	131	21,086	199
Corporate Shares	41,283	24	12,640	34
Pooled Funds	13,572	-	34,692	-
Short Term	158,158	4	111,566	3
Private Equity	8,790	11	43,607	12
Total	\$ 264,192	\$ 218	\$ 265,031	\$ 354

SCHEDULE 2**TEACHERS' SUPERANNUATION FUND****SCHEDULE OF INVESTMENTS ACQUIRED, YEAR ENDED JUNE 30, 2019 (UNAUDITED)**

Investments	Maturity Date	Coupon Interest Rate %	Fair Value \$
DEBENTURES:			
GOVERNMENT OF CANADA	Jun. 01, 2025	2.25	2,171,648
GOVERNMENT OF CANADA	Jun. 01, 2027	1.00	1,360,198
GOVERNMENT OF CANADA	Jun. 01, 2028	2.00	3,550,457
GOVERNMENT OF CANADA	Dec. 01, 2045	3.50	749,559
GOVERNMENT OF CANADA	Dec. 01, 2048	2.75	2,076,015
407 INTERNATIONAL INC	Sep. 08, 1944	3.65	332,196
ALIMENTATION COUCHE TARD	Jul. 26, 2024	3.06	170,658
BANK OF MONTREAL	Jun. 04, 2020	2.84	235,233
BANK OF MONTREAL	Oct. 06, 2020	2.10	628,763
BANK OF MONTREAL	Apr. 23, 2021	3.40	1,428,725
BANK OF MONTREAL	Mar. 06, 2024	2.85	579,600
BANK OF MONTREAL	Sep. 19, 2024	1.00	634,933
BANK OF NOVA SCOTIA	Sep. 09, 2020	2.09	1,025,029
BANK OF NOVA SCOTIA	Apr. 27, 2022	1.83	488,511
BANK OF NOVA SCOTIA	Apr. 17, 2023	2.98	148,547
BANK OF NOVA SCOTIA	Jan. 18, 2029	1.00	176,000
CANADA HOUSING TRUST	Dec. 15, 2019	2.00	864,660
CANADA HOUSING TRUST	Dec. 15, 2020	1.25	841,213
CANADA HOUSING TRUST	Jun. 15, 2021	1.25	3,233,761
CANADA HOUSING TRUST	Dec. 15, 2021	1.50	2,212,629
CANADA HOUSING TRUST	Jun. 15, 2022	1.75	1,048,389
CANADA HOUSING TRUST	Jun. 15, 2023	2.35	3,629,605
CANADA HOUSING TRUST	Jun. 15, 2024	2.90	346,475
CANADA HOUSING TRUST	Jun. 15, 2027	2.35	847,252
CANADA HOUSING TRUST	Dec. 15, 2028	2.65	120,957
CANADIAN IMPERIAL BANK	Jul. 12, 2021	1.64	299,190
CANADIAN IMPERIAL BANK	Sep. 14, 2021	2.90	207,994
CANADIAN IMPERIAL BANK	Jan. 15, 2024	3.29	227,968
CANADIAN IMPERIAL BANK	Oct. 28, 2024	1.00	199,206
CANADIAN IMPERIAL BANK	Jun. 19, 2029	1.00	335,983
CU INC	Sep. 09, 2043	4.72	412,092
ENBRIDGE INC	Mar. 11, 2021	3.16	296,720
ENBRIDGE INC	Sep. 27, 2077	1.00	598,648
ENBRIDGE INC	Apr. 12, 2078	1.00	115,267
ENBRIDGE PIPELINES INC	Aug. 09, 2046	4.3	216,212
HEATHROW FUNDING LTD	Sep. 04, 2032	3.78	382,503
HSBC BANK CANADA	Jan. 14, 2020	2.94	651,046
HSBC BANK CANADA	Jan. 29, 2021	2.45	914,102

SCHEDULE 2

TEACHERS' SUPERANNUATION FUND

SCHEDULE OF INVESTMENTS ACQUIRED, YEAR ENDED JUNE 30, 2019 (UNAUDITED)

Investments	Maturity Date	Coupon Interest Rate %	Fair Value \$
HSBC BANK CANADA	Sep. 15, 2022	2.25	533,005
HYDRO ONE INC	Apr. 05, 2024	2.54	364,898
HYDRO ONE INC	Jun. 26, 2025	2.97	147,598
HYDRO ONE INC	Apr. 05, 2029	3.02	114,443
IGM FINANCIAL INC	Jul. 13, 2048	4.17	208,887
LOBLAW COS LTD	Sep. 12, 2023	4.86	116,032
LOBLAW COS LTD	Jun. 10, 2024	3.92	158,182
NORTH WEST REDWATER PRT	Jun. 01, 2029	4.25	152,155
PROVINCE OF ALBERTA	Dec. 15, 2022	2.55	208,148
PROVINCE OF ALBERTA	Jun. 01, 2027	2.55	529,352
PROVINCE OF ALBERTA	Dec. 01, 2028	2.90	555,920
PROVINCE OF ALBERTA	Dec. 01, 2046	3.30	381,797
PROVINCE OF ALBERTA	Dec. 01, 2048	3.05	749,057
PROVINCE OF BRITISH COLUMBIA	Dec. 18, 2028	2.95	799,208
PROVINCE OF BRITISH COLUMBIA	Jun. 18, 2050	2.95	427,515
PROVINCE OF MANITOBA	Jun. 02, 2027	2.60	392,812
PROVINCE OF MANITOBA	Mar. 05, 2041	4.10	49,463
PROVINCE OF MANITOBA	Sep. 05, 2046	2.85	268,073
PROVINCE OF ONTARIO	Jun. 02, 2022	3.15	1,891,990
PROVINCE OF ONTARIO	Jun. 02, 2023	2.85	790,119
PROVINCE OF ONTARIO	Jun. 02, 2028	2.90	1,311,994
PROVINCE OF ONTARIO	Jun. 02, 2031	6.20	735,810
PROVINCE OF ONTARIO	Jun. 02, 2045	3.45	963,679
PROVINCE OF ONTARIO	Jun. 02, 2048	2.80	1,822,656
PROVINCE OF QUEBEC	Jul. 06, 2025	2.60	132,713
PROVINCE OF QUEBEC	Sep. 01, 2025	2.75	399,422
PROVINCE OF QUEBEC	Jun. 01, 2032	6.25	583,877
PROVINCE OF QUEBEC	Dec. 01, 2041	5.00	406,858
PROVINCE OF QUEBEC	Dec. 01, 2045	3.50	228,760
PROVINCE OF QUEBEC	Dec. 01, 2048	3.50	1,506,591
PROVINCE OF QUEBEC	Dec. 01, 2051	3.10	341,239
PROVINCE OF SASKATCHEWAN	Sep. 05, 2031	6.40	206,008
ROYAL BANK OF CANADA	Mar. 15, 2021	2.03	1,486,176
ROYAL BANK OF CANADA	Sep. 26, 2023	3.30	466,095
ROYAL BANK OF CANADA	Jul. 17, 2024	1.00	128,214
SMARTCENTRES REIT	Jun. 23, 2021	2.76	393,000
TORONTO DOMINION BANK	Mar. 08, 2021	2.05	374,931
TORONTO DOMINION BANK	May. 30, 2023	3.01	464,907
TORONTO DOMINION BANK	Sep. 30, 2025	1.00	195,511

SCHEDULE 2

TEACHERS' SUPERANNUATION FUND

SCHEDULE OF INVESTMENTS ACQUIRED, YEAR ENDED JUNE 30, 2019 (UNAUDITED)

Investments	Maturity Date	Coupon Interest Rate %	Fair Value \$
TORONTO DOMINION BANK	Jan. 26, 2032	1.00	271,902
TRANSCANADA PIPELINES	Jun. 06, 2046	4.35	193,389
TRANSCANADA PIPELINES	Jul. 03, 2048	4.18	452,064
WELLS FARGO + COMPANY	Oct. 27, 2023	2.51	162,411
WELLS FARGO + COMPANY	Feb. 08, 2024	3.18	96,000
WELLS FARGO + COMPANY	May. 30, 2026	2.98	127,522
WELLS FARGO CANADA CORP	Jul. 25, 2019	2.94	251,378
SHARES:			
ADOBE INC		--	99,878
AGNICO EAGLE MINES LTD		--	247,712
ALGONQUIN POWER + UTILITIES		--	227,566
ALPHABET INC		--	179,063
ALTRIA GROUP INC		--	105,039
AMAZON.COM INC		--	144,748
AMERICAN TOWER CORP		--	94,305
APPLE INC		--	197,026
AUTOZONE INC		--	86,151
BANK OF MONTREAL		--	371,099
BANK OF NOVA SCOTIA		--	535,866
BOEING CO		--	172,281
BOOKING HOLDINGS INC		--	74,123
BOSTON SCIENTIFIC CORP		--	160,506
BOYD GROUP INCOME FUND		--	95,222
BROADCOM INC		--	90,187
BROOKFIELD ASSET MANAGE		--	346,510
CANADA GOOSE HOLDINGS INC		--	153,129
CANADIAN NATL RAILWAY CO		--	388,741
CANADIAN NATURAL RESOURCES		--	272,061
CANADIAN PACIFIC RAILWAY LTD		--	227,436
CATERPILLAR INC		--	108,226
CBRE GROUP INC		--	110,125
CCL INDUSTRIES INC		--	246,818
CELANESE CORP		--	83,473
CGI GROUP INC		--	285,256
CGI INC		--	76,855
CHEVRON CORP		--	144,051
CHOICE PROPERTIES REIT		--	22,908
CITIGROUP INC		--	115,409
COLLIERS INTERNATIONAL GROUP		--	92,294

SCHEDULE 2

TEACHERS' SUPERANNUATION FUND

SCHEDULE OF INVESTMENTS ACQUIRED, YEAR ENDED JUNE 30, 2019 (UNAUDITED)

Investments	Maturity Date	Coupon Interest Rate %	Fair Value \$
COMCAST CORP		--	93,797
CONSTELLATION BRANDS INC		--	151,697
CONSTELLATION SOFTWARE INC		--	259,370
COSTCO WHOLESALE CORP		--	68,155
DESCARTES SYSTEMS GROUP		--	130,398
DOLLARAMA INC		--	146,298
ENBRIDGE INC		--	531,403
ENERPLUS CORP		--	149,041
EOG RESOURCES INC		--	116,793
FACEBOOK INC		--	79,943
FORTIS INC		--	233,994
FRANCO NEVADA CORP		--	256,361
GOLDCORP INC		--	149,319
GREYSTONE REAL ESTATE FUND INC		--	1,000,000
HEXCEL CORP		--	32,764
HOME DEPOT INC		--	110,995
HONEYWELL INTERNATIONAL INC		--	114,646
INTACT FINANCIAL CORP		--	72,784
INTERCONTINENTAL EXCHANGE INC		--	42,960
JPMORGAN CHASE + CO		--	137,600
KILLAM APARTMENT REAL ESTATE		--	58,794
LAM RESEARCH CORP		--	28,769
LOBLAW COMPANIES LTD		--	338,992
LOCKHEED MARTIN CORP		--	139,718
LUNDIN MINING CORP		--	104,178
MAGNA INTERNATIONAL INC		--	132,351
MANULIFE FINANCIAL CORP		--	371,964
MAPLE LEAF FOODS INC		--	128,323
MASTEC INC		--	45,796
MASTERCARD INC		--	104,432
MEDTRONIC PLC		--	82,230
MERCK + CO. INC.		--	122,955
MICHAEL KORS HOLDINGS LTD		--	71,708
MICROSOFT CORP		--	237,973
MONSTER BEVERAGE CORP		--	94,200
MORGAN STANLEY		--	88,310
NEXTERA ENERGY INC		--	107,781
NFI GROUP INC		--	127,398
NVIDIA CORP		--	105,190

SCHEDULE 2**TEACHERS' SUPERANNUATION FUND****SCHEDULE OF INVESTMENTS ACQUIRED, YEAR ENDED JUNE 30, 2019 (UNAUDITED)**

Investments	Maturity Date	Coupon Interest Rate %	Fair Value \$
ONEX CORPORATION		--	450,204
OPEN TEXT CORP		--	185,645
PEMBINA PIPELINE CORP		--	319,739
PEPSICO INC		--	39,961
PFIZER INC		--	120,235
PNC FINANCIAL SERVICES GROUP		--	123,182
PROGRESSIVE CORP		--	118,483
QUEBECOR INC		--	248,887
ROGERS COMMUNICATIONS INC		--	213,053
ROYAL BANK OF CANADA		--	694,867
S+P GLOBAL INC		--	167,703
SERVICENOW INC		--	63,541
SEVEN GENERATIONS ENERGY		--	132,864
SHOPIFY INC		--	67,875
SPIN MASTER CORP SUB		--	152,928
SUN LIFE FINANCIAL INC		--	207,222
SUNCOR ENERGY INC		--	399,006
THERMO FISHER SCIENTIFIC INC		--	114,424
TJX COMPANIES INC		--	115,781
TORONTO DOMINION BANK		--	23,517,545
UNION PACIFIC CORP		--	122,396
UNITEDHEALTH GROUP INC		--	150,565
VERIZON COMMUNICATIONS INC		--	118,991
VERTEX PHARMACEUTICALS INC		--	103,135
VISA INC		--	105,691
WALMART INC		--	82,760
WASTE CONNECTIONS INC		--	338,759
WASTE MANAGEMENT INC		--	102,455
WEST FRASER TIMBER CO LTD		--	57,001
WHITECAP RESOURCES INC		--	110,337
ZOETIS INC		--	104,315
SHORT TERM:			888,980,084
Total			\$ 986,052,779

SCHEDULE 3

TEACHERS' SUPERANNUATION FUND

SCHEDULE OF INVESTMENTS DISPOSED, YEAR ENDED JUNE 30, 2019 (UNAUDITED)

Investments	Maturity Date	Coupon Interest Rate %	Fair Value \$
DEBENTURES:			
CANADIAN GOVERNMENT	Jun. 01, 2025	2.25	3,853,601
CANADIAN GOVERNMENT	Jun. 01, 2027	1.00	1,121,020
CANADIAN GOVERNMENT	Jun. 01, 2028	2.00	5,515,662
CANADIAN GOVERNMENT	Dec. 01, 2045	3.50	1,957,451
CANADIAN GOVERNMENT	Dec. 01, 2048	2.75	873,838
407 INTERNATIONAL INC	Sep. 08, 2044	3.65	196,748
55 SCHOOL BOARD TRUST	Jun. 02, 2033	5.90	341,103
ALIMENTATION COUCHE TARD	Jul. 26, 2024	3.06	384,494
ALLIANCE PIPELINE LP	Jun. 30, 2023	7.18	7,755
ALTALINK LP	Jun. 30, 2042	3.99	178,903
APPLE INC	Aug. 19, 2024	2.51	396,674
BANK OF MONTREAL	Jun. 04, 2020	2.84	2,075,492
BANK OF MONTREAL	Oct. 06, 2020	2.10	260,612
BANK OF MONTREAL	Apr. 23, 2021	3.40	929,252
BANK OF MONTREAL	Sep. 19, 2024	1.00	970,972
BANK OF NOVA SCOTIA	Jun. 14, 2019	1.00	10,000,000
BANK OF NOVA SCOTIA	Sep. 09, 2020	2.09	1,447,412
BANK OF NOVA SCOTIA	Apr. 27, 2022	1.83	364,234
BANK OF NOVA SCOTIA	Apr. 17, 2023	2.98	870,791
BANK OF NOVA SCOTIA	Jan. 18, 2029	1.00	179,958
CANADA HOUSING TRUST	Dec. 15, 2019	2.00	4,038,041
CANADA HOUSING TRUST	Dec. 15, 2020	1.25	1,801,289
CANADA HOUSING TRUST	Jun. 15, 2021	1.25	5,311,110
CANADA HOUSING TRUST	Dec. 15, 2021	1.50	750,712
CANADA HOUSING TRUST	Jun. 15, 2022	1.75	3,187,008
CANADA HOUSING TRUST	Jun. 15, 2023	2.35	3,756,217
CANADA HOUSING TRUST	Jun. 15, 2024	2.90	331,433
CANADA HOUSING TRUST	Dec. 15, 2025	2.25	217,774
CANADA HOUSING TRUST	Dec. 15, 2028	2.65	126,990
CANADIAN IMPERIAL BANK	Jul. 12, 2021	1.64	1,010,171
CANADIAN IMPERIAL BANK	Oct. 28, 2024	1.00	406,480
CANADIAN IMPERIAL BANK	Jun. 19, 2029	1.00	337,478
CHOICE PROPERTIES LP	Sep. 20, 2021	3.60	70,648
CHOICE PROPERTIES REIT	Mar. 08, 2028	4.18	231,871
CU INC	Sep. 09, 2043	4.72	799,683
CU INC	Jul. 27, 2045	3.96	145,723
ENBRIDGE INC	Mar. 09, 2020	4.53	134,490
ENBRIDGE INC	Mar. 11, 2021	3.16	342,450

SCHEDULE 3

TEACHERS' SUPERANNUATION FUND

SCHEDULE OF INVESTMENTS DISPOSED, YEAR ENDED JUNE 30, 2019 (UNAUDITED)

Investments	Maturity Date	Coupon Interest Rate %	Fair Value \$
ENBRIDGE INC	Sep. 27, 2077	1.00	427,621
ENBRIDGE INC	Apr. 12, 2078	1.00	438,314
ENBRIDGE PIPELINES INC	Aug. 09, 2046	4.13	385,197
FEDERATED CO OPERATIVES	Jun. 17, 2025	3.92	179,226
FINNING INTL INC	Jul. 03, 2020	3.23	160,891
GREAT WEST LIFECO INC	Mar. 21, 2033	6.67	289,482
GREAT WEST LIFECO INC	Nov. 16, 2039	6.00	122,179
HEATHROW FUNDING LTD	Sep. 04, 2032	3.78	215,524
HSBC BANK CANADA	Jan. 14, 2020	2.94	884,024
HSBC BANK CANADA	Jan. 29, 2021	2.45	264,265
HYDRO ONE INC	Jun. 26, 2025	2.97	127,722
HYDRO ONE INC	Feb. 23, 2046	3.91	63,288
HYDRO ONE INC	Nov. 18, 2047	3.72	275,307
IGM FINANCIAL INC	Jul. 13, 2048	4.17	73,460
LOBLAW COS LTD	Mar. 12, 2019	3.75	468,903
LOBLAW COS LTD	Sep. 12, 2023	4.86	521,727
MANUFACTURERS LIFE INSUR	Jan. 15, 2025	1.00	408,021
MUSKRAT FALLS/LABRADOR T	Jun. 01, 2037	3.83	373,428
MUSKRAT FALLS/LABRADOR T	Dec. 01, 2048	3.86	310,833
NORTH WEST REDWATER PRT	Jun. 01, 2029	4.25	405,984
NORTH WEST REDWATER PRT	Jan. 10, 2039	4.35	102,648
PROVINCE OF ALBERTA	Dec. 15, 2022	2.55	576,310
PROVINCE OF ALBERTA	Jun. 01, 2027	2.55	1,138,083
PROVINCE OF ALBERTA	Dec. 01, 2028	2.90	570,094
PROVINCE OF ALBERTA	Dec. 01, 2043	3.45	488,649
PROVINCE OF ALBERTA	Dec. 01, 2046	3.30	364,547
PROVINCE OF ALBERTA	Dec. 01, 2048	3.05	517,071
PROVINCE OF BRITISH COLUMBIA	Dec. 18, 2028	2.95	487,783
PROVINCE OF BRITISH COLUMBIA	Jun. 18, 2031	6.35	635,826
PROVINCE OF BRITISH COLUMBIA	Jun. 18, 2050	2.95	136,151
PROVINCE OF MANITOBA	Dec. 01, 2021	3.85	293,209
PROVINCE OF MANITOBA	Jun. 02, 2027	2.60	402,112
PROVINCE OF MANITOBA	Mar. 05, 2041	4.10	831,991
PROVINCE OF MANITOBA	Sep. 05, 2046	2.85	673,704
PROVINCE OF ONTARIO	Mar. 08, 2029	6.50	996,348
PROVINCE OF ONTARIO	Jun. 02, 2022	3.15	1,117,493
PROVINCE OF ONTARIO	Jun. 02, 2023	2.85	1,607,514
PROVINCE OF ONTARIO	Jun. 02, 2028	2.90	1,318,846
PROVINCE OF ONTARIO	Jun. 02, 2031	6.20	273,717

SCHEDULE 3**TEACHERS' SUPERANNUATION FUND****SCHEDULE OF INVESTMENTS DISPOSED, YEAR ENDED JUNE 30, 2019 (UNAUDITED)**

Investments	Maturity Date	Coupon Interest Rate %	Fair Value \$
PROVINCE OF ONTARIO	Jun. 02, 2041	4.65	1,678,209
PROVINCE OF ONTARIO	Jun. 02, 2045	3.45	2,765,830
PROVINCE OF QUEBEC	Jul. 06, 2025	2.60	131,998
PROVINCE OF QUEBEC	Sep. 01, 2025	2.75	418,949
PROVINCE OF QUEBEC	Jun. 01, 2032	6.25	1,299,008
PROVINCE OF QUEBEC	Dec. 01, 2041	5.00	1,010,801
PROVINCE OF QUEBEC	Dec. 01, 2045	3.50	658,781
PROVINCE OF QUEBEC	Dec. 01, 2048	3.50	367,017
PROVINCE OF QUEBEC	Dec. 01, 2051	3.10	29,643
PROVINCE OF SASKATCHEWAN	Sep. 05, 2031	6.40	998,342
PROVINCE OF SASKATCHEWAN	Dec. 02, 2046	2.75	31,843
ROYAL BANK OF CANADA	Mar. 15, 2021	2.03	934,051
ROYAL BANK OF CANADA	Sep. 26, 2023	3.30	481,830
ROYAL BANK OF CANADA	Jul. 17, 2024	1.00	546,547
ROYAL OFFICE FINANCE LP	Nov. 12, 2037	5.21	329,384
SMARTCENTRES REIT	Dec. 21, 2020	1.00	124,223
SMARTCENTRES REIT	Feb. 23, 2025	3.56	241,695
THOMSON REUTERS CORP	Sep. 30, 2020	4.35	470,706
TORONTO DOMINION BANK	May. 30, 2023	3.01	311,817
TORONTO DOMINION BANK	Sep. 30, 2025	1.00	288,582
TRANSCANADA PIPELINES	Jun. 06, 2046	4.35	360,523
TRANSCANADA PIPELINES	Jul. 03, 2048	4.18	279,244
WELLS FARGO + COMPANY	Apr. 25, 2022	2.09	241,412
WELLS FARGO + COMPANY	Feb. 08, 2024	3.18	96,149
WELLS FARGO + COMPANY	May. 19, 2026	2.98	350,620
WELLS FARGO CANADA CORP	Nov. 15, 2018	2.78	253,643
WELLS FARGO CANADA CORP	Jul. 25, 2019	2.94	250,903
SHARES:			
ADOBE INC		--	84,885
AGNICO EAGLE MINES LTD		--	135,149
ALGONQUIN POWER + UTILITIES		--	108,338
ALPHABET INC		--	131,081
ALTRIA GROUP INC		--	75,560
AMAZON.COM INC		--	135,057
AMERICAN TOWER CORP		--	123,095
APPLE INC		--	210,552
AUTOZONE INC		--	117,645
BANK OF MONTREAL		--	231,079
BANK OF NOVA SCOTIA		--	466,600

SCHEDULE 3

TEACHERS' SUPERANNUATION FUND

SCHEDULE OF INVESTMENTS DISPOSED, YEAR ENDED JUNE 30, 2019 (UNAUDITED)

Investments	Maturity Date	Coupon Interest Rate %	Fair Value \$
BOEING CO		--	70,339
BOOKING HOLDINGS INC		--	53,284
BOSTON SCIENTIFIC CORP		--	54,977
BOYD GROUP INCOME FUND		--	98,090
BROADCOM INC		--	71,808
BROOKFIELD ASSET MANAGE		--	340,917
CANADA GOOSE HOLDINGS INC		--	107,007
CANADIAN NATL RAILWAY CO		--	267,839
CANADIAN NATURAL RESOURCES		--	156,271
CANADIAN PACIFIC RAILWAY LTD		--	157,866
CAPRI HOLDINGS LTD		--	26,776
CATERPILLAR INC		--	71,694
CBRE GROUP INC		--	86,361
CCL INDUSTRIES INC		--	199,124
CELANESE CORP		--	64,580
CGI GROUP INC		--	110,959
CGI INC		--	158,625
CHEVRON CORP		--	114,355
CHOICE PROPERTIES REIT		--	68,965
CITIGROUP INC		--	88,777
COLLIERS INTERNATIONAL GROUP		--	53,513
COMCAST CORP		--	73,669
CONSTELLATION BRANDS INC		--	53,404
CONSTELLATION SOFTWARE INC		--	157,001
DESCARTES SYSTEMS GRP		--	156,680
DOLLARAMA INC		--	116,420
ENBRIDGE INC		--	286,237
ENERPLUS CORP		--	78,890
EOG RESOURCES INC		--	71,447
FACEBOOK INC		--	65,725
FORTIS INC		--	168,951
FRANCO NEVADA CORP		--	138,232
GARRETT MOTION INC		--	1,263
GOLDCORP INC		--	264,809
GREYSTONE CAPITAL		--	75,991,061
GREYSTONE REAL ESTATE FUND INC		--	22,970,000
HEXCEL CORP		--	93,799
HOME DEPOT INC		--	104,000
HONEYWELL INTERNATIONAL INC		--	101,859

SCHEDULE 3**TEACHERS' SUPERANNUATION FUND****SCHEDULE OF INVESTMENTS DISPOSED, YEAR ENDED JUNE 30, 2019 (UNAUDITED)**

Investments	Maturity Date	Coupon Interest Rate %	Fair Value \$
INTACT FINANCIAL CORP		--	235,206
INTERCONTINENTAL EXCHANGE INC		--	123,601
JPMORGAN CHASE + CO		--	111,514
LAM RESEARCH CORP		--	86,117
LOBLAW COMPANIES LTD		--	77,735
LOCKHEED MARTIN CORP		--	84,411
LUNDIN MINING CORP		--	69,125
MAGNA INTERNATIONAL INC		--	114,134
MANULIFE FINANCIAL CORP		--	218,108
MAPLE LEAF FOODS INC		--	78,394
MASTEC INC		--	117,386
MASTERCARD INC		--	116,924
MEDTRONIC PLC		--	85,078
MERCK + CO. INC.		--	110,658
MICHAEL KORS HOLDINGS LTD		--	28,657
MICROSOFT CORP		--	201,379
MONSTER BEVERAGE CORP		--	188,732
MORGAN STANLEY		--	68,545
NEXTERA ENERGY INC		--	96,640
NFI GROUP INC		--	166,000
NVIDIA CORP		--	66,617
ONEX CORPORATION		--	104,773
OPEN TEXT CORP		--	130,781
PEMBINA PIPELINE CORP		--	232,704
PEPSICO INC		--	120,445
PFIZER INC		--	117,274
PNC FINANCIAL SERVICES GROUP		--	78,690
PROGRESSIVE CORP		--	107,327
QUEBECOR INC		--	164,807
RESIDEO TECHNOLOGIES INC		--	2,552
ROGERS COMMUNICATIONS INC		--	129,167
ROYAL BANK OF CANADA		--	466,972
S+P GLOBAL INC		--	75,921
SERVICENOW INC		--	77,641
SEVEN GENERATIONS ENERGY		--	63,403
SHOPIFY INC		--	87,268
SPIN MASTER CORP		--	119,914
SUN LIFE FINANCIAL INC		--	163,727
SUNCOR ENERGY INC		--	224,539

SCHEDULE 3**TEACHERS' SUPERANNUATION FUND****SCHEDULE OF INVESTMENTS DISPOSED, YEAR ENDED JUNE 30, 2019 (UNAUDITED)**

Investments	Maturity Date	Coupon Interest Rate %	Fair Value \$
THERMO FISHER SCIENTIFIC INC		--	144,514
TJX COMPANIES INC		--	95,043
TORONTO DOMINION BANK		--	516,430
UNION PACIFIC CORP		--	149,188
UNITEDHEALTH GROUP INC		--	106,218
VERIZON COMMUNICATIONS INC		--	101,781
VERTEX PHARMACEUTICALS INC		--	15,975
VISA INC CLASS A SHARES		--	93,441
WALMART INC		--	82,524
WASTE CONNECTIONS INC		--	252,945
WEST FRASER TIMBER CO LTD		--	132,083
WHITECAP RESOURCES INC		--	46,935
ZOETIS INC		--	106,077
BROKERAGE FEES		--	8,158
SHORT TERM:			<u>834,891,268</u>
Total			<u>\$ 1,035,594,843</u>

SCHEDULE 4**TEACHERS' VOLUNTARY CONTRIBUTIONS FUND****SCHEDULE OF INVESTMENTS AND ACCRUED INTEREST, AS AT JUNE 30, 2019 (UNAUDITED)**

Investments	2019		2018	
	Total Fair Value	Accrued Interest	Total Fair Value	Accrued Interest
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Pooled Funds	\$ 2,281	\$ --	\$ 2,222	\$ --
Total	\$ 2,281	\$ --	\$ 2,222	\$ --

SCHEDULE 5**VOLUNTARY CONTRIBUTIONS FUND****SCHEDULE OF INVESTMENTS ACQUIRED, YEAR ENDED JUNE 30, 2019 (UNAUDITED)**

Investments	Fair Value
POOLED FUNDS:	
Greystone Canadian Equity Fund	\$ 57,204
Greystone US Equity Fund	15,505
Greystone Fixed Income Fund	33,263
Greystone Money Market Fund	74,610
Greystone International Equity Fund	14,723
TOTAL	\$ 195,305

SCHEDULE 6**VOLUNTARY CONTRIBUTIONS FUND****SCHEDULE OF INVESTMENTS DISPOSED, YEAR ENDED JUNE 30, 2019 (UNAUDITED)**

Investments	Fair Value
POOLED FUNDS:	
Greystone Canadian Equity Fund	\$ 75,763
Greystone US Equity Fund	42,602
Greystone Fixed Income Fund	85,930
Greystone Money Market Fund	25,797
Greystone International Equity Fund	20,561
TOTAL	\$ 250,653

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