

## **DALHOUSIE RETIREES' TRUST FUND ANNUAL REPORT to RETIREES for the year ended June 30, 2025**

### **Introduction:**

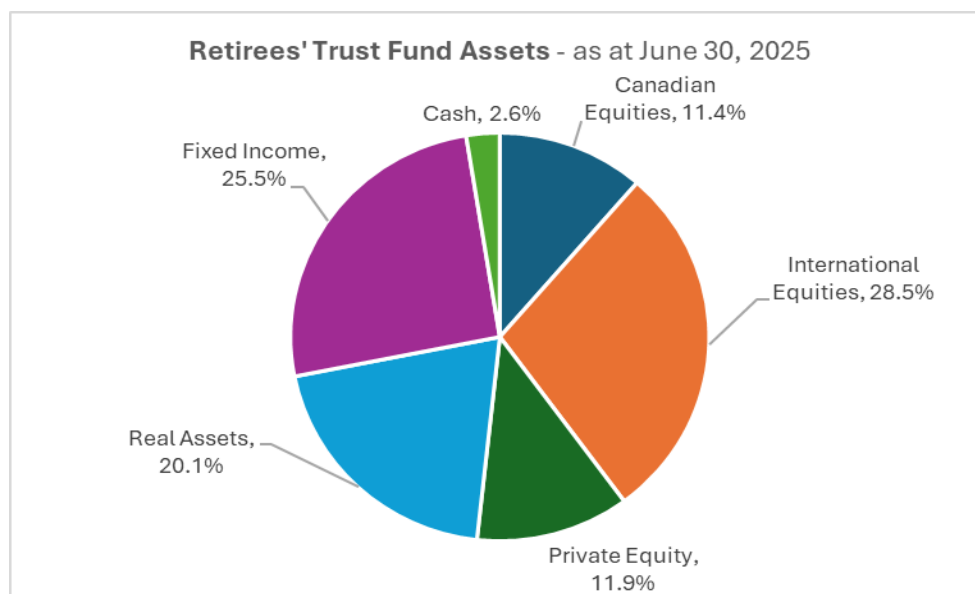
Monthly pension payments to the retired members of the Dalhousie University Staff Pension Plan are funded by assets held by the Dalhousie Retirees' Trust Fund (RTF). The RTF is one of two funds that support the benefits of the Plan, the other being the Pension Trust Fund which holds assets to fund the pension benefits earned and accumulated by members during their working careers. The RTF held \$1,065.4 million in net assets as at June 30, 2025 that will fund the future pension benefits of current retirees. The RTF made \$78.4 million in member benefit payments during the year.

The RTF is governed by a group of appointed Trustees. The RTF Trustees hold regular meetings to provide strategic guidance and policy directives for RTF investments, and to review the performance and operations of the investments. The primary objective of the Trustees is to secure the promised pension benefit and with the benefit secured, provide indexation to the extent that investment performance permits. As a group, the Trustees take a long-term view when establishing policy and strategy to enable the RTF to achieve its financial and Plan benefit objectives.

### **Fund Structure:**

The RTF trustees have aimed to structure and maintain a diversified portfolio of various asset classes including Canadian and international stocks, Canadian bonds, US Private debt, and alternative asset classes. The alternative asset class includes real assets (domestic and non-domestic real estate, infrastructure) and private equity strategies. The RTF's asset mix policy which was approved by the Trustees at the June 2021 Investment Committee meeting, has established allocation targets of 32.5% publicly-listed equities, 32.5% alternatives, and 35% fixed income and cash, although the actual mix will vary within prescribed ranges.

The RTF's asset allocation as at the most recent fiscal year end, June 30, 2025, is illustrated in the following chart.



The RTF Trustees engage multiple external investment management firms to invest the Fund's assets, which provide the RTF with another level of diversification. Specific investment mandates within certain asset classes are assigned to each firm to provide different yet complementary investment philosophies and styles. Collectively these manager assignments are administered to conform to the Fund's investment asset mix policy.

As noted earlier, the RTF's net assets were valued at \$1,063.9 million as at June 30, 2025, an increase of \$93.5 million from June 30, 2024. This increase, as depicted in the following table, was the result of investment gains and inflows for new retirees during the year, offset by pension payments and fund expenses.

**Changes in Net Assets Available for Benefits  
For the year ended June 30, 2025  
(millions)**

|                            |                              |
|----------------------------|------------------------------|
| Funding for new pensioners | \$ 73.6                      |
| Investment Returns         | 103.3                        |
| Benefits Paid              | (78.4)                       |
| Fund Expenses              | ( 5.0)                       |
| <b>Net Change</b>          | <b><u><u>\$ 93.5</u></u></b> |

**Investment Returns:**

Public equities in Canadian, U.S. and overseas markets provided strong returns for the twelve-month period ending June 30, 2025, with returns ranging from 8.04% to 26.36% in local terms. The Canadian equity market, as represented by the S&P/TSX, had the highest one year return as of June 30, 2025 with 26.36%, while International equities, as represented by the MSCI EAFE, returned 8.04% (in local terms). International equities increased to 17.39% for the Canadian investor, as the Canadian dollar weakened against the basket of International currencies during this period. US Equities, as represented by the S&P 500 returned 15.17% in local terms but decreased to 14.84% for the Canadian investor. The Canadian bond market yielded a 6.12% return as yields fell during the period as the Bank of Canada continued to cut interest rates.

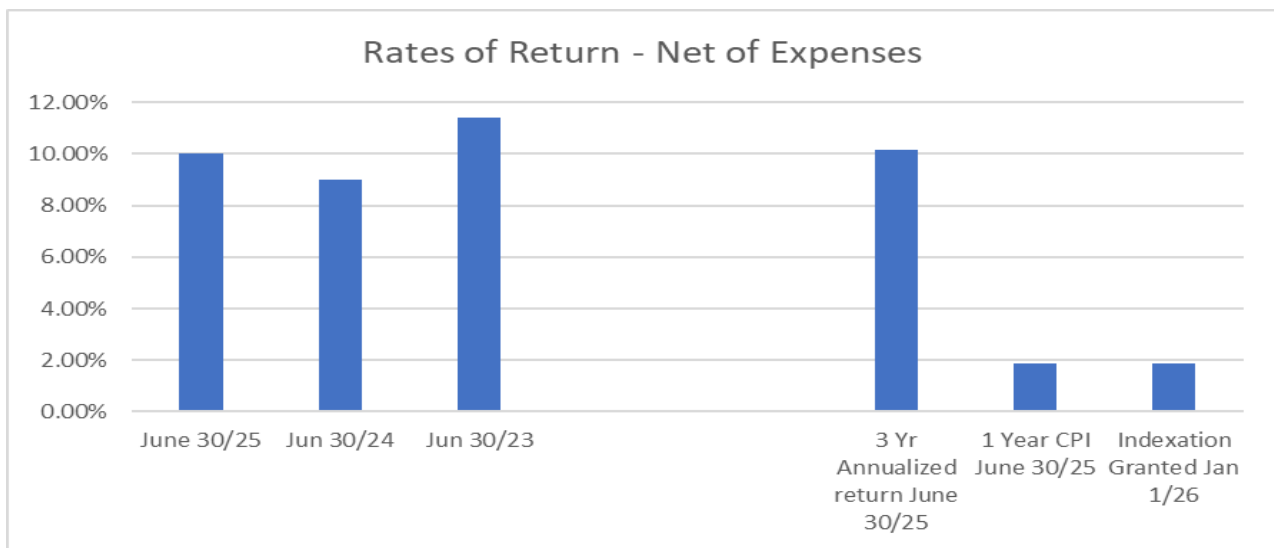
The RTF's returns and policy benchmark objectives (financial market index returns weighted per the RTF's policy allocation) for periods that ended June 30, 2025 were:

|                   | <u>Annualized Returns (before fees) as at June 30, 2025</u> |                |                |                |                 |
|-------------------|---|----------------|----------------|----------------|-----------------|
|                   | <u>1 Year</u>   | <u>2 Years</u> | <u>3 Years</u> | <u>4 Years</u> | <u>10 Years</u> |
| RTF               | 10.52%  | 10.01%         | 10.65%         | 6.98%          | 7.51%           |
| Passive Benchmark | 12.90%  | 13.44%         | 13.43%         | 8.07%          | 8.03%           |

**Indexation:**

a) Annual Indexation

The Dalhousie University Staff Pension Plan has an "excess interest" indexation provision that can increase pensions each January 1<sup>st</sup> for eligible retirees (those who retired prior to January 1 of the previous year). "Excess interest" may be available should the RTF's 3-year annualized return net of expenses for the 3-year period ended the previous June 30 exceed a threshold of 5.05%. The maximum allowable indexation is the 1-year Canadian Consumer Price (CPI) Index change as of each June 30<sup>th</sup>. Should the RTF's 3-year annualized return fall short of the 5.05% threshold in any given year, this shortfall must be recovered in subsequent years before any future indexation may be granted by this "excess interest" provision. Currently there is no accumulated shortfall for annual indexation determination purposes.



The RTF's 3-year return net of expenses at June 30, 2025 was 10.1356% exceeding the 5.05% hurdle by 5.0856%. CPI for the year ended June 30, 2025 was 1.8587%. As the lesser of excess interest and actual CPI is granted, a pension increase of 1.8587% will be provided to those pensioners who are eligible for indexation January 1, 2026.

b) Catch-up Indexation

The Plan also gives the Trustees the discretion to use up to one-half of any surplus that an actuarial valuation may have identified in the Fund to catch up on any indexation missed in previous years. The actuarial valuation at January 31, 2023 identified a surplus of \$45.958 million. The RTF trustees awarded \$11.48 million in October 2023 to catch up on missed indexation over the 2013 - 2015 period on a go-forward basis to eligible pensioners. In October 2024, the RTF trustees met and agreed to use the remaining eligible surplus, approximately \$11.48 million to catch up on missed indexation between the 2015 – 2023 period on a go-forward basis to eligible pensioners. The next actuarial valuation is required to be filed no later than January 31, 2026.

The RTF's final audited financial statements for June 30, 2025 can be accessed at the University's Pension website: <https://www.dal.ca/dept/pension/reports/dalhousie-retirees--trust-fund-annual-financial-statements.html>

Questions relating to the Fund's investments may be directed to Nancy-Beth Foran at (902) 494-2307, while benefit-related queries can be directed to Chris Patterson, Senior Pension Advisor at (902) 494-1120 or (902) 494-1782.

The current Trustees serving on the RTF are as follows:

Paul Beesley (*Chair*)  
Paul Conrod  
Aubrey Palmeter

Greg Hebb  
Andrew Cochrane

Jonathan Shapiro  
Gitta Kulczycki – until October 2025  
Cathie O'Toole – started October 2025

Yours truly,

Paul Beesley, Chair