SEIU Affiliates Officers and Employees Pension Fund

Financial Statements

For the year ended December 31, 2023

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Employees Pension Fund
Financial Statements
For the year ended December 31, 2023

Contents

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Independent Auditor's Report

To the Board of Trustees of
SEIU Affiliates Officers and Employees Pension Fund

Opinion

We have audited the financial statements of the SEIU Affiliates Officers and Employees Pension Fund (the "Plan"), which comprise the statement of net assets available for benefits as at December 31, 2023, and the statement of changes in net assets available for benefits 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 net assets available for benefits of the Plan as at December 31, 2023, and its changes in net assets available for benefits for the year then ended in accordance with the financial reporting provisions of Section 76 of the Regulations to the Pension Benefits Act, 1990 (Ontario).

Basis of 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 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 of our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Administrator of the Plan to meet the requirements of the Financial Services Regulatory Authority of Ontario. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the Administrator of the Plan and the Financial Services Regulatory Authority of Ontario and should not be used by parties other than the Administrator of the Plan and the Financial Services Regulatory Authority of Ontario.

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 the financial reporting provisions of Section 76 of the Regulations under the Pension Benefits Act, 1990 (Ontario), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report (Continued)

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

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 that we identify during our audit.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 27, 2024

SEIU Affiliates Officers and Employees Pension Fund
Statement of Net Assets Available for Benefits

December 31	2023	2022
Assets		
Investments (Note 4)	**$155,865,446**	$141,601,370
Cash	**159,225**	295,919
Contributions receivable	**586,614**	432,659
Due from related parties (Note 5)	**-**	6
	156,611,285	142,329,954
Liabilities		
Accounts payable and accrued liabilities	**127,971**	146,301
Due to related parties (Note 5)	**176,935**	184,803
	304,906	331,104
Net assets available for benefits	**$156,306,379**	$141,998,850

On behalf of the Board of Trustees:

_______________ Trustee

_______________ Trustee

The accompanying notes are an integral part of these financial statements.

SEIU Affiliates Officers and Employees Pension Fund
Statement of Changes in Net Assets Available for Benefits

For the year ended December 31	2023	2022
Increase (decrease) in assets		
Employer contributions	**$ 7,302,620**	$ 6,931,565
Investment income (loss) (Note 6)	**15,953,561**	(10,885,787)
Other income	**-**	29,120
	23,256,181	(3,925,102)
Decrease in assets		
Benefit payments		
Pension payments	**7,075,255**	6,842,328
Lump sum payments	**940,931**	328,390
	8,016,186	7,170,718
Expenses		
Actuarial and consulting (Note 9(b))	**58,567**	115,308
Administration (Note 9(b))	**132,160**	131,924
Audit and tax (Note 9(b))	**42,464**	33,012
Filing fees	**142,670**	111,783
Investment fees and services (Note 9(b))	**503,553**	489,325
Legal (Note 9(b))	**39,036**	5,679
Office expenses and general	**14,016**	10,670
	932,466	897,701
	8,948,652	8,068,419
Increase (decrease) in net assets	**14,307,529**	(11,993,521)
Net assets available for benefits, beginning of year	**141,998,850**	153,992,371
Net assets available for benefits, end of year	**$156,306,379**	$141,998,850

The accompanying notes are an integral part of these financial statements.

1. Significant Accounting Policies

Purpose of the Plan
The purpose of the SEIU Affiliates Officers and Employees Pension Plan (Canada) (the "Plan") is to provide benefits to members upon pension eligibility as further described in Note 2. The Plans assets are invested in accordance with the Plan's Statement of Investment Policies and Procedures.

Basis of Presentation
These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the accounting requirements prescribed by the Financial Services Regulatory Authority of Ontario for financial statements under Section 76 of Regulations of the Pension Benefits Act, 1990 (Ontario). These regulations require pension plans to adhere to the provisions of *Section 4600 - Pension Plans in Part IV - Accounting Standards for Pension Plans* of the CPA Canada Handbook - Accounting, although they permit the exclusion of the actuarial liabilities of the Plan. Consequently, these financial statements do not purport to show the adequacy of the Plan's assets to meet its pension obligations. As the financial statements do not include the pension obligations, these financial statements are pension fund financial statements. For accounting policies that do not relate to the Plan's investment portfolio, the Plan has elected to apply Canadian accounting standards for private enterprises.

Contributions to the Plan
The Plan is a funded Plan for pension rights of members by contributions based upon salaries paid to covered employees during the year, net of payroll audit expenses. Employer contributions to the Plan are determined by the required contributions specified in the actuarial valuation. Each Participating Organization shall contribute to the Fund a percentage of the monthly Gross Compensation of each of its Full-Time Officers or Employees as authorized by the SEIU Constitution. The funding policy of the Plan was provided by employers' contributions at the rate of 26.40% (2022 - 26.40%) of covered payroll of participants. Contribution requirements in subsequent years could change depending on the actual covered payroll of the Plan member and the results of actuarial valuations. Contributions receivable represents the employer contributions earned but not yet received as of the date of the financial statements.

Investments
Investments of the Plan are stated at fair value on a trade date basis.

The fair value of pooled fund investments is based on the unit values supplied by the pooled fund administrator, which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices.

Limited partnership investments are valued based on net assets or partnership units obtained from the investment administrator.

The fair value of all other investments is based on closing quoted market prices.

Pooled fund investment income recognized is the increase or decrease in the value of the pooled funds. Dividends and interest are reinvested within the pooled funds.

Dividend income is recognized based on the ex-dividend date and interest income is recognized on the accrual basis as earned.

December 31, 2023

1. Significant Accounting Policies - (Continued)

Investments - (continued)
The gain (loss) on sale of investments is determined by the excess (shortfall) of proceeds over average cost of investments sold.

The unrealized fair value adjustment represents the unrealized appreciation (depreciation) in fair value of investments held at the year end less the related unrealized appreciation (depreciation) as at the previous year end.

Pension Benefits
Benefit costs are shown as expenditures in the year of payment.

Foreign Currency Translation
Foreign currency accounts are translated to Canadian dollars as follows:

At the transaction date, each asset, liability, revenue or expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities, including investments which are carried at fair value, are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period.

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 reported amounts of assets and liabilities at the financial statement date and the reported amounts of changes in net assets available for benefits during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Description of the Plan

The Plan is a defined benefit plan that was established by the Service Employees International Union ("SEIU" or "Union") to provide benefits to officers and employers of local labour unions affiliated with SEIU and those of local labour unions who have agreed to be covered by the Plan.

Any person customarily employed in Canada by the Union, or its Canadian chartered bodies, who terminates their employment or dies on or after January 1, 1990 and is eligible for the benefits provided by the Plan, will receive benefits from this Plan.

Under the current provisions of the Plan, participants who retire from eligible employment are eligible for unreduced retirement payments if they retire after reaching age 65 equal to 2% of the participant's final average salary times the number of years of service. Participants who retire prior to age 65 and after age 50, assuming all conditions are met, will receive reduced early age retirement payments. Retirement payments are based on the participants' service and salaries. At termination, any Participant under the age of 55 years has the option to elect the commuted value of benefits as a single lump sum. If the participant is subject to the pension laws, and the provincial law requirements are met, the participant may elect to convert part of his pension benefit into a lump sum payment. Lump sums can only be taken in 1% increments, up to a maximum of 25% of the pension benefit. Each January, cost of living adjustments of 1.5% or the current Consumer Price Index are made to pensioners and beneficiaries who have been in payment status for at least six months. All lump sum payments are made in accordance with provincial laws.

Certain benefits are paid to the member's designated beneficiary or estate in the event of death before commencement of pension payments.

Participants should refer to the Plan document for more complete information.

It is the expressed intention and expectation of the Union that it will continue the Plan in full force and effect. However, in the unlikely event of termination, the interests of participants under the Plan shall be non-forfeitable to the extent funded. In the event the Plan terminates, the net assets of the Plan will be allocated to provide for the accrued benefits of persons with an interest in the Plan, subject to the requirements of Canadian law. Any surplus assets remaining after such liabilities have been provided for will be refunded to the Union.

3. Actuarial Information

The latest filed actuarial valuation of the Plan was prepared by The Segal Group, Inc. as at January 1, 2022.

	January 1, 2022
Actuarial value of assets	$146,645,000
Going concern actuarial liabilities:	
Active members	48,636,000
Pensioners and beneficiaries	84,968,000
Inactive vested members	16,134,000
	149,738,000
Provision for adverse deviation	11,599,000
Prior year credit balance	234,000
	$161,571,000
Going concern actuarial deficiency	$ (14,926,000)

As per the last actuarial valuation as at January 1, 2022, the Plan had a funded ratio of 96.23% on a going concern basis, and a wind-up deficiency of $63,356,000 on a solvency basis.

Some of the more significant actuarial assumptions used in preparing the January 1, 2022 actuarial report are listed below. These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial results.

Actuarial assumptions used were:

(a) Life expectancy of participants – the 2014 CPM Mortality Table with generational projection using the mortality improvement scale CPM-B, was used.

(b) Rate of return - 5.75% compounded annually.

The next required actuarial report will be no later than January 1, 2025.

December 31, 2023

4. Investments

	2023		2022	
	Fair Value	**Cost**	Fair Value	Cost
(a) By type				
Cash	**$ 12,086,656**	**$ 12,086,656**	$ 1,434,004	$ 1,434,004
Equities				
Pooled funds				
Real estate	**14,856,578**	**11,395,217**	17,921,027	13,624,629
Fixed income	**52,010,655**	**57,891,889**	44,325,197	51,824,661
Canadian equities	**57,025,164**	**61,036,106**	49,772,904	53,683,682
Foreign equities	**19,886,393**	**22,717,786**	28,148,238	30,811,299
	$155,865,446	**$165,127,654**	$141,601,370	$151,378,275

	2023		2022	
	Fair Value	**Cost**	Fair Value	Cost
(b) By manager				
BentallGreenOak Canada LP	**$ 7,410,058**	**$ 4,330,226**	$ 10,191,959	$ 6,524,629
BlackRock Inc.	**71,518,821**	**77,852,749**	74,595,498	80,102,943
CIBC Mellon	**1,351,294**	**1,351,294**	1,433,651	1,433,651
Fidelity Investments Canada	**26,057,562**	**29,640,310**	23,070,771	27,545,383
Fiera Capital Investments	**18,181,529**	**17,800,000**	7,729,068	7,100,000
Franklin Templeton Investments	**5,393,089**	**5,901,496**	3,325,997	4,392,391
Phillips, Hager & North	**25,953,093**	**28,251,579**	21,254,426	24,279,278
	$155,865,446	**$165,127,654**	$141,601,370	$151,378,275

4. Investments - (Continued)

(c) Allocation, at fair value

	Fund Policy %	Target %	**2023 %**	2022 %
Equities	20 - 60	55	**49**	55
Real estate	0 - 15	10	**10**	13
Private equity	0 - 15	-	**-**	-
Global infrastructure	0 - 15	-	**-**	-
Fixed income	15 - 60	35	**33**	31
Cash equivalents	0 - 20	-	**8**	1
Hedge funds	0 - 15	-	**-**	-
		100	**100**	100

5. Due from/to Related Parties

	2023	2022
Due from related parties		
Pension Plan for the Employees of the Service Employees International Union - Canada, a plan with common trustees	**$ -**	$ 6
Due to related parties		
SEIU Affiliates Officers and Employees Pension Plan - United States, a plan with common trustees	**$ 145,834**	$ 155,846
SEIU National Industry Pension Plan - United States, a plan with common trustees	**27,764**	25,703
Pension Plan for Employees of the Service Employees International Union - United States, a plan with common trustees	**3,283**	3,254
Pension Plan for the Employees of the Service Employees International Union - Canada, a plan with common trustees	**54**	-
	$ 176,935	$ 184,803

5. Due from/to Related Parties - (Continued)

The amounts due from/to the above listed related parties are non-interest bearing, unsecured and have no specific terms of repayment. The amounts comprised primarily of shared expenses.

6. Investment Income (Loss)

	2023	2022
Interest, dividends and other pooled fund income	**$ 5,196,186**	$ 4,407,055
Gain on sale of investments	**10,242,678**	2,553,154
Unrealized fair value adjustment	**514,697**	(17,845,996)
	$ 15,953,561	$ (10,885,787)

7. Financial Instrument Risks

The Plan may be exposed to a variety of direct and indirect financial risks including credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). These risks have not changed from the previous year.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation that is entered into with the Plan. The risk of default on transactions in listed securities is considered minimal, as the trade will fail if either party to the transaction does not meet its obligation.

The Plan's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. While the Plan may have credit risk with respect to bonds, it manages this risk by investing in investment-grade and government bonds.

7. Financial Instrument Risks - (Continued)

Credit Risk - (continued)

As of December 31, debt securities by credit rating are as follows:

	2023		2022	
	Fixed Income Investments	**% of Total**	Fixed Income Investments	% of Total
AAA	**$ 14,401,188**	**27.7**	$ 9,885,926	22.3
AA	**16,558,406**	**31.8**	14,435,221	32.6
A	**8,413,786**	**16.2**	8,219,980	18.5
BBB	**9,048,043**	**17.4**	7,988,024	18.1
BB	**1,623,512**	**3.1**	1,829,052	4.1
< BB	**913,529**	**1.8**	1,033,468	2.3
Unrated*	**1,052,191**	**2.0**	933,526	2.1
	$ 52,010,655	**100.0**	$ 44,325,197	100.0

* Unrated fixed income investments consist of cash and mortgages.

Liquidity Risk
The Plan is also exposed to *liquidity risk* in the event that investments must be sold quickly. The Plan's assets are primarily invested in securities that are traded in an active market and can be readily disposed of as liquidity needs arise, assuming orderly markets.

The Plan's investments in real estate may be exposed to higher degree of liquidity risk.

Market Risk
Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of financial instruments. It arises when the Plan invests in interest-sensitive investments such as bonds and other fixed income investments that will fluctuate due to changes in prevailing levels of market interest rates. The Plan mitigates this risk by investing in interest-bearing investments with varying maturity dates. As at December 31, the terms to maturity of interest-bearing investments is as follows:

2023 (millions)	**Less than 1 year**	**1 - 5 years**	**5 - 10 years**	**> 10 years**	**Total**
Fixed income	**$ 2**	**$ 17**	**$ 18**	**$ 15**	**$ 52**

7. Financial Instrument Risks - (Continued)

Market Risk - (continued)

2022 (millions)	Less than 1 year	1 - 5 years	5 - 10 years	> 10 years	Total
Fixed income	$ 3	$ 16	$ 13	$ 12	$ 44

As of December 31, 2023, had prevailing interest rates increased or decreased by 1%, with all other variables held constant, net assets available for benefits would have decreased or increased by $3.9 million (2022 - $3.3 million). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currencies. As at December 31, 2023, had the Canadian dollar appreciated or depreciated by 5% relative to other currencies, with all other variables held constant, net assets available for benefits would have decreased or increased, respectively by approximately $1 million (2022 - $1.4 million).

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

The Plan manages market risk by diversifying investments, as approved by the Board of Trustees. If market prices of the equities, equity pooled funds and real estate pooled fund had increased or decreased by 10% on December 31, 2023, the net assets available for benefits of the Plan would have increased or decreased, respectively, by approximately $9.2 million (2022 - $9.6 million).

Financial Instruments Fair Value Hierarchy
Disclosure of a three-level hierarchy for fair value measurements is based upon transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1:
For securities valued based on unadjusted quoted prices in active markets for identical assets.

Level 2:
For securities valued based on inputs, other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly.

Level 3:
For securities valued based on inputs that are based on unobservable market data.

7. Financial Instrument Risks - (Continued)

Financial Instruments Fair Value Hierarchy - (continued)
As at December 31 the following table represents a summary of investments held by level:

	2023	2022
Level 1 - cash, equities and equity pooled funds	**$ 88,998,213**	$ 79,355,146
Level 2 - short-term notes, accrued income and fixed income pooled funds	**52,010,655**	44,325,197
Level 3 - real estate pooled funds	**14,826,578**	17,921,027
	$155,835,446	$141,601,370

The schedule below presents a reconciliation of Level 3 investments measured at fair value using unobservable inputs during the year.

	2023	2022
Balance, beginning of year	**$ 17,921,027**	$ 20,844,520
Purchases and reinvested distributions	**270,396**	2,550,651
Sales	**(2,499,809)**	(6,999,997)
Unrealized gains	**(865,036)**	1,525,853
Balance, end of year	**$ 14,826,578**	$ 17,921,027

8. Capital Management

The Plan considers its capital to be its net assets available for benefits. The Plan’s objective when managing its capital is to accumulate funds to provide retirement benefits to Plan members, as further described in Note 2.

Based on periodic actuarial valuations, the sponsor is required to provide the funding, in accordance with applicable regulatory requirements, to ensure that benefits will be fully provided for on retirement. The Plan's investment assets are invested in accordance with the Plan's Statement of Investment Policies and Procedures ("SIP&P"), most recently amended and approved May 18, 2021, and within the applicable regulatory limits.

The primary investment objective of the Plan is to ensure the assets are invested in a prudent manner so that sufficient assets, investment earnings and liquidity are available to meet the Plan's obligations, in conformance with all applicable pension legislation. The overall long-term objective is to earn a return which exceeds the actuarial assumed rate of return, returns that exceed benchmarks and a total rate of return that exceeds inflation as measured by the Consumer Price Index by 3.0% per year over a three to five year market cycle as identified in the SIP&P. Actual results related to the Plan's investment portfolio are disclosed in the Note 6.

There have been no changes in what the Plan considers to be its capital and there have been no significant changes to the Plan's capital management objectives, policies and processes in the year.

9. Plan Information

(a) The Plan is a registered plan under Section 147.1 of the Income Tax Act of Canada and is therefore exempt from income taxes. The Plan's registration number with Canada Revenue Agency and the Financial Services Regulatory Authority of Ontario is 0226951.

(b) Recipients of Administration and Professional Fees

	2023	2022
Actuarial and consulting		
The Segal Group, Inc.	**$ 58,567**	$ 115,308
Administration		
SEIU Affiliates Officers and Employees Pension Plan - United States	**$ 132,160**	$ 131,924
Audit and tax		
BDO Canada LLP	**$ 42,464**	$ 33,012
Investment fees		
BentallGreenOak Canada LP	**$ 54,511**	$ 71,307
BlackRock Inc.	**39,594**	33,877
Fidelity Investments Canada	**82,307**	69,353
Fiera Capital	**81,804**	81,311
Franklin Templeton	**21,338**	28,018
Marquette Associates	**32,899**	32,580
Phillips, Hager & North	**97,340**	82,152
	409,793	398,598
Custodial fees		
CIBC Mellon	**93,760**	90,727
	$ 503,553	$ 489,325
Legal		
Koskie Minsky LLP	**$ 39,036**	$ 5,679