Financial Statements

and Notes to the Financial Statements

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Management's Responsibility for Financial Reporting

The consolidated financial statements of the Public Sector Pension Investment Board ("PSP Investments") as well as the financial statements of the Public Service, the Canadian Forces, the Royal Canadian Mounted Police, and the Reserve Force Pension Plan Accounts (the "financial statements") have been prepared by management and approved by the Board of Directors. These financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Management is responsible for the contents of these financial statements and the financial information contained in the Annual Report. The consolidated financial statements include certain amounts based on Management's judgments and best estimates where deemed appropriate. The significant accounting policies used are disclosed in note 2 to the consolidated financial statements. The financial information presented throughout the Annual Report is consistent with the consolidated financial statements.

For fiscal year ended March 31, 2025 and March 31, 2024, we certify that the internal controls over financial reporting and disclosure controls and procedures are adequately designed and are operating effectively. We report any significant deficiencies to the Audit Committee ("Committee") of the Board of Directors of PSP Investments.

PSP Investments maintains records and systems of internal control and supporting procedures designed to provide reasonable assurance that PSP Investments' assets are safeguarded and controlled in accordance with the *Public Sector Pension Investment Board Act*.

The Committee assists the Board of Directors in discharging its responsibility to approve the annual financial statements. The Committee meets regularly with management and the internal and external auditors to discuss the scope and findings of audits and other work that they may be requested to perform from time to time, to review financial information, and to discuss the effectiveness of internal controls. The Committee reviews the annual financial statements and recommends them to the Board of Directors for approval.

PSP Investments' external "joint" auditors, the Auditor General of Canada and Deloitte LLP (the "External Auditors"), have conducted an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to express an opinion in their Independent Auditors' Report. The External Auditors have full and unrestricted access to management and the Committee to discuss findings related to the integrity of PSP Investments' financial reporting and the adequacy of internal control systems.

Deborah K. Orida
President and Chief Executive Officer
May 15, 2025

David Ouellet
Senior Vice President and Chief Technology,
Data and Operations Officer and
Interim Chief Financial Officer
May 15, 2025

Investment Certificate

The *Public Sector Pension Investment Board Act* (the “Act”) requires that a certificate be signed by a director on behalf of the Board of Directors, stating that the investments of the Public Sector Pension Investment Board (“PSP Investments”) held during the financial year were in accordance with the Act and PSP Investments’ investment policies, standards and procedures. Accordingly, the Investment Certificate follows:

“The investments of PSP Investments held during the year ended March 31, 2025, were in accordance with the Act and PSP Investments’ Statement of Investment Policies, Standards and Procedures”.

Maryse Bertrand

Maryse Bertrand
Chair of the Board
May 15, 2025

Independent Auditors' Report

To the President of the Treasury Board

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Public Sector Pension Investment Board and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at March 31, 2025 and 2024, and the consolidated statements of net income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision, and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Public Sector Pension Investment Board and its wholly-owned subsidiaries coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the applicable provisions of Part X of the *Financial Administration Act* and regulations, the *Public Sector Pension Investment Board Act* and regulations, and the by-laws of the Public Sector Pension Investment Board and its wholly-owned subsidiaries.

In our opinion, the transactions of the Public Sector Pension Investment Board and its wholly-owned subsidiaries that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Public Sector Pension Investment Board and its wholly-owned subsidiaries' compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Public Sector Pension Investment Board and its wholly-owned subsidiaries to comply with the specified authorities.

Auditors' Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

Mélanie Cabana, CPA auditor

Senior Principal
for the Auditor General of Canada

Montréal, Canada
May 15, 2025

Deloitte LLP[1]

[1] CPA auditor, public accountancy permit No. A125494

Montréal, Canada
May 15, 2025

Consolidated Statements of Financial Position

As at

(Canadian $ millions)	Notes	**March 31, 2025**	March 31, 2024[A]
Assets			
Cash and cash equivalents	4.1	**2,535**	2,514
Investments	4.1	**343,008**	300,221
Other assets		**153**	133
Total assets		**345,696**	302,868
Liabilities			
Trade payable and other liabilities		**583**	500
Investment-related liabilities	4.1	**11,344**	10,807
Borrowings	4.1, 8.2	**34,401**	27,010
Total liabilities		**46,328**	38,317
Net assets		**299,368**	264,551
Equity			
Statutory rights Held by the Government of Canada with respect to:	9.1		
Public Service Pension Plan Account		**219,436**	193,952
Canadian Forces Pension Plan Account		**57,095**	50,517
Royal Canadian Mounted Police Pension Plan Account		**21,623**	19,004
Reserve Force Pension Plan Account		**1,214**	1,078
Total equity		**299,368**	264,551
Total liabilities and equity		**345,696**	302,868

[A] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Net Income

For the years ended March 31

(Canadian $ millions)	Notes	2025	2024
Investment income	10	**36,078**	20,208
Investment-related expenses	11, 14.2	**(1,769)**	(1,751)
Net investment income		**34,309**	18,457
Operating expenses	12, 14.2	**(820)**	(731)
Recoveries of costs	2.1, 14.2	**49**	30
Net income	10	**33,538**	17,756

Consolidated Statements of Changes in Equity

For the years ended March 31

(Canadian $ millions)	Notes	2025	2024
Fund transfers			
Balance at beginning of year		**93,229**	89,749
Fund transfers received during the year	9.3	**3,222**	3,480
Fund transfers paid out during the year	9.3	**(1,943)**	–
Balance at end of year		**94,508**	93,229
Retained earnings			
Balance at beginning of year		**171,322**	153,566
Net income	10	**33,538**	17,756
Balance at end of year		**204,860**	171,322
Total equity		**299,368**	264,551

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Cash Flows

For the years ended March 31

(Canadian $ millions)	Notes	2025	2024
Cash flows from operating activities			
Net income	10	**33,538**	17,756
Adjustments for non-cash items:			
Depreciation of property and equipment	12	**20**	24
Effect of exchange rate changes on cash and cash equivalents		**(29)**	(15)
Unrealized losses on borrowings		**1,205**	35
		34,734	17,800
Net changes in operating assets and liabilities			
Increase in investments		**(42,787)**	(21,727)
(Increase) decrease in other assets		**(36)**	12
Increase (decrease) in trade payables and other liabilities		**83**	(22)
Increase (decrease) in investment-related liabilities		**537**	(4,937)
Net cash flows used in operating activities[B]		**(7,469)**	(8,874)
Cash flows from financing activities			
Proceeds from borrowings		**39,190**	31,407
Repayment of borrowings		**(33,004)**	(28,466)
Fund transfers received	9.3	**3,222**	3,480
Fund transfers paid out	9.3	**(1,943)**	–
Net cash flows provided by financing activities		**7,465**	6,421
Cash flows from investing activities			
Acquisitions of equipment		**(4)**	(3)
Net cash flows used in investing activities		**(4)**	(3)
Net change in cash and cash equivalents[B]		**(8)**	(2,456)
Effect of exchange rate changes on cash and cash equivalents		**29**	15
Cash and cash equivalents at the beginning of the year[B]		**2,514**	4,955
Cash and cash equivalents at the end of the year[A, B]	4.1	**2,535**	2,514
Supplementary disclosure of cash flow information			
Dividends received		**3,581**	2,782
Interest received		**4,496**	4,273
Interest paid		**(1,363)**	(1,305)

[A] As at March 31, 2025, cash included in Cash and cash equivalents amounted to $552 million (March 31, 2024 – $588 million).

[B] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

1. Corporate Information

The Public Sector Pension Investment Board ("PSP Investments") is a Crown corporation created under the *Public Sector Pension Investment Board Act* (the "Act") to manage and invest amounts that are transferred to it pursuant to the *Superannuation Acts* (defined below), for the funds (as defined in the Act) of the pension plans established under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* ("CFSA"), the *Royal Canadian Mounted Police Superannuation Act* (collectively the "*Superannuation Acts*"), and certain regulations under the CFSA (the "CFSA Regulations"). The pension plans established under the *Superannuation Acts* consist of the Public Service pension plan, the Canadian Forces pension plan, and the Royal Canadian Mounted Police pension plan, and the pension plan established under the CFSA Regulations is the Reserve Force pension plan. They are herein referred to individually as a "Plan" and collectively as the "Plans".

The funds for which amounts are currently transferred to PSP Investments by the Government of Canada (individually a "Fund" and collectively the "Funds") relate to pension obligations under the Plans for service on or after April 1, 2000, and in the case of the Reserve Force Plan, for service on or after March 1, 2007 (collectively "Post-2000 Service"). The accounts managed by PSP Investments for the Funds are herein referred to individually as a "Plan Account" and collectively as the "Plan Accounts".

PSP Investments is responsible for managing amounts that are transferred to it in the best interests of the beneficiaries and contributors under the *Superannuation Acts*. The amounts are to be invested with a view of achieving a maximum rate of return, without undue risk of loss, having regard to the funding, policies and requirements of the Plans and the ability of the Plans to meet their financial obligations.

Pursuant to the *Superannuation Acts*, the Government of Canada, which administers the Plans and their respective Funds, may at any time call upon the net assets of PSP Investments allocated to each Fund's Plan Account for amounts required for the purpose of paying benefits under the relevant Plan in respect of Post-2000 Service, or generally, for the purpose of reducing any non-permitted surplus in the Fund of such Plan. A non-permitted surplus arises when, as determined by an actuarial valuation report prepared by the Chief Actuary of Canada, the amount of a Plan's assets exceeds the amount of liabilities in respect of contributors by more than the plans' defined thresholds.

Following the federal budget announcement on March 28, 2023, that PSP Investments was selected to act as the independent and exclusive investment manager of Canada Growth Fund Inc. ("CGF"), a subsidiary of Canada Development Investment Corporation ("CDEV"), itself a Crown corporation, the Act was amended in June 2023 to allow a subsidiary of PSP Investments to act as the investment manager of CGF, as further described in Note 14.2. To that end, PSP Investments incorporated Canada Growth Fund Investment Management Inc. ("CGFIM") as its wholly-owned subsidiary in August 2023, for the purpose of providing investment management services to CGF, on a cost recovery basis for no profit. The costs associated with the establishment and operation of this subsidiary and with the provision of investment management services to CGF are reimbursed by CGF.

PSP Investments and the majority of its subsidiaries are exempt from Part I tax under paragraphs 149(1)*(d)* and 149(1)*(d.2)* of the *Income Tax Act* (Canada), respectively. In certain foreign jurisdictions, income and capital gains remain taxable.

PSP Investments' registered office is located at 135 Laurier Avenue West, Ottawa, Ontario, Canada and its principal business office is at 1250 René-Lévesque Boulevard West, Montreal, Quebec, Canada.

2. Material Accounting Policy Information

The material accounting policy information that is relevant to the preparation of these Consolidated Financial Statements throughout all periods presented is summarized below.

2.1. Basis of Presentation

The Consolidated Financial Statements of PSP Investments have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB").

PSP Investments qualifies as an investment entity as defined under IFRS 10 *Consolidated Financial Statements* and, consequently, does not consolidate its subsidiaries other than those that solely provide it with services that relate to its investment activities. Instead, PSP Investments measures its investments in subsidiaries at fair value through profit or loss ("FVTPL") in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"), including those that are formed by PSP Investments and that qualify as investment entities ("investment entity subsidiaries"). PSP Investments also measures its investments in associates, joint ventures and financial assets and financial liabilities at FVTPL in accordance with IAS 28 *Investments in Associates and Joint Ventures* and IFRS 9.

These Consolidated Financial Statements present the financial position and results of operations of PSP Investments and its subsidiaries that solely provide it with services that relate to its investment activities. They reflect the economic activity of PSP Investments as it pertains to the investment of the net contributions transferred to it for the Funds, as well as investment management services rendered by CGFIM for investments held by CGF, as further described in Note 14.2. Accordingly, they do not reflect all of the assets or the details of the pension contributions, payments and liabilities under the Plans, nor any of the assets and liabilities of CGF.

CGFIM provides investment management services to CGF, a government-related entity, in exchange for consideration to recover costs as described in Note 1. Consideration is received to the extent costs are incurred, as reflected in investment-related and operating expenses, while recoveries of costs are also recognized on that basis, as this is the best estimate of amounts earned over the period the investment management services are performed.

These Consolidated Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors on May 15, 2025.

Plan Accounts and CGF
PSP Investments maintains records of net contributions for each Fund, as well as the allocation of its investments and the results of its operations to each of the Plan Accounts. Separate financial statements for each Plan Account are prepared. It also maintains separate accounting records of CGF's activities and prepares the financial statements of CGF.

2.2. Investment Entity Status

PSP Investments has determined that it meets the mandatory requirements of the definition of an investment entity under IFRS 10 on the basis of the facts and circumstances as at the end of the period. They are as follows:

(i) Mandate and business purpose
As further described in Note 1, PSP Investments' mandate is to manage and invest the amounts that are transferred to it in the best interests of the beneficiaries and contributors under the *Superannuation Acts*. Consequently, PSP Investments' business purpose is to invest with a view of achieving a maximum rate of return from capital appreciation and income from investments, without undue risk of loss.

(ii) Performance evaluation
PSP Investments measures and evaluates the performance of its investments on a fair value basis.

In addition to the mandatory items of the definition, IFRS 10 also outlines certain typical characteristics of an investment entity, the absence of any of which does not necessarily preclude an entity from qualifying as an investment entity. One of these characteristics is that an investment entity should have investors that are not related parties of the entity.

As described in Note 14, since PSP Investments is a Crown corporation, it is considered to be related to the Government of Canada as well as other entities that are controlled or jointly controlled by the Government of Canada or entities over which the latter has significant influence. Consequently, since the funds managed by PSP Investments originate from related parties, it may be considered not to meet the typical characteristic outlined above. However, the Act provides a framework to ensure that PSP Investments operates at arm's length from the Government of Canada. Accordingly, it meets all of the mandatory items of the definition described above and qualifies as an investment entity.

Should any changes occur in the facts and circumstances, PSP Investments will evaluate the impact of any such changes on its investment entity status.

2. Material Accounting Policy Information

(continued)

2.3. Summary of Material Accounting Policy Information

The specific material accounting policies applied in the preparation of these Consolidated Financial Statements are set out below.

2.3.1. Financial Instruments

(i) Classification
Financial assets representing investments, as well as cash and cash equivalents, are managed, together with related financial liabilities representing investment-related liabilities, according to PSP Investments' business model to maximize the rate of return. The performance of such financial instruments is evaluated on a fair value basis and they are mandatorily classified at FVTPL. They are described in detail in Note 4.1.

Borrowings, as described under Note 8, are financial liabilities that are designated at FVTPL as they are part of the portfolios of investments that are managed together and whose performance is evaluated on a fair value basis.

(ii) Recognition
Financial assets and financial liabilities are recorded at the date upon which PSP Investments becomes a party to the associated contractual provisions. In the case of traded financial assets, they are recorded as of the trade date.

(iii) Initial and subsequent measurement
All financial assets and financial liabilities are initially recorded in the Consolidated Statements of Financial Position at fair value and continue to be measured as such on a recurring basis. After initial measurement, subsequent changes in the fair value of financial assets and financial liabilities classified at FVTPL are recorded in investment income in the Consolidated Statements of Net Income.

(iv) Derecognition
A financial asset (or, where applicable, a part thereof) is derecognized when one of the following conditions is met:

- The rights to receive cash flows from the asset have expired,
- PSP Investments has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to a third party,
- PSP Investments has transferred substantially all the risks and rewards of the asset, or
- In cases where PSP Investments has neither transferred nor retained substantially all the risks and rewards of the asset, it has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

2.3.2. Determination of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

At initial recognition, PSP Investments evaluates the facts and circumstances related to a transaction to confirm that the transaction price represents the fair value of an asset or a liability. At each subsequent reporting date, market prices are used to determine fair value where an active market exists (such as a recognized securities exchange), as they reflect actual and regularly occurring market transactions on an arm's length basis. If quoted market prices are not available, then fair value is estimated using valuation techniques based on inputs existing at the end of the reporting period that are derived from observable market data.

Valuation techniques are generally applied to investments in private markets, alternative investments, over-the-counter ("OTC") derivatives and certain fixed income securities. The values derived from applying these techniques are impacted by the choice of valuation model and the underlying assumptions made concerning factors such as the amounts and timing of future cash flows, discount rates, volatility and credit risk. In certain cases, such assumptions are not supported by market observable data.

The determination of fair value of all financial assets and financial liabilities is described in Note 4.

2.3.3. Functional and Presentation Currency

The functional and presentation currency of PSP Investments and its consolidated subsidiaries is the Canadian dollar, which is the currency of the primary economic environment in which each entity within the consolidated group operates. PSP Investments' performance and that of its consolidated subsidiaries is evaluated and its liquidity is managed in Canadian dollars.

2. Material Accounting Policy Information

(continued)

2.3. Summary of Material Accounting Policy Information (continued)

2.3.4. Foreign Currency Translation

Foreign currency transactions during the period, including purchases and sales of securities, income and expenses, are translated to the functional currency at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency at the rate of exchange prevailing at the end of the reporting period.

Foreign currency transaction gains and losses on all monetary assets and liabilities are included in investment income.

2.3.5. Securities Lending and Securities Borrowing and Related Collateral

PSP Investments participates in securities lending and borrowing programs whereby it lends and borrows securities in order to enhance portfolio returns. Lending and borrowing transactions including related collateral under such programs do not transfer the risks or rewards of ownership of the securities to the counterparty. Consequently, PSP Investments does not derecognize securities lent or pledged as collateral, or recognize securities borrowed or received as collateral. Cash amounts received are recognized as described in Note 4.1.9.

The securities lending and borrowing programs require collateral in cash, high-quality debt instruments or securities. Collateral transactions are conducted under terms that are usual and customary in standard securities lending and borrowing programs. PSP Investments and its counterparties are authorized to sell, repledge or otherwise use collateral held. The same securities or equivalent securities must be returned to the counterparty at the end of the contract, unless an event of default occurs.

2.3.6. Securities Sold under Repurchase Agreements and Purchased under Reverse Repurchase Agreements and Related Collateral

PSP Investments enters into repurchase and reverse repurchase agreements. Such agreements involve the sale of securities by one counterparty with a simultaneous agreement to repurchase such securities at a specified price and at a specified future date.

Securities sold or purchased under the repurchase and reverse repurchase agreements respectively, including related collateral, are not derecognized or recognized as all risks and rewards of ownership related to such securities are not transferred. As such, in the case where PSP Investments is the counterparty selling securities under such agreements, all income (loss) related to such securities continues to be reported in investment income and obligations to repurchase the securities sold are accounted for as investment-related liabilities. The difference between the fair value of the securities sold and the repurchase price is recorded as interest expense within investment-related expenses. In the case where PSP Investments is the counterparty purchasing securities under such agreements, no income (loss) related to such securities is recognized and obligations to resell the securities are accounted for as investment-related receivables. The difference between the fair value of the securities purchased and resale price is recorded in investment income.

Transactions under repurchase and reverse repurchase agreements involve pledging collateral consisting of cash or securities deemed acceptable by the counterparties. Collateral transactions are conducted under terms that are usual and customary in standard repurchase arrangements. Such terms require the relevant counterparty to pledge additional collateral based on the changes in the fair value of the existing collateral pledged as well as the related securities sold or purchased. The counterparties are authorized to sell, repledge or otherwise use collateral held. The securities pledged as collateral must be returned to the relevant counterparty at the end of the contract, unless an event of default occurs.

2.3.7. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Consolidated Statements of Financial Position, only if PSP Investments has a current legally enforceable right to offset the recognized amounts and the intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2. Material Accounting Policy Information
(continued)

2.3. Summary of Material Accounting Policy Information (continued)

2.3.8. Equity

The statutory rights of the Government of Canada pursuant to the *Superannuation Acts* are described under Note 1 and are classified as equity instruments on the following basis:

- Under such rights the Government of Canada is entitled to PSP Investments' net assets at any time for the purposes set out in the *Superannuation Acts*. Such rights do not contain any additional obligations for PSP Investments to deliver amounts to the Government of Canada. The Government of Canada can elect to reduce fund transfers to PSP Investments or call upon its net assets for the purpose of paying benefits under the relevant Plan in respect of Post-2000 Service, or generally, for the purpose of reducing any non-permitted surplus in the Fund of such Plan. Should the Government of Canada call on the net assets of PSP Investments, amounts in question would be accounted for as a financial liability with a related reduction of net assets at that time.
- Such rights are the most subordinate claim on PSP Investments' net assets.
- The total expected cash flows attributable to such rights, at any time, is solely based on the fair value of the net assets of PSP Investments at that time. Further, the fair value of the net assets of PSP Investments in its entirety represents the amounts that the Government of Canada may call upon at any time.

2.3.9. Investment Income

Investment income is made up of interest, dividends, gains (losses) on the disposal of financial assets and financial liabilities as well as gains (losses) which reflect the change in unrealized appreciation (depreciation) of financial assets held and financial liabilities outstanding at the end of the reporting period. Interest is recognized, on a consistent basis, using the prescribed rates until maturity. Dividends are recognized when the right to receive them has been obtained, generally on the ex-dividend date.

2.3.10. Investment-Related Expenses

Investment-related expenses are made up of interest expense, transaction costs, external investment management fees and other (net).

Transaction costs are incremental costs directly attributable to the acquisition, due diligence, issue, or disposal of a financial asset or financial liability, and they are expensed as incurred.

External investment management fees are directly attributable to the external management of assets on behalf of PSP Investments. These fees are paid directly by PSP Investments and comprise base fees accrued as a percentage of the fair value of the assets managed externally and performance fees accrued as a function of various performance indicators. This excludes amounts not paid directly by PSP Investments for certain pooled fund investments classified under alternative investments and for investments in private markets as outlined in Note 11.

2.3.11. Fund Transfers

Amounts are recorded for the Funds in their respective Plan Account when received from or paid to the Government of Canada.

2.4. Significant Accounting Judgments, Estimates and Assumptions

In preparing the Consolidated Financial Statements, management makes certain judgments, estimates and assumptions that can affect the amounts reported therein. Significant judgments include those related to the determination of the investment entity status as described in Note 2.2.

Management also makes estimates and assumptions in the measurement, risk assessment and related disclosures surrounding investments in private markets and certain fixed income securities. The main assumptions made by management regarding measurement of financial instruments are outlined in Note 4.2.3 and those regarding the assessment of risk are outlined in Note 7.

Sources of estimate uncertainty related to macroeconomic unpredictability and volatility include the current geopolitical context, tariffs, inflation and interest rates. This could continue to impact financial results, due to uncertainties including their extent and duration. The Consolidated Financial Statements of PSP Investments reflect the impacts resulting from the aforementioned macroeconomic factors to the extent known at the reporting date.

Although assumptions reflect management's best estimates, actual results may differ from such estimates due to the uncertainties involved in using them.

3. Current and Future Changes in Accounting Standards

3.1. Current Accounting Standards

PSP Investments has determined that there is no material impact on its Consolidated Financial Statements arising from new standards, amendments and interpretations that have been issued by the IASB, effective for the year ended March 31, 2025.

3.2. Future Accounting Standards

A number of new standards, amendments and interpretations have been issued by the IASB, but are not yet effective. The following relates to one or more of PSP Investments' material accounting policies or disclosures:

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB completed its project to replace IAS 1 *Presentation of Financial Statements* with IFRS 18 *Presentation and Disclosure in Financial Statements*. The standard includes requirements for the consolidated statements of net income, the consolidated statements of cash flows and the consolidated statements of financial position, that are designed mainly to enhance consistency and comparability. It also involves new disclosure requirements, including disclosing management-defined performance measures. IFRS 18 is effective and applicable to PSP Investments for annual periods beginning on or after April 1, 2027, with early adoption permitted. The standard is to be applied retrospectively. Management is currently assessing the impact of adopting this standard.

4. Financial Assets and Financial Liabilities

4.1. Classes of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are aggregated, in the following table, in classes that reflect their respective exposure as well as investment sectors. Their fair values were as follows, as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Public markets		
Canadian equity	**3,175**	2,802
Foreign equity	**64,362**	42,012
Private markets		
Real estate	**38,020**	37,213
Private equity	**39,857**	39,616
Infrastructure	**40,560**	40,817
Natural resources	**26,367**	21,752
Fixed income		
Money market securities[C]	**6,117**	9,562
Government and corporate bonds	**36,023**	26,968
Inflation-linked bonds	**19,012**	17,969
Private debt securities	**33,760**	29,818
Alternative investments	**28,470**	25,871
Investments before investment-related assets[B]	**335,723**	294,400
Investment-related assets		
Amounts receivable from pending trades	**1,524**	1,274
Interest receivable	**744**	631
Dividends receivable	**339**	270
Securities purchased under reverse repurchase agreements	**2,550**	2,290
Derivative-related assets	**2,128**	1,356
Investment-related assets	**7,285**	5,821
Investments representing financial assets at FVTPL[A, B]	**343,008**	300,221
Cash and cash equivalents[B, C]	**2,535**	2,514
Investment-related liabilities		
Amounts payable from pending trades	**(2,426)**	(540)
Interest payable	**(243)**	(165)
Securities sold short	**(2,637)**	(3,212)
Collateral payable	**(1,712)**	(669)
Securities sold under repurchase agreements	**(2,864)**	(5,242)
Derivative-related liabilities	**(1,462)**	(979)
Investment-related liabilities representing financial liabilities at FVTPL	**(11,344)**	(10,807)
Borrowings		
Capital market debt financing	**(34,401)**	(27,010)
Borrowings representing financial liabilities at FVTPL	**(34,401)**	(27,010)
Net investments[B]	**299,798**	264,918

[A] As at March 31, 2025, $7,965 million out of $343,008 million were investments pledged as described in Note 5 (March 31, 2024 – $10,154 million out of $300,221 million).

[B] Amounts of $2,453 million and $61 million which were previously included in Investments and Other assets, respectively, on the Consolidated Statements of Financial Position as at March 31, 2024, have now been reclassified to Cash and cash equivalents to better reflect their unique nature and characteristics. Consequently, the comparative figures were reclassified within this note: Investments before investment-related assets from $296,853 million to $294,400 million, Investments representing financial assets at FVTPL from $302,674 million to $300,221 million, Net investments from $264,857 million to $264,918 million, and Other assets on the Consolidated Statements of Financial Position from $194 million to $133 million.

[C] Additionally, as of March 31, 2025, PSP Investments changed its accounting policy to classify instruments with maturities of three months or less from acquisition date as Cash and cash equivalents. The change was made to better reflect the nature of cash equivalents as highly liquid instruments with an insignificant risk of changes in value. As a result, $1,094 million was reclassified from Cash and cash equivalents to Money market securities as at March 31, 2024 ($2,082 million as at March 31, 2023). Consequently, the comparative figures for the Consolidated Statements of Cash Flows were also reclassified: Net cash flows used in operating activities increased from $(9,862) million to $(8,874) million, Net changes in cash and cash equivalents increased from $(3,444) million to $(2,456) million, and Cash and cash equivalents at the beginning and end of the year decreased from $7,037 million to $4,955 million, and $3,608 million to $2,514 million, respectively.

4. Financial Assets and Financial Liabilities
(continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.1. Public Markets

Public markets consist of Canadian and foreign investments in the following securities: common shares, American depository receipts, global depository receipts, participation notes, preferred shares, income trust units, exchange traded funds units, pooled funds units, and securities convertible into common shares of publicly listed issuers.

Direct investments in Canadian and foreign equities are measured at fair value using quoted prices in active markets and are based on the most representative price within the bid-ask spread.

In the case of investments in pooled funds, fair value is measured using unit values obtained from each of the funds' administrators, which are derived from the fair value of the underlying investments in each pooled fund. Management reviews the fair value received and, where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration.

4.1.2. Private Markets

Private markets consist of investments in real estate, private equity, infrastructure and natural resources.

Real estate investments are comprised of direct equity positions in various private entities, fund investments, as well as properties in the real estate sector. Real estate investments focus on partnerships, companies and properties operating mainly in the retirement and residential, office, retail, and industrial sectors, as well as private funds invested in real estate assets. Real estate investments are presented net of all third-party financing.

Private equity investments are comprised of fund investments with similar objectives, co-investments in private entities as well as direct equity positions.

Infrastructure investments are comprised of direct equity positions, fund investments and co-investments in various private entities. Infrastructure investments focus on entities engaged in the management, ownership or operation of assets in energy, transportation and other regulated businesses. Infrastructure investments are presented net of all third-party financing.

Natural resources investments are comprised of direct equity positions, fund investments and co-investments in various private entities. Natural resources investments focus on entities engaged in the management, ownership or operation of assets in timberlands, agriculture, upstream oil and gas, and metal and mining. Natural resources investments are presented net of all third-party financing.

The process for fair value measurement of private markets investments is described in Note 4.2.2 and the valuation techniques together with the significant inputs used are described in Note 4.2.3.

4.1.3. Fixed Income and Cash and Cash Equivalents

4.1.3.1. Cash and Cash Equivalents

Cash includes demand deposits with financial institutions.

Cash equivalents include treasury bills, certificates of deposit, bankers' acceptances and other fixed-income securities with maturities of 90 days or less from the acquisition date that are held to meet short-term financial commitments. Such instruments are readily convertible into known amounts of cash and have an insignificant risk of change in value.

4.1.3.2. Money Market Securities, Bonds and Private Debt Securities

Fixed income consists of money market securities, government and corporate bonds, inflation-linked bonds and private debt securities. Money market securities include instruments having a maximum term to maturity of one year, such as treasury bills, certificates of deposit and bankers' acceptances.

Treasury bills are valued based on prices obtained from third-party pricing sources. Such prices are determined using the most representative price within a spread of dealer quotations. Certificates of deposit and bankers' acceptances are recorded at cost plus accrued interest, which approximates their fair value given their short-term nature.

Government and corporate bonds include Canadian and foreign, federal, provincial, territorial and municipal bonds, floating rate notes, asset-backed term notes and mortgage-backed securities. Inflation-linked bonds are fixed income securities that earn inflation-adjusted returns.

Private debt securities are fixed income securities of private companies held directly or through private funds. Such debt securities take the form of senior debt, mezzanine and distressed debt and primary and secondary investments in leveraged loans. Private debt securities also include third-party loans such as junior and senior debts, construction loans, bridge loans, income-participating loans, as well as other structured finance products in the real estate sector.

4. Financial Assets and Financial Liabilities
(continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.3. Fixed Income and Cash and Cash Equivalents (continued)

4.1.3.2. Money Market Securities, Bonds and Private Debt Securities (continued)

Fair values of government and most corporate bonds, inflation-linked bonds and mortgage-backed securities are based on prices obtained from third-party pricing sources. Such prices are determined using either an appropriate interest rate curve with a spread associated with the credit quality of the issuer or other generally accepted pricing methodologies.

The fair values of certain corporate bonds, private debt securities and asset-backed term notes are determined using valuation techniques. Such techniques, together with the significant inputs used, are described in Note 4.2.3.

The fair value measurement of fund investments included as part of private debt securities is described in Note 4.2.2.

4.1.4. Alternative Investments

Alternative investments consist mainly of units of funds that hold a mix of equity, fixed income and derivative instruments as well as hedge funds. The fair value of these investments is determined based on the fair values reported by the funds' administrators or general partners and reflects the fair value of the underlying equity, fixed income or derivative instruments, as applicable. Management reviews the fair value received and, where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration.

4.1.5. Amounts Receivable and Payable from Pending Trades

Amounts receivable from pending trades consist of proceeds on sales of investments, excluding derivative financial instruments, which have been traded but remain unsettled at the end of the reporting period.

Amounts payable from pending trades consist of the cost of purchases of investments, excluding derivative financial instruments, which have been traded but remain unsettled at the end of the reporting period.

The fair value of amounts receivable and payable from pending trades reflects the value at which their underlying original sale or purchase transactions were undertaken.

4.1.6. Interest and Dividends Receivable

Interest and dividends are recorded at the amounts expected to be received at the end of the reporting period, which due to their short-term maturity, approximates fair value.

4.1.7. Interest Payable

With respect to the borrowings described in Note 4.1.11, interest is accrued at the amount expected to be paid at the end of the reporting period, which approximates fair value.

4.1.8. Securities Sold Short

Securities sold short reflect PSP Investments' obligation to purchase securities pursuant to short selling transactions. In such transactions, PSP Investments sells securities it does not own with an obligation to purchase similar securities on the market to cover its position.

Using quoted market prices that are based on the most representative price within the bid-ask spread, the fair value of securities sold short is measured using the same method as the similar long positions presented within public markets and fixed income.

4.1.9. Collateral Payable

As part of securities lending and certain OTC derivative transactions, when cash is received, it is recognized as collateral payable. The payable balance reflects the obligation of the transferee to return the amount to the transferor at the end of the transaction in the absence of an event of default by the transferor.

4.1.10. Securities Sold under Repurchase Agreements and Purchased under Reverse Repurchase Agreements

As described in Note 2.3.6, PSP Investments is party to repurchase and reverse repurchase agreements. Obligations to repurchase or resell the securities sold or purchased under such agreements are recorded at cost plus accrued interest, which due to their short-term maturity, approximates fair value.

4. Financial Assets and Financial Liabilities
(continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.11. Borrowings under the Capital Market Debt Program

PSP Investments' capital market debt program is described in Note 8.2. Short-term promissory notes are recorded at cost plus accrued interest, which due to their short-term maturity, approximates fair value. The fair value of PSP Investments' medium-term notes is based on prices that are obtained from third-party pricing sources. Such prices are determined using an interest rate curve with a spread consistent with PSP Investments' credit quality.

4.1.12. Derivative-Related Assets and Liabilities

Derivative financial instruments are financial contracts that are settled at a future date. The value of such instruments is derived from changes in the value of the underlying assets, interest or exchange rates. Derivative financial instruments do not, typically, require an initial net investment. In certain cases, they require an initial net investment that is less than what would be required to hold the underlying position directly. Derivative financial instruments can be listed or traded OTC. OTC instruments consist of those that are bilaterally negotiated and settled, and those that are cleared (OTC-cleared) by a central clearing party (CCP).

PSP Investments uses derivative financial instruments to enhance returns or to replicate investments synthetically. Derivatives are also used to reduce the risk associated with existing investments.

PSP Investments uses the following types of derivative financial instruments:

Swaps
Swaps are transactions whereby two counterparties exchange cash flow streams with each other based on predetermined conditions that include a notional amount and a term. Swaps are used to increase returns or to adjust exposures of certain assets without directly purchasing or selling the underlying assets.

Futures
Futures are standardized contracts to take or make delivery of an asset (buy or sell) at a predefined price and predefined future date. Futures are used to adjust exposures to specified assets without directly purchasing or selling the underlying assets.

Forwards
Forwards are contracts involving the sale by one party and the purchase by another party of a predefined amount of an underlying instrument, at a predefined price and at a predefined date in the future. Forwards are used to adjust exposures to specified assets without directly purchasing or selling the underlying assets.

Options
Options are contracts where the seller gives the purchaser the right, but not the obligation, to buy or sell a given amount of an underlying security, index, commodity, currency, interest rate, credit or other financial instrument, at an agreed-upon price stipulated in advance, either at a determined date or at any time before the predefined maturity date.

Warrants and Rights
Warrants are options to purchase an underlying asset which is in the form of a transferable security, and which can be listed on an exchange or traded OTC.

Rights are securities giving shareholders entitlement to purchase new shares issued by a corporation at a predetermined price (normally less than the current market price) in proportion to the number of shares already owned. Rights are issued only for a short period of time, after which they expire.

Determination of Fair Value of Derivative Financial Instruments
Listed derivative financial instruments are recorded at fair value using quoted market prices that are based on the most representative price within the bid-ask spread. OTC-cleared derivatives are recorded at fair value using prices obtained from the CCP. OTC derivatives are valued using appropriate valuation techniques such as discounted cash flows. These techniques use significant inputs that are observable in the market such as current market yields.

Notional Values and Fair Values of Derivative-Related Assets and Liabilities
Notional values of derivative financial instruments are not recorded as assets or liabilities as they represent the face amount of the contract. Except for credit derivatives, notional values do not represent the potential gain or loss associated with the market or credit risk of such transactions disclosed below. Rather, they serve as the basis upon which the cash flows and the fair value of the contracts are determined.

4. Financial Assets and Financial Liabilities (continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.12. Derivative-Related Assets and Liabilities (continued)

The following table summarizes the derivatives portfolio as at:

	March 31, 2025			March 31, 2024		
		Fair Value			Fair Value	
(Canadian $ millions)	Notional Value	Assets	Liabilities	Notional Value	Assets	Liabilities
Equity and commodity derivatives						
Listed						
Futures	**4,940**	**–**	**–**	5,610	–	–
Warrants and rights	**–**	**1**	**–**	–	1	–
Options: Purchased	**191**	**1**	**–**	159	–	–
Written	**18**	**–**	**(1)**	–	–	–
OTC						
Swaps	**40,021**	**748**	**(729)**	22,288	494	(212)
Currency derivatives						
Listed						
Futures	**517**	**–**	**–**	378	–	–
OTC						
Forwards	**65,250**	**527**	**(245)**	58,608	218	(344)
Swaps	**3,229**	**3**	**(26)**	1,235	–	(34)
Options: Purchased	**2,840**	**7**	**–**	913	5	–
Written	**1,772**	**–**	**(6)**	1,059	–	(4)
Interest rate derivatives						
Listed						
Futures	**8,491**	**–**	**–**	10,893	–	–
Options: Purchased	**27,527**	**53**	**–**	41,603	18	–
Written	**28,025**	**–**	**(38)**	43,227	–	(16)
OTC						
Forwards	**1,111**	**8**	**–**	801	–	(4)
Swaps	**2,170**	**35**	**(5)**	2,446	5	(22)
Options: Purchased	**70,007**	**726**	**–**	53,660	599	–
Written	**96,377**	**–**	**(398)**	69,725	–	(326)
OTC-cleared						
Swaps	**66,623**	**–**	**–**	65,932	–	–
Credit derivatives						
OTC						
Credit default swaps: Purchased	**543**	**–**	**(14)**	623	–	(17)
Written[A]	**2,098**	**19**	**–**	2,001	16	–
OTC-cleared						
Credit default swaps: Purchased	**1,395**	**–**	**–**	2,961	–	–
Total		**2,128**	**(1,462)**		1,356	(979)

[A] PSP Investments, through written credit default swaps, indirectly guarantees the underlying reference obligations. The maximum potential exposure is the notional amount of the written credit default swaps as shown in the table above.

4. Financial Assets and Financial Liabilities (continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.12. Derivative-Related Assets and Liabilities (continued)

Total derivative-related assets and liabilities are comprised of:

	March 31, 2025			March 31, 2024		
		Fair Value			Fair Value	
(Canadian $ millions)	**Notional Value**	**Assets**	**Liabilities**	Notional Value	Assets	Liabilities
Listed derivatives	**69,709**	**55**	**(39)**	101,870	19	(16)
OTC derivatives	**285,418**	**2,073**	**(1,423)**	213,359	1,337	(963)
OTC – cleared derivatives	**68,018**	**–**	**–**	68,893	–	–
Total		**2,128**	**(1,462)**		1,356	(979)

The terms to maturity based on notional value for the derivatives were as follows as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Less than 3 months	**128,054**	172,481
3 to 12 months	**187,231**	112,896
Over 1 year	**107,860**	98,745

4.2. Fair Value Hierarchy

4.2.1. Classification

Financial assets and financial liabilities described under Note 4.1 are classified within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that PSP Investments can access at the end of the reporting period.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or the liability, either directly or indirectly. Level 2 inputs include:

  (i) Quoted prices for similar assets or liabilities in active markets.
  (ii) Quoted prices for identical or similar assets or liabilities in markets that are not active.
  (iii) Inputs other than quoted prices that are observable for the asset or liability.
  (iv) Market-corroborated inputs.
- Level 3 inputs are unobservable inputs for the asset or liability that are used within model-based techniques. They reflect management's assessment of the assumptions that market participants would use in pricing the assets or liabilities.

The classification within the levels of the hierarchy is established at the time of the initial determination of fair value of the asset or liability and reviewed at the end of each reporting period. PSP Investments determines whether a transfer between levels has occurred and recognizes such transfer at the beginning of the reporting period.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

The following table shows the fair value of financial assets and financial liabilities as at March 31, 2025, classified within the fair value hierarchy:

(Canadian $ millions)	Level 1	Level 2	Level 3	Total Fair Value
Public markets				
Canadian equity	685	2,490	–	3,175
Foreign equity	62,278	3	2,081	64,362
Private markets				
Real estate	–	–	38,020	38,020
Private equity	–	–	39,857	39,857
Infrastructure	–	–	40,560	40,560
Natural resources	–	–	26,367	26,367
Fixed income				
Money market securities	5,335	782	–	6,117
Government and corporate bonds	11,311	24,712	–	36,023
Inflation-linked bonds	18,935	77	–	19,012
Private debt securities	–	–	33,760	33,760
Alternative investments	–	17,471	10,999	28,470
Investments before investment-related assets	98,544	45,535	191,644	335,723
Investment-related assets				
Amounts receivable from pending trades	–	1,524	–	1,524
Interest receivable	–	744	–	744
Dividends receivable	–	339	–	339
Securities purchased under reverse repurchase agreements	–	2,550	–	2,550
Derivative-related assets	55	2,073	–	2,128
Investment-related assets	55	7,230	–	7,285
Investments representing financial assets at FVTPL	98,599	52,765	191,644	343,008
Cash and cash equivalents	598	1,937	–	2,535
Investment-related liabilities				
Amounts payable from pending trades	–	(2,426)	–	(2,426)
Interest payable	–	(243)	–	(243)
Securities sold short	(2,637)	–	–	(2,637)
Collateral payable	–	(1,712)	–	(1,712)
Securities sold under repurchase agreements	–	(2,864)	–	(2,864)
Derivative-related liabilities	(39)	(1,423)	–	(1,462)
Investment-related liabilities representing financial liabilities at FVTPL	(2,676)	(8,668)	–	(11,344)
Borrowings				
Capital market debt financing	–	(34,401)	–	(34,401)
Borrowings representing financial liabilities at FVTPL	–	(34,401)	–	(34,401)
Net investments	96,521	11,633	191,644	299,798

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

The following table shows the fair value of financial assets and financial liabilities as at March 31, 2024, classified within the fair value hierarchy:

(Canadian $ millions)	Level 1[A]	Level 2[A]	Level 3[A]	Total Fair Value[A]
Public markets				
Canadian equity	967	1,835	–	2,802
Foreign equity	39,161	511	2,340	42,012
Private markets				
Real estate	–	–	37,213	37,213
Private equity	–	–	39,616	39,616
Infrastructure	–	–	40,817	40,817
Natural resources	–	–	21,752	21,752
Fixed income				
Money market securities	8,681	881	–	9,562
Government and corporate bonds	6,959	20,006	3	26,968
Inflation-linked bonds	17,860	109	–	17,969
Private debt securities	–	–	29,818	29,818
Alternative investments	–	15,869	10,002	25,871
Investments before investment-related assets[A]	73,628	39,211	181,561	294,400
Investment-related assets				
Amounts receivable from pending trades	–	1,274	–	1,274
Interest receivable	–	631	–	631
Dividends receivable	–	270	–	270
Securities purchased under reverse repurchase agreements	–	2,290	–	2,290
Derivative-related assets	19	1,337	–	1,356
Investment-related assets[A]	19	5,802	–	5,821
Investments representing financial assets at FVTPL	73,647	45,013	181,561	300,221
Cash and cash equivalents[A]	449	2,065	–	2,514
Investment-related liabilities				
Amounts payable from pending trades	–	(540)	–	(540)
Interest payable	–	(165)	–	(165)
Securities sold short	(3,212)	–	–	(3,212)
Collateral payable	–	(669)	–	(669)
Securities sold under repurchase agreements	–	(5,242)	–	(5,242)
Derivative-related liabilities	(16)	(963)	–	(979)
Investment-related liabilities representing financial liabilities at FVTPL	(3,228)	(7,579)	–	(10,807)
Borrowings				
Capital market debt financing	–	(27,010)	–	(27,010)
Borrowings representing financial liabilities at FVTPL	–	(27,010)	–	(27,010)
Net investments[A]	70,868	12,489	181,561	264,918

[A] As at March 31, 2025, cash and cash equivalents were disclosed separately on the Consolidated Statements of Financial Position in order to better reflect their unique nature and characteristics (see Note 4.1).

4. Financial Assets and Financial Liabilities

(continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

As at March 31, 2024, foreign equity securities with a fair value of $342 million were indirectly held and classified as Level 2. During the year ended March 31, 2025, these securities were transferred to Level 1 as they became directly held by PSP Investments.

As at March 31, 2023, foreign equity securities with a fair value of $33 million were indirectly held and classified as Level 2. During the year ended March 31, 2024, these securities were transferred to Level 1 as they became directly held by PSP Investments.

4.2.2. Process for Level 3 Fair Value Determination

The valuation process is monitored and governed by an internal valuation committee ("VC"). This committee is responsible for overseeing all aspects of fair value determination. This includes valuation methodologies and procedures for each type of investment and ensuring they are complied with. Valuation methodologies established are based on widely recognized practices that are consistent with professional appraisal standards. Such standards include, among others, the *International Private Equity and Venture Capital Valuation Guidelines*, the *Canadian Uniform Standards of Professional Appraisal Practice* and the *Uniform Standards of Professional Appraisal Practice* in the United States of America.

The fair value of investments classified as Level 3 in Private Markets is determined quarterly and adjusted to reflect the impact of any significant market or investment-specific events or circumstances. For each investment, the relevant valuation methodology is applied consistently over time as appropriate in the prevailing circumstances. The appropriateness of significant changes in valuation methodologies is reviewed by the VC.

In cases where the services of third-party appraisers are used, management ensures their independence and that valuation methods used are consistent with the professional appraisal standards outlined above. In validating the work performed by appraisers, management ensures that the assumptions used correspond to financial information and forecasts of the underlying investment.

With respect to fund investments classified as Level 3, the annual fair value is generally determined based on most recent audited financial statements received from the fund's general partner. For interim reporting periods, fair value is obtained from information provided by the fund's administrators and is reviewed by Management to ensure reasonableness and adherence to acceptable industry valuation methods. Where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration in determining fair value.

To reflect the impact, where applicable, of significant market movements or other events occurring up to the end of the reporting period, adjustments to Private Markets and fund investments are made as appropriate. Such adjustments are based on a number of factors including public market trading comparables, investment specific characteristics as well as market conditions and uncertainties at that time.

While the impact of trade tariffs on the broader global economy continues to remain uncertain, the determination of fair value for investments classified as level 3 reflected, where applicable, the effect of tariffs that were imposed on or before March 31, 2025. Although trade tariffs announced or imposed after this reporting date were not reflected in such valuations, related uncertainties present at March 31, 2025, and their impact on the fair value of investments were taken into consideration as applicable.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.3. Level 3 Significant Inputs

The following table outlines key information with respect to significant inputs related to financial assets categorized within Level 3 as at March 31, 2025:

Financial Assets	Type of Investment	Fair Value (Canadian $ millions)	Significant Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Public markets					
Foreign equity	Direct investments	**2,081**	NAV[A]	N/A	N/A
Private markets					
Real estate	Direct and co-investments	**34,533**	Discounted cash flow (DCF)	Discount rate[B, C]	2.90% – 18.00% (7.88%)
				Terminal capitalization rate[B, C]	3.20% – 12.50% (6.01%)
			Direct capitalization	Capitalization rate[B, D]	3.15% – 10.00% (5.62%)
				Stabilized occupancy rate[D, E]	98.00% – 100.00% (99.62%)
			Sales comparison approach	Price per square foot[D, E]	$2.71 – $68.63 ($62.50)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**3,487**	NAV[A]	N/A	N/A
Other private markets	Direct and co-investments	**80,202**	DCF	Discount rate[B]	4.70% – 19.00% (9.55%)
			Market comparables	N/A	N/A
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**26,582**	NAV[A]	N/A	N/A
Fixed income					
Private debt securities	Direct and co-investments	**26,351**	DCF	Discount rate[B]	2.59% – 38.69% (11.23%)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**7,409**	NAV[A]	N/A	N/A
Alternative investments	Fund investments	**10,999**	NAV[A]	N/A	N/A
Total		**191,644**			

[A] In certain cases, when investments are held through funds, partnerships or similar structures, fair value is determined by third parties where valuation information is not available to PSP Investments.

[B] An increase (decrease) in this unobservable input, taken individually, generally results in a decrease (increase) in fair value.

[C] An increase (decrease) in the discount rate is generally accompanied by an increase (decrease) of the terminal capitalization rate.

[D] There is no predictable direct relationship between this input and any other significant unobservable input.

[E] An increase (decrease) in this unobservable input, taken individually, generally results in an increase (decrease) in fair value.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.3. Level 3 Significant Inputs (continued)

The following table outlines key information with respect to significant inputs related to financial assets categorized within Level 3 as at March 31, 2024:

Financial Assets	Type of Investment	Fair Value (Canadian $ millions)	Significant Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Public markets					
Foreign equity	Direct investments	2,340	NAV[A]	N/A	N/A
Private markets					
Real estate	Direct and co-investments	33,722	Discounted cash flow (DCF)	Discount rate[B, C]	2.90% – 18.00% (7.80%)
				Terminal capitalization rate[B, C]	3.20% – 12.25% (6.08%)
			Direct capitalization	Capitalization rate[B, D]	2.51% – 10.00% (4.85%)
				Stabilized occupancy rate[D, E]	98.00% – 100.00% (99.57%)
			Sales comparison approach	Price per square foot[D, E]	$4.28 – $1,827.48 ($165.83)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	3,491	NAV[A]	N/A	N/A
Other private markets	Direct and co-investments	75,015	DCF	Discount rate[B]	5.19% – 18.50% (9.58%)
			Market comparables	N/A	N/A
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	27,170	NAV[A]	N/A	N/A
Fixed income					
Corporate bonds	Asset-backed term notes	3	Third-party pricing[A]	N/A	N/A
Private debt securities	Direct and co-investments	22,573	DCF	Discount rate[B]	7.02% – 30.09% (12.24%)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	7,245	NAV[A]	N/A	N/A
Alternative investments	Fund investments	10,002	NAV[A]	N/A	N/A
Total		181,561			

[A] In certain cases, when investments are held through funds, partnerships or similar structures, fair value is determined by third parties where valuation information is not available to PSP Investments.

[B] An increase (decrease) in this unobservable input, taken individually, generally results in a decrease (increase) in fair value.

[C] An increase (decrease) in the discount rate is generally accompanied by an increase (decrease) of the terminal capitalization rate.

[D] There is no predictable direct relationship between this input and any other significant unobservable input.

[E] An increase (decrease) in this unobservable input, taken individually, generally results in an increase (decrease) in fair value.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.4. Level 3 Reconciliation

The following table shows a reconciliation of all movements related to financial assets categorized within Level 3 for the year ended March 31, 2025:

(Canadian $ millions)	Opening Balance	Purchases	Sales	Settlements	Realized Gains	Unrealized Gains	Transfers	Closing Balance
Public markets	**2,340**	**2**	**(919)**	**–**	**462**	**196**	**–**	**2,081**
Private markets	**139,398**	**12,603**	**(18,988)**	**–**	**7,105**	**4,686**	**–**	**144,804**
Fixed income	**29,821**	**13,319**	**(10,795)**	**(1)**	**373**	**1,043**	**–**	**33,760**
Alternative investments	**10,002**	**1,540**	**(1,951)**	**–**	**629**	**779**	**–**	**10,999**
Total	**181,561**	**27,464**	**(32,653)**	**(1)**	**8,569**	**6,704**	**–**	**191,644**

There were no transfers into or out of Level 3 during the year ended March 31, 2025.

The following table shows a reconciliation of all movements related to financial assets categorized within Level 3 for the year ended March 31, 2024:

(Canadian $ millions)	Opening Balance	Purchases	Sales	Settlements	Realized Gains	Unrealized Gains	Transfers	Closing Balance
Public markets	981	457	(136)	–	80	958	–	2,340
Private markets	131,663	14,058	(9,274)	–	2,204	685	62	139,398
Fixed income	30,365	6,068	(7,327)	–	288	427	–	29,821
Alternative investments	9,493	557	(1,093)	–	254	791	–	10,002
Total	172,502	21,140	(17,830)	–	2,826	2,861	62	181,561

As at March 31, 2023, listed foreign equity securities with a fair value of $62 million were classified under Level 1. During the year ended March 31, 2024, those securities were transferred to Level 3 as the investment became privately held and its fair value was determined based on significant unobservable inputs.

4.2.5. Level 3 Sensitivity Analysis

In the course of measuring fair value of financial instruments classified as Level 3, valuation techniques used incorporate assumptions that are based on non-observable data. Significant assumptions used for each asset class are described in Note 4.2.3. Although such assumptions reflect management's best judgment, with all other variables held constant, the use of reasonably possible alternative assumptions could yield different fair value measures representing, at a minimum, a 3% increase and 3% decrease as at March 31, 2025 (March 31, 2024 – 3% increase and 3% decrease) in the fair value of financial instruments categorized as Level 3. This excludes fund investments where a sensitivity analysis is not possible given the underlying assumptions used are not available to PSP Investments. In the case of fund investments, the fair value is determined as indicated in Note 4.2.2.

5. Collateral Pledged and Received

PSP Investments is party to agreements that involve pledging and holding collateral, as outlined in Notes 2.3.5, 2.3.6 and 7.2.1. The following table illustrates the fair values of such collateral, as well as the securities under the lending and borrowing programs and the securities under the repurchase and reverse repurchase agreements, as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Securities lending and borrowing		
Securities lent	**6,038**	4,117
Collateral held[A]	**6,270**	4,268
Securities borrowed	**2,637**	2,625
Collateral pledged[B, E]	**2,727**	2,700
Securities repurchase and reverse repurchase agreements		
Securities sold under repurchase agreements	**2,902**	5,250
Collateral pledged[E]	**2,871**	5,253
Securities purchased under reverse repurchase agreements	**2,553**	2,296
Collateral held[C]	**2,554**	2,292
Derivative contracts		
Collateral pledged[E]	**2,367**	2,201
Collateral held[D]	**2,230**	2,010

[A] The minimum fair value of securities collateral denominated in the same currency required is equal to 102%, and in the case of securities denominated in different currencies 105%. In exchange for securities lent, cash and securities received as at March 31, 2025, were $1,481 million and $4,789 million, respectively (March 31, 2024 – $548 million and $3,720 million, respectively). All cash amounts are reinvested.

[B] The minimum fair value of collateral required is equal to 100% of the fair value of the securities borrowed.

[C] The collateral received is in the form of securities of which nil has been used in connection with short selling transactions as at March 31, 2025 (March 31, 2024 – $587 million).

[D] As part of collateral held, cash amounted to $232 million as at March 31, 2025 (March 31, 2024 – $121 million) and securities amounted to $1,998 million as at March 31, 2025 (March 31, 2024 – $1,889 million). All cash collateral is reinvested.

[E] The total of $7,965 million of collateral pledged was recognized as financial assets as disclosed in Note 4.1 (March 31, 2024 – $10,154 million).

6. Interests in Other Entities

6.1. Subsidiaries, Joint Ventures and Associates

As an investment entity, PSP Investments does not consolidate its subsidiaries other than those that solely provide services that relate to its investment activities. PSP Investments measures its investments in its subsidiaries, joint ventures and associates at FVTPL as described in Note 2.1.

For purposes of preparing this note, management assesses control, joint control and significant influence as follows:

(i) Control and significant influence

A subsidiary is an entity which is controlled by PSP Investments. PSP Investments determines that it controls an investee when it has power over the investee, is exposed, or has rights, to variable returns from its investment in the investee, and has the ability to affect those returns through its power over the investee.

An associate is an entity over which PSP Investments has significant influence, as in certain cases, PSP Investments does not have control over an investee but has the power to participate in the financial and operating policy decisions of the investee. In such cases, PSP Investments determines that it has significant influence over the investee.

In the context of control or significant influence, power over an investee is obtained through voting rights conveyed by PSP Investments' ownership interest, other contractual arrangements, or a combination thereof.

(ii) Joint control

PSP Investments determines that it is party to a joint venture arrangement when it has joint control over an investee and has rights to the net assets of the investee. Such investees are reported as jointly controlled. Joint control is established through a contractual arrangement which requires the unanimous consent of the parties sharing control for the activities that significantly affect the returns of the arrangement.

Generally, decision making regarding such activities is governed through voting rights conveyed by the ownership interest of each party. In certain cases, it is governed solely through contractual arrangements or in conjunction with the ownership interest of each party.

6. Interests in Other Entities (continued)

6.1. Subsidiaries, Joint Ventures and Associates (continued)

In the normal course of business, investments in private markets are commonly held through investment entity subsidiaries formed by PSP Investments. As at March 31, 2025, 147 investment entity subsidiaries were incorporated in North America, 37 in Europe, 21 in Oceania, 7 in Central and South America, 2 in Asia and 1 in Africa (March 31, 2024 – 145 in North America, 28 in Europe, 19 in Oceania, 8 in Central and South America, 2 in Asia and 1 in Africa).

In addition, PSP Investments controlled 89 investees directly or through its investment entity subsidiaries as at March 31, 2025 (March 31, 2024 – 92 investees).

The following tables present, in descending order, the most significant investees held directly or indirectly by PSP Investments where it has control, joint control or significant influence.

			March 31, 2025	
Entity's Name	**Financial Asset Class**	**Principal Place of Business**	**Ownership Interest Held by PSP Investments (%)**	**Relationship to PSP Investments**
AviAlliance GmbH	**Infrastructure**	**Europe**	**100**	**Controlled**
Roadis Transportation Holding, S.L.U.	**Infrastructure**	**Global**	**100**	**Controlled**
American Wholesale Insurance Holding Company, LLC	**Private Equity**	**North America**	**17**	**Associate**
SEGRO European Logistics Partnership S.à r.l.	**Real Estate**	**Europe**	**50**	**Jointly controlled**
Kaingaroa Timberlands Limited	**Natural Resources**	**Oceania**	**56**	**Jointly controlled**
Willow Topco Limited	**Infrastructure**	**Europe**	**63**	**Controlled**
Forth Ports Limited	**Infrastructure**	**Europe**	**51**	**Jointly controlled**
TDF S.A.S.	**Infrastructure**	**Europe**	**22**	**Associate**
Australian Food and Fibre Limited	**Natural Resources**	**Oceania**	**83**	**Jointly controlled**
Revera inc.	**Real Estate**	**North America**	**100**	**Controlled**
Cubico Sustainable Investments Limited	**Infrastructure**	**Global**	**50**	**Jointly controlled**

			March 31, 2024	
Entity's Name	Financial Asset Class	Principal Place of Business	Ownership Interest Held by PSP Investments (%)	Relationship to PSP Investments
AviAlliance GmbH	Infrastructure	Europe	100	Controlled
Roadis Transportation Holding, S.L.U.	Infrastructure	Global	100	Controlled
American Wholesale Insurance Holding Company, LLC	Private Equity	North America	17	Associate
SEGRO European Logistics Partnership S.à r.l.	Real Estate	Europe	50	Jointly controlled
Kaingaroa Timberlands Limited	Natural Resources	Oceania	56	Jointly controlled
Andante InvesteeCo Inc.	Infrastructure	Oceania	30	Jointly controlled
Willow Topco Limited	Infrastructure	Europe	63	Jointly controlled
TDF S.A.S.	Infrastructure	Europe	22	Associate
Forth Ports Limited	Infrastructure	Europe	51	Jointly controlled
Cubico Sustainable Investments Limited	Infrastructure	Global	50	Jointly controlled

In addition to the above, PSP Investments consolidates wholly owned subsidiaries that solely provide services that relate to its investment activities. Such services consist of investment management, as well as, financing of private market investments within the context of PSP Investments' capital market debt program described in Note 8.2.

6. Interests in Other Entities (continued)

6.2. Structured Entities

PSP Investments holds interests in partnerships and funds mainly in the context of its investments in private markets. Given their nature, such entities commonly have the characteristics of a structured entity, that is, an entity where contractual arrangements matter more than voting rights in determining control and directing relevant activities. These entities are held as investments and do not expose PSP Investments to additional risks or returns compared to interests held in non-structured entities.

Information regarding structured entities is included, as applicable, within disclosures of investment risk management under Note 7, guarantees and indemnities under Note 16 and commitments under Note 17.

7. Investment Risk Management

PSP Investments is required to act in the best interests of the contributors and beneficiaries under the Plans and for maximizing returns without undue risk of loss. In pursuit of this objective, PSP Investments established an Enterprise Risk Management Policy (ERM Policy). The ERM Policy provides a framework for identifying, evaluating, managing, mitigating, monitoring and reporting the investment and non-investment risks to which PSP Investments is exposed.

As part of the overall ERM policy, the objective of the Investment Risk Management Policy (IRM Policy) is to support the management of risk inherent to the investment decision making process. The IRM Policy outlines a framework detailing how investment activities should comply with PSP Investments' risk philosophy and align with the tolerance and limits of its risk appetite. The IRM Policy also supplements the Statement of Investment Policies, Standards and Procedures (SIP&P), whose objective is to effectively manage investment risks related to the implementation of PSP Investments' various investment strategies. Investment risks include market, credit and liquidity risks.

7.1. Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of an adverse financial outcome due to changes in the factors that drive that value, such as changes in market prices, changes caused by factors specific to the individual investment, volatility in share and commodity prices, interest rate, foreign exchange or other factors affecting similar securities traded in the market.

7.1.1. Measurement of Market Risk

As at March 31, 2025, the active annualized Value at Risk ("Active VaR") was used as a primary measure of total portfolio market risk, to supplement the absolute annualized VaR ("Absolute VaR") and monitor more closely the market risk directly attributable to PSP Investments' active investment management decisions. Active and Absolute VaR are used as key measures of total portfolio market risk.

The Absolute VaR quantifies, with a given confidence level, the loss in value of the total portfolio that one can expect, due to fluctuations in market prices, not to be exceeded over a given period. The VaR is also evaluated on an active basis by measuring the Active VaR. This measurement helps determine if the total portfolio deviates significantly from the Policy Portfolio, established with the SIP&P in mind.

For both Active VaR and Absolute VaR, PSP Investments uses a historical VaR incorporating ten years' worth of market returns scaled to a twelve-month holding period at a 95% confidence level. That is, statistically PSP Investments would expect to see its total portfolio underperformance relative to the Policy Portfolio exceed the Active VaR and its total portfolio losses exceed the Absolute VaR only 5% of the time over a one-year period. For investments that are not actively traded, the calculation of the VaR uses securities with similar risk attributes as a proxy.

The VaR is statistically valid under normal market conditions. Although it includes potential losses derived from observed historical returns, it also assumes that the future will behave in a pattern similar to the past. Consequently, if future market conditions differ significantly from those of the past, potential losses may differ from those originally estimated.

The following table shows the Active VaR and the Absolute VaR expressed as a percentage of net investments as at the end of the period:

	March 31, 2025 (%)	March 31, 2024 (%)
Active VaR	**3.5**	5.0
Absolute VaR	**18.4**	19.2

7. Investment Risk Management (continued)

7.1. Market Risk (continued)

7.1.1. Measurement of Market Risk (continued)

Stress Testing
Although the VaR is a widely accepted risk measure, it is complemented by other risk measurement methodologies that provide greater insight on market risk. PSP Investments uses stress testing and scenario analysis, such as scenarios in connection with the United States trade policies, to examine the impact on financial results of abnormally large movements in risk factors. Such techniques are used to test a portfolio's sensitivity to various risk factors and key model assumptions. These methods also use historically stressed periods to evaluate how a current portfolio reacts under such circumstances. Stress testing and scenario analysis are also deployed to assess new product performance.

7.1.2. Interest Rate Risk

Interest rate risk refers to the risk that fluctuations in interest rates will directly affect the fair value of PSP Investments' net asset values.

The terms to maturity of the classes of financial instruments, outlined in Note 4.1, with the most significant exposure to interest rate risk were as follows as at:

	March 31, 2025					
(Canadian $ millions)	**Less than 1 Year**	**1 to 5 Years**	**5 to 10 Years**	**Over 10 Years**	**Other**	**Total**
Cash and cash equivalents	**–**	**–**	**–**	**–**	**2,535[A]**	**2,535**
Money market securities	**–**	**–**	**–**	**–**	**6,117[A]**	**6,117**
Government and corporate bonds	**564**	**12,862**	**11,834**	**8,982**	**1,781[B]**	**36,023**
Inflation-linked bonds	**–**	**9,807**	**5,204**	**4,001**	**–**	**19,012**
Private debt securities	**45**	**12,050**	**9,333**	**4,754**	**7,578[C]**	**33,760**
Total	**609**	**34,719**	**26,371**	**17,737**	**18,011**	**97,447**

	March 31, 2024					
(Canadian $ millions)	Less than 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years	Other[D]	Total
Cash and cash equivalents	–	–	–	–	2,514[A]	2,514
Money market securities	–	–	–	–	9,562[A]	9,562
Government and corporate bonds	460	10,133	9,564	6,568	243[B]	26,968
Inflation-linked bonds	–	9,164	5,127	3,678	–	17,969
Private debt securities	38	11,152	7,256	3,909	7,463[C]	29,818
Total	498	30,449	21,947	14,155	19,782	86,831

[A] Due to their short-term maturity, these investments are not significantly exposed to interest rate risk.
[B] Certain fixed income securities are not significantly exposed to fair value changes arising from interest rate risk as their prescribed interest rates are variable.
[C] Information in connection with the terms to maturity of fund and certain directly held investments included as part of private debt securities is not available.
[D] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

All equity investments within Canadian equity, foreign equity, real estate, private equity, infrastructure and natural resources amounting to $212,341 million as at March 31, 2025 ($184,212 million as at March 31, 2024) do not have specified terms to maturity nor are they significantly exposed to interest rate risk.

Alternative investments described in Note 4.1.4, which amounted to $28,470 million as at March 31, 2025 ($25,871 million as at March 31, 2024), also have no specified terms to maturity. Certain of these investments, as well as reverse repurchase agreements and derivative contracts described in Notes 4.1.10 and 4.1.12, respectively, are subject to interest rate risk exposures. These exposures are reflected in the VaR calculation described in Note 7.1.1.

The terms to maturity of PSP Investments' capital market debt financing are disclosed in Note 8.2.

Interest Rate Benchmark Reform
As at March 31, 2025, PSP Investments no longer held financial instruments that had yet to transition to alternative reference rates.

7. Investment Risk Management (continued)

7.1. Market Risk (continued)

7.1.3. Foreign Currency Risk

PSP Investments is exposed to currency risk through holding of investments (i.e. direct and indirect holdings of securities, units in pooled funds and units in limited partnerships) or investment-related liabilities in various currencies.

Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of the investments. To mitigate this risk, PSP Investments may take, through foreign forward contracts or cross currency swaps, positions in foreign currencies.

The underlying foreign currency exposures of net investments were as follows as at:

	March 31, 2025	
Currency	**Fair Value (Canadian $ millions)**	**% of Total**
US Dollar	**194,686**	**67.7**
Euro	**28,434**	**9.9**
Japanese Yen	**14,286**	**5.0**
British Pound	**13,360**	**4.6**
Indian Rupee	**7,100**	**2.5**
Australian Dollar	**4,588**	**1.6**
Mexican Peso	**3,359**	**1.2**
Swiss Franc	**3,144**	**1.1**
Hong Kong Dollar	**2,685**	**0.9**
Brazilian Real	**2,608**	**0.9**
Others	**13,122**	**4.6**
Total	**287,372**	**100.0**

As at March 31, 2025, PSP Investments and its investment entity subsidiaries also had commitments, denominated in foreign currencies of $32,686 million (US $19,503 million, €2,426 million, £415 million, 55 million Mexican pesos, 30 million Australian dollars, 907 million Indian rupees and 2,856 million Japanese yen) which were not included in the foreign currency exposure table above.

	March 31, 2024	
Currency	Fair Value (Canadian $ millions)	% of Total
US Dollar	170,934	67.2
Euro	26,897	10.6
Japanese Yen	9,916	3.9
British Pound	9,466	3.7
Indian Rupee	5,743	2.3
Australian Dollar	4,357	1.7
Mexican Peso	4,149	1.6
Brazilian Real	3,135	1.2
Swiss Franc	2,424	1.0
Singapore Dollar	1,754	0.7
Hong Kong Dollar	1,677	0.7
New Taiwan Dollar	1,567	0.6
Others	12,251	4.8
Total	254,270	100.0

As at March 31, 2024, PSP Investments and its investment entity subsidiaries also had commitments, denominated in foreign currencies of $29,158 million (US $17,502 million, €3,085 million, £415 million, 1,111 million Mexican pesos, 136 million Australian dollars, 1,028 million Indian rupees and 3,146 million Japanese yen) which were not included in the foreign currency exposure table above.

7. Investment Risk Management (continued)

7.2. Credit Risk

PSP Investments is exposed to credit risk, which is the risk of non-performance of a debtor on whom PSP Investments relies to fulfill contractual or financial obligations. That is, the risk that the issuer of a debt security or that the counterparty to a derivative contract, to a securities lending and borrowing transaction or to securities purchased under reverse repurchase agreements, is unable to meet its financial obligations.

Credit risk encompasses the risk of a deterioration of creditworthiness and the relevant concentration risk. Credit risk monitoring entails an evaluation of the credit quality of each issuer and counterparty that transacts with PSP Investments. To perform this evaluation for public issuers and counterparties, PSP Investments relies on four recognized credit rating agencies. A minimum of two credit ratings are used to classify each security. If the agencies disagree as to a security's credit quality, PSP Investments uses the lowest of the available ratings. For private issuers, PSP Investments assigns internal credit ratings to issuers and measures the combined risk profile against set targets. To assign risk ratings to issuers, PSP Investments uses methodologies comparable to those used by recognized rating agencies.

As at March 31, 2025, PSP Investments' maximum exposure to credit risk amounted to $102 billion (March 31, 2024 – $90 billion). This amount is presented before collateral held and netting arrangements that do not qualify for offsetting under IFRS Accounting Standards. The maximum credit exposure excludes guarantees disclosed in Note 16 as well as investments in funds classified as alternative investments in Note 4.1. Such funds hold fixed income securities among other types of instruments.

To monitor the evolution of credit risk, PSP Investments periodically produces a concentration report by credit rating for credit-sensitive securities. The concentration of credit risk by credit rating was as follows as at:

	March 31, 2025							
(Canadian $ millions)	**Government and corporate bonds**[A]	**Inflation-linked bonds**[A]	**Cash equivalents**[A]	**Money market securities**[A]	**Reverse repurchase agreements**	**OTC derivatives**[B]	**Private debt securities**[A]	**Total**[A]
AAA–AA	**29,340**	**19,073**	**1,717**	**5,518**	**850**	**369**	**–**	**56,867**
A	**4,929**	**–**	**156**	**18**	**1,158**	**1,704**	**440**	**8,405**
BBB	**1,321**	**–**	**–**	**–**	**542**	**–**	**882**	**2,745**
BB or below	**441**	**–**	**–**	**–**	**–**	**–**	**32,608**	**33,049**
No rating[C]	**274**	**–**	**110**	**–**	**–**	**–**	**232**	**616**
Total	**36,305**	**19,073**	**1,983**	**5,536**	**2,550**	**2,073**	**34,162**	**101,682**

	March 31, 2024							
(Canadian $ millions)	Government and corporate bonds[A]	Inflation-linked bonds[A]	Cash equivalents[A, D]	Money market securities[A, D]	Reverse repurchase agreements	OTC derivatives[B]	Private debt securities[A]	Total
AAA–AA	17,368	17,909	1,438	8,881	1,044	38	–	46,678
A	7,772	–	488	135	1,045	1,299	–	10,739
BBB	1,261	110	–	–	201	–	76	1,648
BB or below	728	–	–	–	–	–	30,015	30,743
No rating[C]	81	–	–	–	–	–	66	147
Total	27,210	18,019	1,926	9,016	2,290	1,337	30,157	89,955

[A] Includes interest receivable.
[B] As disclosed in Note 4.1.12.
[C] Includes securities for public issuers and counterparties, that are either not rated by credit rating agencies or rated by a single credit rating agency.
[D] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

7. Investment Risk Management (continued)

7.2. Credit Risk (continued)

7.2.1. Counterparty Risk

Counterparty risk represents the credit risk from current and potential exposure related to transactions involving derivative contracts, securities lending and borrowing as well as securities repurchase and reverse repurchase agreements. In order to minimize counterparty risk, PSP Investments requires that counterparties provide adequate collateral and meet its credit rating requirements. PSP Investments frequently monitors the credit rating of its counterparties as determined by recognized credit rating agencies. With respect to derivative contracts, PSP Investments has the ability to terminate all trades with most counterparties whose credit rating is downgraded below its requirements.

For OTC derivatives, PSP Investments' policy also requires the use of the International Swaps and Derivatives Association ("ISDA") Master Agreement with all counterparties to derivative contracts. The ISDA Master Agreement provides the contractual framework within which dealing activities across a full range of OTC products are conducted. In the case of OTC-cleared derivatives, trading activities are regulated between parties under terms that are customary to such transactions.

As a credit mitigation technique, the ISDA Master Agreement contractually binds counterparties to close-out netting provisions in the case of default by one of the counterparties. Additionally, the Credit Support Annex (CSA) to the ISDA Master Agreement enables PSP Investments to realize any collateral placed with it in the case of default of the counterparty. The CSA also requires PSP Investments to contribute further collateral when requested. All collateral transactions under the CSA are in cash, high-quality debt instruments or securities. The CSA also regulates the exchange of collateral when the credit exposure to a counterparty exceeds a predetermined threshold. Counterparties are generally authorized to sell, repledge or otherwise use collateral held. Similarly, in the case of OTC-cleared derivatives, collateral is required in cash, high quality debt instruments or securities and can be sold, repledged or otherwise used. PSP Investments does not sell, repledge or otherwise use any collateral held in the form of securities but does reinvest all cash collateral, with respect to derivative contracts.

With respect to transactions involving securities lending and borrowing agreements as well as securities repurchase and reverse repurchase agreements, collateral requirements are in place to mitigate counterparty risk. Notes 2.3.5 and 2.3.6 describe collateral requirements in securities lending and borrowing programs as well as securities repurchase and reverse repurchase agreements.

Information in connection with collateral pledged by PSP Investments and its counterparties is disclosed in Note 5.

In the case of the securities lending program, PSP Investments' exposure to counterparty risk is further mitigated as the custodian of the securities lent assumes the risk that a counterparty will be unable to meet its obligations associated with the collateral requirements.

Management is responsible for counterparty risk monitoring and mitigation as well as maintaining a comprehensive, disciplined, and enterprise-wide process for tracking and managing counterparty risk. As such, management measures counterparty risk on an ongoing basis, evaluates and tracks the creditworthiness of current counterparties and mitigates counterparty risk through collateral management.

7. Investment Risk Management (continued)

7.2. Credit Risk (continued)

7.2.2. Offsetting

PSP Investments is subject to ISDA Master Agreements in relation to its OTC derivative financial instruments as described. Such agreements contain close-out netting provisions applicable only in the case of default. In certain cases, such agreements also allow for offsetting. In cases where the conditions for offsetting were met, financial instruments have been presented net in the Consolidated Statements of Financial Position. Securities repurchase and reverse repurchase agreements described in Notes 2.3.6 and 5 are subject to similar arrangements however they are not offset as the conditions for offsetting are not met.

The following tables present the financial assets and liabilities described above:

Financial Assets

				Less: Related Amounts Not Offset in the Consolidated Statements of Financial Position		
(Canadian $ millions)	Gross Amount of Recognized Financial Assets	Less: Gross Amount of Recognized Financial Liabilities Offset	Net Amount of Financial Assets Presented in the Consolidated Statements of Financial Position	Recognized Financial Liabilities	Collateral Held and Not Recognized	Net
March 31, 2025						
Reverse repurchase agreements	**2,550**	**–**	**2,550[A]**	**58**	**2,492**	**–**
OTC-derivatives	**2,074**	**1**	**2,073[B]**	**1,393**	**469**	**211**
Total	**4,624**	**1**	**4,623**	**1,451**	**2,961**	**211**
March 31, 2024						
Reverse repurchase agreements	2,290	–	2,290[A]	781	1,509	–
OTC-derivatives	1,337	–	1,337[B]	878	439	20
Total	3,627	–	3,627	1,659	1,948	20

Financial Liabilities

				Less: Related Amounts Not Offset in the Consolidated Statements of Financial Position		
(Canadian $ millions)	Gross Amount of Recognized Financial Liabilities	Less: Gross Amount of Recognized Financial Assets Offset	Net Amount of Financial Liabilities Presented in the Consolidated Statements of Financial Position	Recognized Financial Assets	Collateral Pledged and Not Derecognized	Net
March 31, 2025						
Repurchase agreements	**2,864**	**–**	**2,864[A]**	**58**	**2,806**	**–**
OTC-derivatives	**1,424**	**1**	**1,423[B]**	**1,212**	**147**	**64**
Collateral payable	**232**	**–**	**232[C]**	**181**	**–**	**51**
Total	**4,520**	**1**	**4,519**	**1,451**	**2,953**	**115**
March 31, 2024						
Repurchase agreements	5,242	–	5,242[A]	781	4,461	–
OTC-derivatives	963	–	963[B]	769	169	25
Collateral payable	121	–	121[C]	109	–	12
Total	6,326	–	6,326	1,659	4,630	37

[A] As described in Note 4.1.10.

[B] As described in Note 4.1.12.

[C] As described in Note 4.1.9. The balance consists of cash collateral received with respect to certain OTC derivative transactions and is included in Note 4.1 as part of collateral payable.

7. Investment Risk Management (continued)

7.3. Liquidity Risk

Liquidity risk corresponds to the risk that PSP Investments will not be able to meet its financial obligations on a timely basis, with sufficient and readily available cash resources. PSP Investments' cash position is monitored on a daily basis. In general, investments in cash, money market securities, floating rate notes, bonds and public equities are expected to be highly liquid as they will be invested in securities that are actively traded. Management utilizes appropriate measures and controls to monitor liquidity risk in order to ensure that there is sufficient liquidity to meet financial obligations as they come due. A liquidity report taking into consideration future forecasted cash flows is prepared and presented to senior management on a weekly basis. This ensures that sufficient cash reserves are available to meet forecasted cash outflows. Additionally, base levels of liquidity are maintained for deployment in case of market disruption. Further, see Note 2.3.8 for liquidity related to PSP Investments' net assets.

PSP Investments has the ability to raise additional capital through the use of its capital market debt program. This program allows PSP Investments to issue short-term promissory notes and medium-term notes. Note 8.2 provides additional information on the usage of the capital market debt program. Furthermore, PSP Investments maintains credit facilities for general corporate purposes. Note 8.1 provides additional information with respect to such credit facilities.

The terms to maturity of the notional amount of derivatives are disclosed in Note 4.1.12.

Financial Liabilities

The following tables present the fair value of non-derivative-related financial liabilities as well as derivative-related financial instruments, aggregated according to their maturities as at March 31, 2025, and excluding the impact of guarantees and indemnities disclosed in Note 16:

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Non-derivative-related financial liabilities[A]				
Amounts payable from pending trades	**(2,426)**	**–**	**–**	**(2,426)**
Interest payable	**(170)**	**(73)**	**–**	**(243)**
Securities sold short	**(2,637)**	**–**	**–**	**(2,637)**
Collateral payable	**(1,712)**	**–**	**–**	**(1,712)**
Securities sold under repurchase agreements	**(2,135)**	**(729)**	**–**	**(2,864)**
Capital market debt financing[B]	**(6,949)**	**(4,456)**	**(22,996)**	**(34,401)**
Trade payable and other liabilities	**(425)**	**(5)**	**(153)**	**(583)**
Total	**(16,454)**	**(5,263)**	**(23,149)**	**(44,866)**

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Derivative-related financial instruments				
Derivative-related assets	**1,057**	**771**	**300**	**2,128**
Derivative-related liabilities[A]	**(621)**	**(700)**	**(141)**	**(1,462)**
Total	**436**	**71**	**159**	**666**

[A] Liabilities are presented in the earliest period in which the counterparty can request payment.
[B] The total undiscounted cash flows amounted to $40,337 million as at March 31, 2025.

7. Investment Risk Management (continued)

7.3. Liquidity Risk (continued)

The following tables present the fair value of non-derivative-related financial liabilities as well as derivative-related financial instruments, aggregated according to their maturities as at March 31, 2024, and excluding the impact of guarantees and indemnities disclosed in Note 16:

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Non-derivative-related financial liabilities[A]				
Amounts payable from pending trades	(540)	–	–	(540)
Interest payable	(141)	(24)	–	(165)
Securities sold short	(3,212)	–	–	(3,212)
Collateral payable	(669)	–	–	(669)
Securities sold under repurchase agreements	(4,904)	(338)	–	(5,242)
Capital market debt financing[B]	(6,295)	(4,691)	(16,024)	(27,010)
Trade payable and other liabilities	(353)	(5)	(142)	(500)
Total	(16,114)	(5,058)	(16,166)	(37,338)

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Derivative-related financial instruments				
Derivative-related assets	602	291	463	1,356
Derivative-related liabilities[A]	(511)	(236)	(232)	(979)
Total	91	55	231	377

[A] Liabilities are presented in the earliest period in which the counterparty can request payment.
[B] The total undiscounted cash flows amounted to $30,832 million as at March 31, 2024.

8. Borrowings

8.1. Credit Facilities

PSP Investments maintains a revolving credit facility in the amount of $2 billion and a demand line of credit in the amount of $1 billion (together “the Credit Facilities”).

The Credit Facilities are for general corporate purposes and are available in either Canadian or US currencies. Subject to customary terms and conditions, these Credit Facilities are available at variable interest rates such as the prime rate and the US base rate.

These Credit Facilities were not drawn upon as at March 31, 2025, and 2024.

8.2. Capital Market Debt Financing

PSP Investments’ capital market debt program consists of the private placement of short-term promissory notes as well as medium-term notes issued by PSP Capital Inc., a wholly-owned subsidiary of PSP Investments. The capital raised is primarily used to finance private market investments. It is unconditionally and irrevocably guaranteed by PSP Investments in accordance with its corporate leverage policy.

The maximum amount authorized by the Board of Directors for the capital market debt program is limited to $12 billion for all aggregate short-term note programs, 6 billion Australian dollars for the Australian dollar-denominated medium-term note program and $20 billion for the medium-term note program.

PSP Investments’ capital market debt financing was in compliance with the limits authorized by the Board of Directors during the years ended March 31, 2025, and 2024.

8. Borrowings (continued)

8.2. Capital Market Debt Financing (continued)

The following outlines the terms as well as the fair value of the short-term notes issued under the capital market debt program as at:

(Canadian $ millions)		March 31, 2025			March 31, 2024		
Currency	Term at Issuance	Interest Rate (%)	Capital Amounts Payable at Maturity	Fair Value	Interest Rate (%)	Capital Amounts Payable at Maturity	Fair Value
AUD	364 days or less	**3.97 – 4.53**	**62**	**61**	4.28	132	132
EUR	215 days or less	**2.41 – 2.70**	**979**	**976**	3.85 – 3.93	716	710
GBP	245 days or less	**4.49 – 4.74**	**473**	**469**	5.18 – 5.24	525	521
USD	365 days or less	**4.17 – 5.33**	**8,810**	**8,721**	4.73 – 5.49	5,503	5,428
Total short-term notes			**10,324**	**10,227**		6,876	6,791

The following outlines the terms as well as the fair value of the medium-term notes issued under the capital market debt program as at:

(Canadian $ millions)				March 31, 2025		March 31, 2024	
Maturity	Series	Currency	Interest Rate (%)	Capital Amounts Payable at Maturity	Fair Value	Capital Amounts Payable at Maturity	Fair Value
April 2024	7	CAD	3.29	**–**	**–**	1,187	1,187
September 2024	G2	USD	0.50	**–**	**–**	1,692	1,655
March 2025	G5	USD	SOFR[B]+24 bps	**–**	**–**	1,353	1,353
November 2025	11	CAD	3.00	**1,175**	**1,178**	1,160	1,135
June 2026	13	CAD	0.90	**1,500**	**1,471**	1,423	1,324
June 2026	G1	USD	1.00	**1,439**	**1,385**	1,353	1,246
June 2027	G6	USD	3.50	**1,439**	**1,420**	1,353	1,309
March 2028	14	CAD	1.50	**1,000**	**967**	975	890
October 2028	G3	USD	1.63	**1,439**	**1,321**	1,353	1,194
February 2029	A1	AUD	4.60	**1,345**	**1,362**	1,324	1,335
June 2029	G8	CAD	3.75	**2,000**	**2,074**	1,400	1,391
October 2029	G15	USD	3.75	**1,799**	**1,763**	–	–
January 2030	12	CAD	2.05	**1,250**	**1,202**	1,250	1,130
December 2030	G13[A]	CAD	4.40	**1,000**	**1,071**	1,000	1,025
September 2031	A2[A]	AUD	4.50	**897**	**891**	–	–
March 2032	G4[A]	CAD	2.60	**1,000**	**959**	1,000	898
August 2032	G7	AUD	4.57	**206**	**201**	203	200
January 2033	G9	AUD	4.82	**179**	**177**	177	177
June 2033	G11	CAD	4.15	**2,500**	**2,626**	2,500	2,499
July 2034	G14	EUR	3.25	**1,712**	**1,702**	–	–
February 2035	A3	AUD	5.25	**1,121**	**1,134**	–	–
March 2038	G10	EUR	3.68	**155**	**154**	146	154
July 2043	G12	EUR	3.68	**117**	**111**	110	117
December 2055	G16	CAD	4.25	**1,000**	**1,005**	–	–
Total medium-term notes				**24,273**	**24,174**	20,959	20,219
Total capital market debt financing				**34,597**	**34,401**	27,835	27,010

[A] Green bonds

[B] Secured Overnight Financing Rate

Unrealized losses in connection with borrowings amounted to $1,205 million for the year ended March 31, 2025 (unrealized losses of $35 million for the year ended March 31, 2024).

8. Borrowings (continued)

8.2. Capital Market Debt Financing (continued)

Interest expense, for the years ended March 31, was as follows:

(Canadian $ millions)	**2025**	2024
Short-term promissory notes	**427**	361
Medium-term notes	**695**	511
Total	**1,122**	872

8.3. Reconciliation of Liabilities Arising from Financing Activities

The following provides a reconciliation of liabilities arising from financing activities, including both changes arising from cash and non-cash changes for the year ended March 31, 2025.

				Non-cash changes		
(Canadian $ millions)	**Opening balance**	**Proceeds from borrowings**	**Repayment of borrowings**	**Foreign exchange losses**	**Fair value[A] losses**	**Closing balance**
Capital market debt financing	**27,010**	**39,190**	**(33,004)**	**485**	**720**	**34,401**
Borrowings	**27,010**	**39,190**	**(33,004)**	**485**	**720**	**34,401**

The following provides a reconciliation of liabilities arising from financing activities, including both changes arising from cash and non-cash changes for the year ended March 31, 2024.

				Non-cash changes		
(Canadian $ millions)	Opening balance	Proceeds from borrowings	Repayment of borrowings	Foreign exchange gains	Fair value[A] losses	Closing balance
Capital market debt financing	24,042	31,407	(28,466)	(92)	119	27,010
Borrowings	24,042	31,407	(28,466)	(92)	119	27,010

[A] Includes interest on short-term promissory notes, which added to cost approximates their fair value.

9. Equity

9.1. Statutory Rights Held by the Government of Canada

Pursuant to the *Superannuation Acts*, the Government of Canada is entitled to PSP Investments' net assets allocated to each of the Plan Accounts for the purposes set out in the *Superannuation Acts*. The allocation of PSP Investments' net assets and net income to each of the Plan Accounts at a point in time is based on the allocation policy outlined in Note 13.

9.2. Shares Issued

Pursuant to the Act, PSP Investments issued 10 shares having a par value of $10 each to the President of the Treasury Board, to be held on behalf of His Majesty in Right of Canada. The Act does not attribute any voting, dividend, residual or other rights to these shares.

9. Equity (continued)

9.3. Fund Transfers

PSP Investments received fund transfers from the Government of Canada for the Funds for the years ended March 31 as follows:

(Canadian $ millions)	**2025**	2024
Public Service Pension Fund	**2,822**	2,988
Canadian Forces Pension Fund	**190**	313
Royal Canadian Mounted Police Pension Fund	**210**	179
Reserve Force Pension Fund	**–**	–
Total	**3,222**	3,480

During the year ended March 31, 2025, PSP Investments transferred $1,943 million (nil during the year ended March 31, 2024), from the Public Service Pension Fund to the Consolidated Revenue Fund of the Government of Canada in order to eliminate a non-permitted surplus in the Public Service Pension Fund (relating to service on or after April 1, 2000), as recommended by the President of the Treasury Board pursuant to subparagraph 44.4(2)(b) of the *Public Service Superannuation Act*.

10. Segment Information

In order to fulfil its mandate, PSP Investments manages a diversified global portfolio composed of investments in various asset classes and has implemented an investment approach that focuses on the total fund approach rather than only on individual asset classes. The total fund approach guides the long-term investment strategy and focuses on managing total fund allocations and exposures in terms of asset classes, sectors and risk factors.

Accordingly, PSP Investments' investment segments are presented below to reflect the way in which asset classes are managed and how results are reviewed by the entity's senior management for purposes of performance management and decision making. These investment segments include their respective share of investment-related assets and investment-related liabilities as well as borrowings, which are reported separately by nature of the underlying investments as disclosed in Note 4.1. Further, to support PSP Investments' investment approach, a Complementary Portfolio is managed in addition to the individual asset classes' portfolios, which enables PSP Investments to capture investment opportunities that fit the mandate but that are outside the scope of the individual asset classes' investment framework.

Investment segments consist of investments held through direct and co-ownership positions as well as through fund managers and include:

- Capital Markets – invests in public market equities, government and corporate fixed income securities.
- Private Equity – invests in private entities with similar objectives.
- Credit Investments – invests in non-investment grade primary and secondary credit investments.
- Real Estate – invests in real estate assets mainly in retirement and residential, office, retail and other industrial sectors.
- Infrastructure – invests in private entities with a focus on assets in transportation, power generation, telecommunications and other regulated businesses.
- Natural Resources – invests in real assets with a focus on assets in timberlands and agriculture.
- Complementary Portfolio – focuses on investments that are not within the mandate of existing asset classes but are deemed beneficial for the total fund.

10. Segment Information (continued)

The following table presents net investments by investment segment as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024[B]
Capital Markets	**145,844**	111,884
Private Equity	**40,709**	40,392
Credit Investments	**30,286**	26,222
Real Estate	**26,648**	27,229
Infrastructure	**31,984**	34,518
Natural Resources	**17,939**	15,196
Complementary Portfolio	**1,461**	2,351
Other[A]	**4,846**	7,065
Total	**299,717**	264,857

[A] Includes cash and money market securities not managed within the investment segments, except administrative-purpose cash and cash equivalents amounting to $81 million (March 31, 2024 – $61 million).

[B] During the year, PSP investments updated its segment reporting presentation to align with how the Capital Market segment is currently organized. Accordingly, comparative figures were reclassified to conform to the current year's presentation. Net investments of $55,637 million from Public Equity and $56,247 million from Fixed Income are now grouped under Capital Markets.

The following table presents net income (loss) by investment segment for the years ended March 31:

	2025			2024		
(Canadian $ millions)	**Investment income[A]**	**Expenses[B, C]**	**Net income**	Investment income (loss)[A, E]	Expenses[B, C, E]	Net income (loss)[E]
Capital Markets	**15,375**	**(1,049)**	**14,326**	10,118	(851)	9,267
Private Equity	**6,453**	**(137)**	**6,316**	4,482	(113)	4,369
Credit Investments	**4,037**	**(143)**	**3,894**	3,481	(120)	3,361
Real Estate	**506**	**(416)**	**90**	(4,452)	(444)	(4,896)
Infrastructure	**5,947**	**(315)**	**5,632**	4,795	(321)	4,474
Natural Resources	**1,797**	**(312)**	**1,485**	1,049	(261)	788
Complementary Portfolio	**481**	**(10)**	**471**	427	(11)	416
Other[D]	**1,482**	**(158)**	**1,324**	308	(331)	(23)
Total	**36,078**	**(2,540)**	**33,538**	20,208	(2,452)	17,756

[A] As described in Note 11, embedded within investment income are other fees paid by certain pooled fund investments and management fees not paid directly by PSP Investments.

[B] Includes all investment-related and operating expenses as disclosed in Notes 11 and 12, respectively.

[C] Total expenses exclude all investment-related and operating expenses associated with management services rendered to CGF.

[D] Includes income (loss) and expenses relating to cash and cash equivalents, as well as, to money market securities not managed within the investment segments.

[E] During the year, PSP investments updated its segment reporting presentation to align with how the Capital Markets segment is currently organized. Accordingly, Comparative figures were reclassified to conform to the current year's presentation. Investment income of $8,614 million, expenses of $(639) million, and net income of $7,975 million from Public Equity, and investment income of $1,504 million, expenses of $(212) million and net income of $1,292 million from Fixed Income are now grouped under Capital Markets.

The following table presents investment income (loss) by financial assets and financial liabilities by their classification for the year ended March 31:

(Canadian $ millions)	**2025**	2024
Financial assets		
Mandatorily at FVTPL[A]	**38,781**	21,056
Financial liabilities		
Mandatorily at FVTPL	**(907)**	(801)
Designated at FVTPL	**(1,796)**	(47)
Total	**36,078**	20,208

[A] Includes income (loss) on derivative-related assets and derivative-related liabilities.

11. Investment-Related Expenses

Investment-related expenses are comprised of the following for the years ended March 31:

(Canadian $ millions)	**2025**	2024
Interest expense	**1,465**	1,345
Transaction costs	**206**	159
External investment management and performance fees[A]	**77**	54
Other (net)	**21**	193
Total	**1,769**	1,751

[A] Consists of amounts incurred for investments in public markets that are paid directly by PSP Investments.

Certain management and performance fees are not paid directly by PSP Investments, but rather by investment structures such as funds and other investment vehicles held by PSP Investments. Such fees are embedded in the fair value of investments. Management fees amounted to $723 million for the year ended March 31, 2025 ($700 million for the year ended March 31, 2024). Performance fees amounted to $611 million for the year ended March 31, 2025 ($572 million for the year ended March 31, 2024).

12. Operating Expenses

Operating expenses consisted of the following for the years ended March 31:

(Canadian $ millions)	**2025**	2024
Salaries and employee benefits	**534**	467
Professional and consulting fees	**124**	120
Premises and equipment	**21**	19
Market data and business applications	**83**	70
Depreciation of property and equipment	**20**	24
Custodial fees	**5**	5
Other operating expenses	**33**	26
Total	**820**	731

13. Allocation of Net Income

PSP Investments' net income is allocated to each Plan Account as follows:

13.1. Investment Income

The investment income is allocated proportionately based upon the net investments of each Plan Account at the time the income was earned.

13.2. Expenses

The Act requires that the costs of operation of PSP Investments be charged to the Plan Accounts. Under section 4(3) of the Act, the President of the Treasury Board shall determine to which Plan Account these costs will be charged, in consultation with the Minister of National Defence and the Minister of Public Safety and Emergency Preparedness. An allocation policy was developed which allocates the direct costs of investment activities, such as external investment management fees and custodial fees, to each Plan Account, based upon the net investments of each Plan Account at the time the expense was incurred.

Operating expenses excluding the direct cost of investment activities listed above, for the years ended March 31, were allocated in proportion to the annual amount of net investments of each Plan Account as follows:

(%)	**2025**	2024
Public Service Pension Plan Account	**73.3**	73.2
Canadian Forces Pension Plan Account	**19.1**	19.2
Royal Canadian Mounted Police Pension Plan Account	**7.2**	7.2
Reserve Force Pension Plan Account	**0.4**	0.4
Total	**100.0**	100.0

14. Related Party Transactions

14.1. Certain Investees

As outlined in Note 2.1, investments in unconsolidated subsidiaries, jointly controlled investees and associates are measured at FVTPL. Transactions between PSP Investments and such entities or subsidiaries of such entities are related party transactions. PSP Investments enters into investment transactions with such related parties in the normal course of its business, more specifically, as part of private markets and certain fixed income investments described under Note 4.1 as well as guarantees, indemnities and commitments described under Notes 16 and 17, respectively. Since balances in connection with all investment transactions are measured at FVTPL, those transactions undertaken with related parties have the same impact on net assets and net income as those with unrelated parties.

Transactions between PSP Investments and its consolidated subsidiaries as well as related balances are eliminated upon consolidation and, therefore, are not disclosed in this note.

14.2. The Government of Canada and Government-Related Entities

Since PSP Investments is a Crown corporation as described in Note 1, it is considered to be related to the Government of Canada as well as other entities that are controlled, jointly controlled or significantly influenced by the Government of Canada (together "government-related entities").

(i) The Government of Canada
The only transactions undertaken between PSP Investments and the Government of Canada consist of the fund transfers outlined in Note 9.3.

(ii) Government-Related Entities
PSP Investments may enter into investment transactions with government-related entities in the normal course of its business, more specifically, as part of private markets and certain fixed income investments described under Note 4.1. Such investment transactions are carried out on terms that are equivalent to those that may prevail in transactions with unrelated parties and are subject to the same internal processes. In this respect, transactions with such related parties have the same impact on net assets and net income as those with unrelated parties. Consequently, PSP Investments is availing itself of the exemption under IAS 24 *Related Parties* from making specific disclosures on transactions and balances with such government-related entities.

As disclosed in Note 1 and Note 2.1, PSP Investments provides investment services to CGF, a government-related entity. The only transactions undertaken between PSP Investments and CGF consist of investment management services, which are rendered in the normal course of operations.

14.3. Compensation of Key Management Personnel

Members of key management personnel are related parties of PSP Investments. Key management personnel are those persons having authority and responsibility for planning, directing and controlling PSP Investments' activities, directly or indirectly and consist of members of the Board of Directors, PSP Investments' senior management team and officers. Compensation earned by key management personnel for the years ended March 31 was recorded in the Consolidated Statements of Net Income and was as follows:

(Canadian $ millions)	**2025**	2024
Short-term compensation and other benefits	**24**	18
Long-term compensation and other benefits	**15**	9
Total	**39**	27

As disclosed in Note 16, PSP Investments may also be required to indemnify certain members of key management personnel for costs incurred, such as claims, actions or litigations in connection with the exercise of specific aspects of their duties.

15. Capital Management

As an investment company, PSP Investments' objectives in managing its capital are:

- To invest fund transfers, outlined in Note 9.3, in the best interests of the beneficiaries and contributors under the *Superannuation Acts*. The funds received are invested with a view of achieving a maximum rate of return, without undue risk of loss, having regard to the funding, policies and requirements of the Plans established under the *Superannuation Acts* and the ability of the Plans to meet their financial obligations. The funds are also invested in accordance with the Investment Risk Management policies which are outlined in Note 7.
- To maintain an appropriate credit rating to achieve access to the capital markets at the lowest cost of capital. Through PSP Capital Inc. and its leverage policies, PSP Investments has the ability to raise capital by issuing short-term promissory notes and medium-term notes. Note 8.2 provides information on the capital market debt financing and Note 7.3 provides information on PSP Investments' liquidity.

The capital structure of PSP Investments consists of fund transfers and capital market debt financing. PSP Investments has no externally imposed restrictions on capital.

16. Guarantees and Indemnities

PSP Investments provides indemnification to its directors, its officers, its employees and to certain PSP Investments representatives asked to serve as directors or officers of entities in which PSP Investments or its investment entity subsidiaries have made an investment or have a financial interest. As a result, but subject to the Act, PSP Investments may be required to indemnify these representatives for costs incurred, such as claims, actions or litigation in connection with the exercise of their duties, unless the liability of such a representative relates to a failure to act honestly and in good faith. To date, PSP Investments has not received any material claims or made any material payment for such indemnities.

In certain cases, PSP Investments also provides indemnification to third parties in the normal course of business. As a result, PSP Investments may be required to indemnify such third parties in connection with the performance of their contractual obligations. To date, PSP Investments has not received any material claims nor made any material payments for such indemnities.

PSP Investments unconditionally and irrevocably guarantees all credit facilities, as well as short-term promissory notes and medium-term notes issued by PSP Capital Inc., as described in Note 8.

In certain investment transactions, PSP Investments and its investment entity subsidiaries provided guarantees, indemnifications or issued letters of credit to third parties, the most significant of which are as follows:

- As at March 31, 2025 and 2024, PSP Investments and its investment entity subsidiaries agreed to guarantee and, in some cases, provide indemnification for the performance of certain investees under contractual agreements. The majority of these agreements are borrowing arrangements. In the event a default occurs under such agreements, which is of limited recourse in certain cases, PSP Investments or its investment entity subsidiaries could assume obligations of up to $3,023 million as at March 31, 2025 (March 31, 2024 – $2,717 million) plus applicable interest and other related costs. The arrangements mature between July 2025 and June 2042 as of March 31, 2025 (March 31, 2024 – between May 2024 and June 2042).
- As of March 2025, PSP Investments maintained stand-by letter of credit facilities totaling $312 million (March 31, 2024 – $3 million). These facilities can be utilized in various currencies as needed. PSP Investments and its investment entity subsidiaries issued letters of credit totalling $165 million as at March 31, 2025 (March 31, 2024 – $1 million) in relation to investment transactions.

17. Commitments

PSP Investments and its investment entity subsidiaries have committed to enter into investment transactions, which will be funded over the next several years in accordance with agreed terms and conditions. The commitments were as follows as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Foreign equity	**1**	3
Real estate	**3,331**	3,857
Private equity	**10,134**	11,374
Infrastructure	**9,545**	3,990
Natural resources	**370**	480
Private debt securities	**11,573**	8,644
Alternative investments	**2,011**	1,557
Total	**36,965**	29,905

Funding in connection with the above commitments can be called upon at various dates extending until 2041 as at March 31, 2025 (March 31, 2024 – 2041).

Independent Auditors' Report

To the President of the Treasury Board

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Public Sector Pension Investment Board – Public Service Pension Plan Account (the Public Service Pension Plan Account), which comprise the statements of financial position as at March 31, 2025 and 2024, and the statements of net income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Public Service Pension Plan Account as at March 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Public Service Pension Plan Account 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 annual report, but does not include the financial statements and our auditors' 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 our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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 Public Service Pension Plan Account'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 Public Service Pension Plan Account or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 Public Service Pension Plan Account'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 Public Service Pension Plan Account's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Public Service Pension Plan Account 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.

Mélanie Cabana, CPA auditor
Senior Principal
for the Auditor General of Canada

Montréal, Canada
May 15, 2025

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Public Sector Pension Investment Board – Public Service Pension Plan Account coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the applicable provisions of Part X of the *Financial Administration Act* and regulations, the *Public Sector Pension Investment Board Act* and regulations, and the by-laws of the Public Sector Pension Investment Board and its wholly-owned subsidiaries.

In our opinion, the transactions of the Public Sector Pension Investment Board – Public Service Pension Plan Account that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Public Sector Pension Investment Board – Public Service Pension Plan Account's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Public Sector Pension Investment Board – Public Service Pension Plan Account to comply with the specified authorities.

Auditors' Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

Deloitte LLP[1]

[1] CPA auditor, public accountancy permit No. A125494

Montréal, Canada
May 15, 2025

Statements of Financial Position

As at

(Canadian $ millions)	Notes	**March 31, 2025**	March 31, 2024[A]
Assets			
Cash and cash equivalents	4.1	**1,858**	1,843
Investments	4.1	**251,424**	220,103
Other assets		**112**	98
Total assets		**253,394**	222,044
Liabilities			
Trade payable and other liabilities		**427**	367
Investment-related liabilities	4.1	**8,315**	7,923
Borrowings	4.1, 8.2	**25,216**	19,802
Total liabilities		**33,958**	28,092
Net assets		**219,436**	193,952
Equity	9	**219,436**	193,952
Total liabilities and equity		**253,394**	222,044

[A] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

The accompanying notes are an integral part of these Financial Statements.

Statements of Net Income

For the years ended March 31

(Canadian $ millions)	Notes	**2025**	2024
Investment income	10	**26,468**	14,797
Investment-related expenses	11, 14.2	**(1,298)**	(1,282)
Net investment income		**25,170**	13,515
Operating expenses	12, 14.2	**(601)**	(535)
Recoveries of costs	2.1, 14.2	**36**	22
Net income	10	**24,605**	13,002

Statements of Changes in Equity

For the years ended March 31

(Canadian $ millions)	Notes	**2025**	2024
Fund transfers			
Balance at beginning of year		**69,259**	66,271
Fund transfers received during the year	9.2	**2,822**	2,988
Fund transfers paid out during the year	9.2	**(1,943)**	–
Balance at end of year		**70,138**	69,259
Retained earnings			
Balance at beginning of year		**124,693**	111,691
Net income	10	**24,605**	13,002
Balance at end of year		**149,298**	124,693
Total equity		**219,436**	193,952

The accompanying notes are an integral part of these Financial Statements.

Statements of Cash Flows

For the years ended March 31

(Canadian $ millions)	Notes	2025	2024
Cash flows from operating activities			
Net income	10	**24,605**	13,002
Adjustments for non-cash items:			
Depreciation of property and equipment	12	**15**	18
Effect of exchange rate changes on cash and cash equivalents		**(21)**	(11)
Unrealized losses on borrowings		**883**	25
		25,482	13,034
Net changes in operating assets and liabilities			
Increase in investments		**(31,321)**	(16,411)
(Increase) decrease in other assets		**(25)**	9
Increase (decrease) in trade payables and other liabilities		**60**	(15)
Increase (decrease) in investment-related liabilities		**392**	(3,592)
Net cash flows used in operating activities[B]		**(5,412)**	(6,975)
Cash flows from financing activities			
Proceeds from borrowings		**28,760**	22,988
Repayment of borrowings		**(24,230)**	(20,790)
Fund transfers received	9.2	**2,822**	2,988
Fund transfers paid out	9.2	**(1,943)**	–
Net cash flows provided by financing activities		**5,409**	5,186
Cash flows from investing activities			
Acquisitions of equipment		**(3)**	(2)
Net cash flows used in investing activities		**(3)**	(2)
Net change in cash and cash equivalents[B]		**(6)**	(1,791)
Effect of exchange rate changes on cash and cash equivalents		**21**	11
Cash and cash equivalents at the beginning of the year[B]		**1,843**	3,623
Cash and cash equivalents at the end of the year[A, B]	4.1	**1,858**	1,843
Supplementary disclosure of cash flow information			
Dividends received		**2,625**	2,039
Interest received		**3,296**	3,133
Interest paid		**(1,001)**	(955)

[A] As at March 31, 2025, cash included in Cash and cash equivalents amounted to $404 million (March 31, 2024 – $431 million).

[B] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

The accompanying notes are an integral part of these Financial Statements.

Notes to the Financial Statements

For the years ended March 31, 2025 and 2024

1. Corporate Information

The Public Sector Pension Investment Board ("PSP Investments") is a Crown corporation created under the *Public Sector Pension Investment Board Act* (the "Act") to manage and invest amounts that are transferred to it pursuant to the *Superannuation Acts* (defined below), for the funds (as defined in the Act) of the pension plans established under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* ("CFSA"), the *Royal Canadian Mounted Police Superannuation Act* (collectively the "*Superannuation Acts*"), and certain regulations under the CFSA (the "CFSA Regulations"). The pension plans established under the *Superannuation Acts* consist of the Public Service pension plan (the "Plan"), the Canadian Forces pension plan, and the Royal Canadian Mounted Police pension plan, and the pension plan established under the CFSA Regulations is the Reserve Force pension plan. The Plan and the other pension plans are herein referred to collectively as the "Plans".

The fund for which amounts are currently transferred to PSP Investments by the Government of Canada (the "Fund") relates to pension obligations under the Plan for service on or after April 1, 2000 ("Post-2000 Service"). The account managed by PSP Investments for the Fund is herein referred to as the "Plan Account". PSP Investments maintains records of the net contributions for the Fund, as well as the allocation of its investments and the results of its operations for the Fund in the Plan Account. PSP Investments also manages a plan account for the funds of the other Plans, and these and the Plan Account are collectively referred to herein as the "Plan Accounts".

PSP Investments is responsible for managing amounts that are transferred to it for the Fund in the best interests of the beneficiaries and contributors under the *Public Service Superannuation Act*. The amounts are to be invested with a view of achieving a maximum rate of return, without undue risk of loss, having regard to the funding, policies and requirements of the Plan and the Plan's ability to meet its financial obligations.

Pursuant to the *Public Service Superannuation Act*, the Government of Canada, which administers the Plan and the Fund, may at any time call upon the net assets of PSP Investments allocated to the Fund's Plan Account for amounts required for the purpose of paying benefits under the Plan in respect of Post-2000 Service, or generally, for the purpose of reducing any non-permitted surplus in the Fund. A non-permitted surplus arises when, as determined by an actuarial valuation report prepared by the Chief Actuary of Canada, the amount of a Plan's assets exceeds the amount of liabilities in respect of contributors by more than 25%.

Following the federal budget announcement on March 28, 2023, that PSP Investments was selected to act as the independent and exclusive investment manager of Canada Growth Fund Inc. ("CGF"), a subsidiary of Canada Development Investment Corporation ("CDEV"), itself a Crown corporation, the Act was amended in June 2023 to allow a subsidiary of PSP Investments to act as the investment manager of CGF, as further described in Note 14.2. To that end, PSP Investments incorporated Canada Growth Fund Investment Management Inc. ("CGFIM") as its wholly-owned subsidiary in August 2023, for the purpose of providing investment management services to CGF, on a cost recovery basis for no profit. The costs associated with the establishment and operation of this subsidiary and with the provision of investment management services to CGF are reimbursed by CGF.

PSP Investments and the majority of its subsidiaries are exempt from Part I tax under paragraphs 149(1)*(d)* and 149(1)*(d.2)* of the *Income Tax Act* (Canada), respectively. In certain foreign jurisdictions, income and capital gains remain taxable.

PSP Investments' registered office is located at 135 Laurier Avenue West, Ottawa, Ontario, Canada and its principal business office is at 1250 René-Lévesque Boulevard West, Montreal, Quebec, Canada.

2. Material Accounting Policy Information

The material accounting policy information that is relevant to the preparation of these Financial Statements throughout all periods presented is summarized below.

2.1. Basis of Presentation

The Financial Statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB").

PSP Investments qualifies as an investment entity as defined under IFRS 10 *Consolidated Financial Statements* and, consequently, does not consolidate its subsidiaries other than those that solely provide it with services that relate to its investment activities. Instead, PSP Investments measures its investments in subsidiaries at fair value through profit or loss ("FVTPL") in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"), including those that are formed by PSP Investments and that qualify as investment entities ("investment entity subsidiaries"). PSP Investments also measures its investments in associates, joint ventures and financial assets and financial liabilities at FVTPL in accordance with IAS 28 *Investments in Associates and Joint Ventures* and IFRS 9.

These Financial Statements present the Plan Account's financial position and results of operations of PSP Investments and its subsidiaries that solely provide it with services that relate to its investment activities, as allocated to the Plan Account. They reflect the economic activity of PSP Investments as it pertains to the investment of the net contributions transferred to it for the Fund, as well as investment management services rendered by CGFIM for investments held by CGF, as further described in Note 14.2. Accordingly, they do not reflect all of the assets or the details of the pension contributions, payments and liabilities under the Plan, nor any of the assets and liabilities of CGF.

CGFIM provides investment management services to CGF, a government-related entity, in exchange for consideration to recover costs as described in Note 1. Consideration is received to the extent costs are incurred, as reflected in investment-related and operating expenses, while recoveries of costs are also recognized on that basis, as this is the best estimate of amounts earned over the period the investment management services are performed.

These Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors on May 15, 2025.

2.2. Investment Entity Status

PSP Investments has determined that it meets the mandatory requirements of the definition of an investment entity under IFRS 10 on the basis of the facts and circumstances as at the end of the period. They are as follows:

(i) Mandate and business purpose
As further described in Note 1, PSP Investments' mandate is to manage and invest the amounts that are transferred to it in the best interests of the beneficiaries and contributors under the *Superannuation Acts*. Consequently, PSP Investments' business purpose is to invest with a view of achieving a maximum rate of return from capital appreciation and income from investments, without undue risk of loss.

(ii) Performance evaluation
PSP Investments measures and evaluates the performance of its investments on a fair value basis.

In addition to the mandatory items of the definition, IFRS 10 also outlines certain typical characteristics of an investment entity, the absence of any of which does not necessarily preclude an entity from qualifying as an investment entity. One of these characteristics is that an investment entity should have investors that are not related parties of the entity.

As described in Note 14, since PSP Investments is a Crown corporation, it is considered to be related to the Government of Canada as well as other entities that are controlled or jointly controlled by the Government of Canada or entities over which the latter has significant influence. Consequently, since the funds managed by PSP Investments originate from related parties, it may be considered not to meet the typical characteristic outlined above. However, the Act provides a framework to ensure that PSP Investments operates at arm's length from the Government of Canada. Accordingly, it meets all of the mandatory items of the definition described above and qualifies as an investment entity.

Should any changes occur in the facts and circumstances, PSP Investments will evaluate the impact of any such changes on its investment entity status.

2. Material Accounting Policy Information

(continued)

2.3. Summary of Material Accounting Policy Information

The specific material accounting policies applied in the preparation of these Financial Statements are set out below.

2.3.1. Financial Instruments

(i) Classification
Financial assets representing investments, as well as cash and cash equivalents, are managed, together with related financial liabilities representing investment-related liabilities, according to PSP Investments' business model to maximize the rate of return. The performance of such financial instruments is evaluated on a fair value basis, and they are mandatorily classified at FVTPL. They are described in detail in Note 4.1.

Borrowings, as described under Note 8, are financial liabilities that are designated at FVTPL as they are part of the portfolios of investments that are managed together and whose performance is evaluated on a fair value basis.

(ii) Recognition
Financial assets and financial liabilities are recorded at the date upon which the entity becomes a party to the associated contractual provisions. In the case of traded financial assets, they are recorded as of the trade date.

(iii) Initial and subsequent measurement
All financial assets and financial liabilities are initially recorded in the Statements of Financial Position at fair value and continue to be measured as such on a recurring basis. After initial measurement, subsequent changes in the fair value of financial assets and financial liabilities classified at FVTPL are recorded in investment income in the Statements of Net Income.

(iv) Derecognition
A financial asset (or, where applicable, a part thereof) is derecognized when one of the following conditions is met:

- The rights to receive cash flows from the asset have expired,
- PSP Investments has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to a third party,
- PSP Investments has transferred substantially all the risks and rewards of the asset, or
- In cases where PSP Investments has neither transferred nor retained substantially all the risks and rewards of the asset, it has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

2.3.2. Determination of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

At initial recognition, PSP Investments evaluates the facts and circumstances related to a transaction to confirm that the transaction price represents the fair value of an asset or a liability. At each subsequent reporting date, market prices are used to determine fair value where an active market exists (such as a recognized securities exchange), as they reflect actual and regularly occurring market transactions on an arm's length basis. If quoted market prices are not available, then fair value is estimated using valuation techniques based on inputs existing at the end of the reporting period that are derived from observable market data.

Valuation techniques are generally applied to investments in private markets, alternative investments, over-the-counter ("OTC") derivatives and certain fixed income securities. The values derived from applying these techniques are impacted by the choice of valuation model and the underlying assumptions made concerning factors such as the amounts and timing of future cash flows, discount rates, volatility and credit risk. In certain cases, such assumptions are not supported by market observable data.

The determination of fair value of all financial assets and financial liabilities is described in Note 4.

2.3.3. Functional and Presentation Currency

The functional and presentation currency of PSP Investments and its consolidated subsidiaries is the Canadian dollar, which is the currency of the primary economic environment in which each entity within the consolidated group operates. PSP Investments' performance and that of its consolidated subsidiaries is evaluated and its liquidity is managed in Canadian dollars.

2. Material Accounting Policy Information

(continued)

2.3. Summary of Material Accounting Policy Information (continued)

2.3.4. Foreign Currency Translation

Foreign currency transactions during the period, including purchases and sales of securities, income and expenses, are translated to the functional currency at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency at the rate of exchange prevailing at the end of the reporting period.

Foreign currency transaction gains and losses on all monetary assets and liabilities are included in investment income.

2.3.5. Securities Lending and Securities Borrowing and Related Collateral

PSP Investments participates in securities lending and borrowing programs whereby it lends and borrows securities in order to enhance portfolio returns. Lending and borrowing transactions including related collateral under such programs do not transfer the risks or rewards of ownership of the securities to the counterparty. Consequently, PSP Investments does not derecognize securities lent or pledged as collateral, or recognize securities borrowed or received as collateral. Cash amounts received are recognized as described in Note 4.1.9.

The securities lending and borrowing programs require collateral in cash, high-quality debt instruments or securities. Collateral transactions are conducted under terms that are usual and customary in standard securities lending and borrowing programs. PSP Investments and its counterparties are authorized to sell, repledge or otherwise use collateral held. The same securities or equivalent securities must be returned to the counterparty at the end of the contract, unless an event of default occurs.

2.3.6. Securities Sold under Repurchase Agreements and Purchased under Reverse Repurchase Agreements and Related Collateral

PSP Investments enters into repurchase and reverse repurchase agreements. Such agreements involve the sale of securities by one counterparty with a simultaneous agreement to repurchase such securities at a specified price and at a specified future date.

Securities sold or purchased under the repurchase and reverse repurchase agreements respectively, including related collateral, are not derecognized or recognized as all risks and rewards of ownership related to such securities are not transferred. As such, in the case where PSP Investments is the counterparty selling securities under such agreements, all income (loss) related to such securities continues to be reported in investment income and obligations to repurchase the securities sold are accounted for as investment-related liabilities. The difference between the fair value of the securities sold and the repurchase price is recorded as interest expense within investment-related expenses. In the case where PSP Investments is the counterparty purchasing securities under such agreements, no income (loss) related to such securities is recognized and obligations to resell the securities are accounted for as investment-related receivables. The difference between the fair value of the securities purchased and resale price is recorded in investment income.

Transactions under repurchase and reverse repurchase agreements involve pledging collateral consisting of cash or securities deemed acceptable by the counterparties. Collateral transactions are conducted under terms that are usual and customary in standard repurchase arrangements. Such terms require the relevant counterparty to pledge additional collateral based on the changes in the fair value of the existing collateral pledged as well as the related securities sold or purchased. The counterparties are authorized to sell, repledge or otherwise use collateral held. The securities pledged as collateral must be returned to the relevant counterparty at the end of the contract, unless an event of default occurs.

2.3.7. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Statements of Financial Position, only if PSP Investments has a current legally enforceable right to offset the recognized amounts and the intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2. Material Accounting Policy Information

(continued)

2.3. Summary of Material Accounting Policy Information (continued)

2.3.8. Equity

The statutory rights of the Government of Canada pursuant to the *Superannuation Acts* are described under Note 1 and are classified as equity instruments on the following basis:

- Under such rights the Government of Canada is entitled to PSP Investments' net assets at any time for the purposes set out in the *Superannuation Acts*. Such rights do not contain any additional obligations for PSP Investments to deliver amounts to the Government of Canada. The Government of Canada can elect to reduce fund transfers to PSP Investments or call upon its net assets for the purpose of paying benefits under the relevant Plan in respect of Post-2000 Service, or generally, for the purpose of reducing any non-permitted surplus in the Fund of such Plan. Should the Government of Canada call on the net assets of PSP Investments, amounts in question would be accounted for as a financial liability with a related reduction of net assets at that time.
- Such rights are the most subordinate claim on PSP Investments' net assets.
- The total expected cash flows attributable to such rights, at any time, is solely based on the fair value of the net assets of PSP Investments at that time. Further, the fair value of the net assets of PSP Investments in its entirety represents the amounts that the Government of Canada may call upon at any time.

2.3.9. Investment Income

Investment income is made up of interest, dividends, gains (losses) on the disposal of financial assets and financial liabilities as well as gains (losses) which reflect the change in unrealized appreciation (depreciation) of financial assets held and financial liabilities outstanding at the end of the reporting period. Interest is recognized, on a consistent basis, using the prescribed rates until maturity. Dividends are recognized when the right to receive them has been obtained, generally on the ex-dividend date.

2.3.10. Investment-Related Expenses

Investment-related expenses are made up of interest expense, transaction costs, external investment management fees and other (net).

Transaction costs are incremental costs directly attributable to the acquisition, due diligence, issue, or disposal of a financial asset or financial liability, and they are expensed as incurred.

External investment management fees are directly attributable to the external management of assets on behalf of PSP Investments. These fees are paid directly by PSP Investments and comprise base fees accrued as a percentage of the fair value of the assets managed externally and performance fees accrued as a function of various performance indicators. This excludes amounts not paid directly by PSP Investments for certain pooled fund investments classified under alternative investments and for investments in private markets as outlined in Note 11.

2.3.11. Fund Transfers

Amounts are recorded for the Fund when received from or paid to the Government of Canada.

2.4. Significant Accounting Judgments, Estimates and Assumptions

In preparing the Financial Statements, management makes certain judgments, estimates and assumptions that can affect the amounts reported therein. Significant judgments include those related to the determination of the investment entity status as described in Note 2.2.

Management also makes estimates and assumptions in the measurement, risk assessment and related disclosures surrounding investments in private markets and certain fixed income securities. The main assumptions made by management regarding measurement of financial instruments are outlined in Note 4.2.3 and those regarding the assessment of risk are outlined in Note 7.

Sources of estimate uncertainty related to macroeconomic unpredictability and volatility include the current geopolitical context, tariffs, inflation and interest rates. This could continue to impact financial results, due to uncertainties including their extent and duration. The Financial Statements reflect the impacts resulting from the aforementioned macroeconomic factors to the extent known at the reporting date.

Although assumptions reflect management's best estimates, actual results may differ from such estimates due to the uncertainties involved in using them.

3. Current and Future Changes in Accounting Standards

3.1. Current Accounting Standards

PSP Investments has determined that there is no material impact on its Financial Statements arising from new standards, amendments and interpretations that have been issued by the IASB, effective for the year ended March 31, 2025.

3.2. Future Accounting Standards

A number of new standards, amendments and interpretations have been issued by the IASB, but are not yet effective. The following relates to one or more of PSP Investments' material accounting policies or disclosures:

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB completed its project to replace IAS 1 *Presentation of Financial Statements* with IFRS 18 *Presentation and Disclosure in Financial Statements*. The standard includes requirements for the statements of net income, the statements of cash flows and the statements of financial position, that are designed mainly to enhance consistency and comparability. It also involves new disclosure requirements, including disclosing management-defined performance measures. IFRS 18 is effective and applicable to PSP Investments for annual periods beginning on or after April 1, 2027, with early adoption permitted. The standard is to be applied retrospectively. Management is currently assessing the impact of adopting this standard.

4. Financial Assets and Financial Liabilities

4.1. Classes of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are aggregated, in the following table, in classes that reflect their respective exposure as well as investment sectors. Their fair values were as follows, as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Public markets		
Canadian equity	**2,327**	2,054
Foreign equity	**47,177**	30,801
Private markets		
Real estate	**27,869**	27,282
Private equity	**29,215**	29,044
Infrastructure	**29,730**	29,925
Natural resources	**19,327**	15,947
Fixed income		
Money market securities[C]	**4,484**	7,010
Government and corporate bonds	**26,405**	19,771
Inflation-linked bonds	**13,936**	13,174
Private debt securities	**24,746**	21,861
Alternative investments	**20,868**	18,967
Investments before investment-related assets[B]	**246,084**	215,836
Investment-related assets		
Amounts receivable from pending trades	**1,118**	933
Interest receivable	**545**	463
Dividends receivable	**248**	198
Securities purchased under reverse repurchase agreements	**1,869**	1,679
Derivative-related assets	**1,560**	994
Investment-related assets	**5,340**	4,267
Investments representing financial assets at FVTPL[A, B]	**251,424**	220,103
Cash and cash equivalents[B, C]	**1,858**	1,843
Investment-related liabilities		
Amounts payable from pending trades	**(1,777)**	(397)
Interest payable	**(178)**	(121)
Securities sold short	**(1,933)**	(2,355)
Collateral payable	**(1,255)**	(490)
Securities sold under repurchase agreements	**(2,100)**	(3,843)
Derivative-related liabilities	**(1,072)**	(717)
Investment-related liabilities representing financial liabilities at FVTPL	**(8,315)**	(7,923)
Borrowings		
Capital market debt financing	**(25,216)**	(19,802)
Borrowings representing financial liabilities at FVTPL	**(25,216)**	(19,802)
Net investments[B]	**219,751**	194,221

[A] As at March 31, 2025, $5,838 million out of $251,424 million were investments pledged as described in Note 5 (March 31, 2024 – $7,445 million out of $220,103 million).

[B] Amounts of $1,798 million and $45 million which were previously included in Investments and Other assets, respectively, on the Statements of Financial Position as at March 31, 2024, have now been reclassified to Cash and cash equivalents to better reflect their unique nature and characteristics. Consequently, the comparative figures were reclassified within this note: Investments before investment-related assets from $217,634 million to $215,836 million, Investments representing financial assets at FVTPL from $221,901 million to $220,103 million, Net investments from $194,176 million to $194,221 million, and Other assets on the Statements of Financial Position from $143 million to $98 million.

[C] Additionally, as of March 31, 2025, PSP Investments changed its accounting policy to classify instruments with maturities of three months or less from acquisition date as Cash and cash equivalents. The change was made to better reflect the nature of cash equivalents as highly liquid instruments with an insignificant risk of changes in value. As a result, $802 million was reclassified from Cash and cash equivalents to Money market securities as at March 31, 2024 ($1,524 million as at March 31, 2023). Consequently, the comparative figures for the Statements of Cash Flows were also reclassified: Net cash flows used in operating activities increased from $(7,967) million to $(6,975) million, Net changes in cash and cash equivalents increased from $(2,513) million to $(1,791) million, and Cash and cash equivalents at the beginning and end of the year decreased from $5,147 million to $3,623 million, and $2,645 million to $1,843 million, respectively.

4. Financial Assets and Financial Liabilities
(continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.1. Public Markets

Public markets consist of Canadian and foreign investments in the following securities: common shares, American depository receipts, global depository receipts, participation notes, preferred shares, income trust units, exchange traded funds units, pooled funds units, and securities convertible into common shares of publicly listed issuers.

Direct investments in Canadian and foreign equities are measured at fair value using quoted prices in active markets and are based on the most representative price within the bid-ask spread.

In the case of investments in pooled funds, fair value is measured using unit values obtained from each of the funds' administrators, which are derived from the fair value of the underlying investments in each pooled fund. Management reviews the fair value received and, where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration.

4.1.2. Private Markets

Private markets consist of investments in real estate, private equity, infrastructure and natural resources.

Real estate investments are comprised of direct equity positions in various private entities, fund investments, as well as properties in the real estate sector. Real estate investments focus on partnerships, companies and properties operating mainly in the retirement and residential, office, retail, and industrial sectors, as well as private funds invested in real estate assets. Real estate investments are presented net of all third-party financing.

Private equity investments are comprised of fund investments with similar objectives, co-investments in private entities as well as direct equity positions.

Infrastructure investments are comprised of direct equity positions, fund investments and co-investments in various private entities. Infrastructure investments focus on entities engaged in the management, ownership or operation of assets in energy, transportation and other regulated businesses. Infrastructure investments are presented net of all third-party financing.

Natural resources investments are comprised of direct equity positions, fund investments and co-investments in various private entities. Natural resources investments focus on entities engaged in the management, ownership or operation of assets in timberlands, agriculture, upstream oil and gas, and metal and mining. Natural resources investments are presented net of all third-party financing.

The process for fair value measurement of private markets investments is described in Note 4.2.2 and the valuation techniques together with the significant inputs used are described in Note 4.2.3.

4.1.3. Fixed Income and Cash and Cash Equivalents

4.1.3.1. Cash and Cash Equivalents
Cash includes demand deposits with financial institutions.

Cash equivalents include treasury bills, certificates of deposit, bankers' acceptances and other fixed-income securities with maturities of 90 days or less from the acquisition date that are held to meet short-term financial commitments. Such instruments are readily convertible into known amounts of cash and have an insignificant risk of change in value.

4.1.3.2. Money Market Securities, Bonds and Private Debt Securities
Fixed income consists of money market securities, government and corporate bonds, inflation-linked bonds and private debt securities. Money market securities include instruments having a maximum term to maturity of one year, such as treasury bills, certificates of deposit and bankers' acceptances.

Treasury bills are valued based on prices obtained from third-party pricing sources. Such prices are determined using the most representative price within a spread of dealer quotations. Certificates of deposit and bankers' acceptances are recorded at cost plus accrued interest, which approximates their fair value given their short-term nature.

Government and corporate bonds include Canadian and foreign, federal, provincial, territorial and municipal bonds, floating rate notes, asset-backed term notes and mortgage-backed securities. Inflation-linked bonds are fixed income securities that earn inflation-adjusted returns.

Private debt securities are fixed income securities of private companies held directly or through private funds. Such debt securities take the form of senior debt, mezzanine and distressed debt and primary and secondary investments in leveraged loans. Private debt securities also include third-party loans such as junior and senior debts, construction loans, bridge loans, income-participating loans, as well as other structured finance products in the real estate sector.

4. Financial Assets and Financial Liabilities
(continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.3. Fixed Income and Cash and Cash Equivalents (continued)

4.1.3.2. Money Market Securities, Bonds and Private Debt Securities (continued)

Fair values of government and most corporate bonds, inflation-linked bonds and mortgage-backed securities are based on prices obtained from third-party pricing sources. Such prices are determined using either an appropriate interest rate curve with a spread associated with the credit quality of the issuer or other generally accepted pricing methodologies.

The fair values of certain corporate bonds, private debt securities and asset-backed term notes are determined using valuation techniques. Such techniques, together with the significant inputs used, are described in Note 4.2.3.

The fair value measurement of fund investments included as part of private debt securities is described in Note 4.2.2.

4.1.4. Alternative Investments

Alternative investments consist mainly of units of funds that hold a mix of equity, fixed income and derivative instruments as well as hedge funds. The fair value of these investments is determined based on the fair values reported by the funds' administrators or general partners and reflects the fair value of the underlying equity, fixed income or derivative instruments, as applicable. Management reviews the fair value received and, where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration.

4.1.5. Amounts Receivable and Payable from Pending Trades

Amounts receivable from pending trades consist of proceeds on sales of investments, excluding derivative financial instruments, which have been traded but remain unsettled at the end of the reporting period.

Amounts payable from pending trades consist of the cost of purchases of investments, excluding derivative financial instruments, which have been traded but remain unsettled at the end of the reporting period.

The fair value of amounts receivable and payable from pending trades reflects the value at which their underlying original sale or purchase transactions were undertaken.

4.1.6. Interest and Dividends Receivable

Interest and dividends are recorded at the amounts expected to be received at the end of the reporting period, which due to their short-term maturity, approximates fair value.

4.1.7. Interest Payable

With respect to the borrowings described in Note 4.1.11, interest is accrued at the amount expected to be paid at the end of the reporting period, which approximates fair value.

4.1.8. Securities Sold Short

Securities sold short reflect PSP Investments' obligation to purchase securities pursuant to short selling transactions. In such transactions, PSP Investments sells securities it does not own with an obligation to purchase similar securities on the market to cover its position.

Using quoted market prices that are based on the most representative price within the bid-ask spread, the fair value of securities sold short is measured using the same method as the similar long positions presented within public markets and fixed income.

4.1.9. Collateral Payable

As part of securities lending and certain OTC derivative transactions, when cash is received, it is recognized as collateral payable. The payable balance reflects the obligation of the transferee to return the amount to the transferor at the end of the transaction in the absence of an event of default by the transferor.

4.1.10. Securities Sold under Repurchase Agreements and Purchased under Reverse Repurchase Agreements

As described in Note 2.3.6, PSP Investments is party to repurchase and reverse repurchase agreements. Obligations to repurchase or resell the securities sold or purchased under such agreements are recorded at cost plus accrued interest, which due to their short-term maturity, approximates fair value.

4. Financial Assets and Financial Liabilities
(continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.11. Borrowings under the Capital Market Debt Program

PSP Investments' capital market debt program is described in Note 8.2. Short-term promissory notes are recorded at cost plus accrued interest, which due to their short-term maturity, approximates fair value. The fair value of PSP Investments' medium-term notes is based on prices that are obtained from third-party pricing sources. Such prices are determined using an interest rate curve with a spread consistent with PSP Investments' credit quality.

4.1.12. Derivative-Related Assets and Liabilities

Derivative financial instruments are financial contracts that are settled at a future date. The value of such instruments is derived from changes in the value of the underlying assets, interest or exchange rates. Derivative financial instruments do not, typically, require an initial net investment. In certain cases, they require an initial net investment that is less than what would be required to hold the underlying position directly. Derivative financial instruments can be listed or traded OTC. OTC instruments consist of those that are bilaterally negotiated and settled, and those that are cleared (OTC-cleared) by a central clearing party (CCP).

PSP Investments uses derivative financial instruments to enhance returns or to replicate investments synthetically. Derivatives are also used to reduce the risk associated with existing investments.

PSP Investments uses the following types of derivative financial instruments:

Swaps
Swaps are transactions whereby two counterparties exchange cash flow streams with each other based on predetermined conditions that include a notional amount and a term. Swaps are used to increase returns or to adjust exposures of certain assets without directly purchasing or selling the underlying assets.

Futures
Futures are standardized contracts to take or make delivery of an asset (buy or sell) at a predefined price and predefined future date. Futures are used to adjust exposures to specified assets without directly purchasing or selling the underlying assets.

Forwards
Forwards are contracts involving the sale by one party and the purchase by another party of a predefined amount of an underlying instrument, at a predefined price and at a predefined date in the future. Forwards are used to adjust exposures to specified assets without directly purchasing or selling the underlying assets.

Options
Options are contracts where the seller gives the purchaser the right, but not the obligation, to buy or sell a given amount of an underlying security, index, commodity, currency, interest rate, credit or other financial instrument, at an agreed-upon price stipulated in advance, either at a determined date or at any time before the predefined maturity date.

Warrants and Rights
Warrants are options to purchase an underlying asset which is in the form of a transferable security, and which can be listed on an exchange or traded OTC.

Rights are securities giving shareholders entitlement to purchase new shares issued by a corporation at a predetermined price (normally less than the current market price) in proportion to the number of shares already owned. Rights are issued only for a short period of time, after which they expire.

Determination of Fair Value of Derivative Financial Instruments
Listed derivative financial instruments are recorded at fair value using quoted market prices that are based on the most representative price within the bid-ask spread. OTC-cleared derivatives are recorded at fair value using prices obtained from the CCP. OTC derivatives are valued using appropriate valuation techniques such as discounted cash flows. These techniques use significant inputs that are observable in the market such as current market yields.

Notional Values and Fair Values of Derivative-Related Assets and Liabilities
Notional values of derivative financial instruments are not recorded as assets or liabilities as they represent the face amount of the contract. Except for credit derivatives, notional values do not represent the potential gain or loss associated with the market or credit risk of such transactions disclosed below. Rather, they serve as the basis upon which the cash flows and the fair value of the contracts are determined.

4. Financial Assets and Financial Liabilities (continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.12. Derivative-Related Assets and Liabilities (continued)

The following table summarizes the derivatives portfolio as at:

	March 31, 2025			March 31, 2024		
		Fair Value			Fair Value	
(Canadian $ millions)	**Notional Value**	**Assets**	**Liabilities**	Notional Value	Assets	Liabilities
Equity and commodity derivatives						
Listed						
Futures	**3,621**	**–**	**–**	4,113	–	–
Warrants and rights	**–**	**–**	**–**	–	1	–
Options: Purchased	**140**	**1**	**–**	117	–	–
Written	**14**	**–**	**–**	–	–	–
OTC						
Swaps	**29,335**	**550**	**(535)**	16,340	362	(156)
Currency derivatives						
Listed						
Futures	**379**	**–**	**–**	277	–	–
OTC						
Forwards	**47,828**	**386**	**(179)**	42,968	160	(250)
Swaps	**2,367**	**2**	**(19)**	905	–	(25)
Options: Purchased	**2,081**	**5**	**–**	670	4	–
Written	**1,299**	**–**	**(5)**	776	–	(3)
Interest rate derivatives						
Listed						
Futures	**6,224**	**–**	**–**	7,986	–	–
Options: Purchased	**20,177**	**39**	**–**	30,501	13	–
Written	**20,541**	**–**	**(29)**	31,690	–	(12)
OTC						
Forwards	**814**	**6**	**–**	587	–	(3)
Swaps	**1,590**	**25**	**(3)**	1,793	4	(16)
Options: Purchased	**51,315**	**532**	**–**	39,340	438	–
Written	**70,646**	**–**	**(292)**	51,119	–	(239)
OTC-cleared						
Swaps	**48,835**	**–**	**–**	48,338	–	–
Credit derivatives						
OTC						
Credit default swaps: Purchased	**398**	**–**	**(10)**	457	–	(13)
Written[A]	**1,538**	**14**	**–**	1,467	12	–
OTC-cleared						
Credit default swaps: Purchased	**1,022**	**–**	**–**	2,170	–	–
Total		**1,560**	**(1,072)**		994	(717)

[A] PSP Investments, through written credit default swaps, indirectly guarantees the underlying reference obligations. The maximum potential exposure is the notional amount of the written credit default swaps as shown in the table above.

4. Financial Assets and Financial Liabilities (continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.12. Derivative-Related Assets and Liabilities (continued)

Total derivative-related assets and liabilities are comprised of:

	March 31, 2025			March 31, 2024		
		Fair Value			Fair Value	
(Canadian $ millions)	**Notional Value**	**Assets**	**Liabilities**	Notional Value	Assets	Liabilities
Listed derivatives	**51,096**	**40**	**(29)**	74,684	14	(12)
OTC derivatives	**209,211**	**1,520**	**(1,043)**	156,422	980	(705)
OTC – cleared derivatives	**49,857**	**–**	**–**	50,508	–	–
Total		**1,560**	**(1,072)**		994	(717)

The terms to maturity based on notional value for the derivatives were as follows as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Less than 3 months	**93,863**	126,452
3 to 12 months	**137,240**	82,768
Over 1 year	**79,061**	72,394

4.2. Fair Value Hierarchy

4.2.1. Classification

Financial assets and financial liabilities described under Note 4.1 are classified within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that PSP Investments can access at the end of the reporting period.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or the liability, either directly or indirectly. Level 2 inputs include:

  (i) Quoted prices for similar assets or liabilities in active markets.
  (ii) Quoted prices for identical or similar assets or liabilities in markets that are not active.
  (iii) Inputs other than quoted prices that are observable for the asset or liability.
  (iv) Market-corroborated inputs.

- Level 3 inputs are unobservable inputs for the asset or liability that are used within model-based techniques. They reflect management's assessment of the assumptions that market participants would use in pricing the assets or liabilities.

The classification within the levels of the hierarchy is established at the time of the initial determination of fair value of the asset or liability and reviewed at the end of each reporting period. PSP Investments determines whether a transfer between levels has occurred and recognizes such transfer at the beginning of the reporting period.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

The following table shows the fair value of financial assets and financial liabilities as at March 31, 2025, classified within the fair value hierarchy:

(Canadian $ millions)	Level 1	Level 2	Level 3	Total Fair Value
Public markets				
Canadian equity	502	1,825	–	2,327
Foreign equity	45,650	2	1,525	47,177
Private markets				
Real estate	–	–	27,869	27,869
Private equity	–	–	29,215	29,215
Infrastructure	–	–	29,730	29,730
Natural resources	–	–	19,327	19,327
Fixed income				
Money market securities	3,911	573	–	4,484
Government and corporate bonds	8,291	18,114	–	26,405
Inflation-linked bonds	13,880	56	–	13,936
Private debt securities	–	–	24,746	24,746
Alternative investments	–	12,806	8,062	20,868
Investments before investment-related assets	72,234	33,376	140,474	246,084
Investment-related assets				
Amounts receivable from pending trades	–	1,118	–	1,118
Interest receivable	–	545	–	545
Dividends receivable	–	248	–	248
Securities purchased under reverse repurchase agreements	–	1,869	–	1,869
Derivative-related assets	40	1,520	–	1,560
Investment-related assets	40	5,300	–	5,340
Investments representing financial assets at FVTPL	72,274	38,676	140,474	251,424
Cash and cash equivalents	438	1,420	–	1,858
Investment-related liabilities				
Amounts payable from pending trades	–	(1,777)	–	(1,777)
Interest payable	–	(178)	–	(178)
Securities sold short	(1,933)	–	–	(1,933)
Collateral payable	–	(1,255)	–	(1,255)
Securities sold under repurchase agreements	–	(2,100)	–	(2,100)
Derivative-related liabilities	(29)	(1,043)	–	(1,072)
Investment-related liabilities representing financial liabilities at FVTPL	(1,962)	(6,353)	–	(8,315)
Borrowings				
Capital market debt financing	–	(25,216)	–	(25,216)
Borrowings representing financial liabilities at FVTPL	–	(25,216)	–	(25,216)
Net investments	70,750	8,527	140,474	219,751

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

The following table shows the fair value of financial assets and financial liabilities as at March 31, 2024, classified within the fair value hierarchy:

(Canadian $ millions)	Level 1[A]	Level 2[A]	Level 3[A]	Total Fair Value[A]
Public markets				
Canadian equity	709	1,345	–	2,054
Foreign equity	28,711	375	1,715	30,801
Private markets				
Real estate	–	–	27,282	27,282
Private equity	–	–	29,044	29,044
Infrastructure	–	–	29,925	29,925
Natural resources	–	–	15,947	15,947
Fixed income				
Money market securities	6,364	646	–	7,010
Government and corporate bonds	5,102	14,667	2	19,771
Inflation-linked bonds	13,094	80	–	13,174
Private debt securities	–	–	21,861	21,861
Alternative investments	–	11,634	7,333	18,967
Investments before investment-related assets[A]	53,980	28,747	133,109	215,836
Investment-related assets				
Amounts receivable from pending trades	–	933	–	933
Interest receivable	–	463	–	463
Dividends receivable	–	198	–	198
Securities purchased under reverse repurchase agreements	–	1,679	–	1,679
Derivative-related assets	14	980	–	994
Investment-related assets[A]	14	4,253	–	4,267
Investments representing financial assets at FVTPL	53,994	33,000	133,109	220,103
Cash and cash equivalents[A]	329	1,514	–	1,843
Investment-related liabilities				
Amounts payable from pending trades	–	(397)	–	(397)
Interest payable	–	(121)	–	(121)
Securities sold short	(2,355)	–	–	(2,355)
Collateral payable	–	(490)	–	(490)
Securities sold under repurchase agreements	–	(3,843)	–	(3,843)
Derivative-related liabilities	(12)	(705)	–	(717)
Investment-related liabilities representing financial liabilities at FVTPL	(2,367)	(5,556)	–	(7,923)
Borrowings				
Capital market debt financing	–	(19,802)	–	(19,802)
Borrowings representing financial liabilities at FVTPL	–	(19,802)	–	(19,802)
Net investments[A]	51,956	9,156	133,109	194,221

[A] As at March 31, 2025, cash and cash equivalents were disclosed separately on the Statements of Financial Position in order to better reflect their unique nature and characteristics (see Note 4.1).

4. Financial Assets and Financial Liabilities
(continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

As at March 31, 2024, foreign equity securities with a fair value of $251 million were indirectly held and classified as Level 2. During the year ended March 31, 2025, these securities were transferred to Level 1 as they became directly held by PSP Investments.

As at March 31, 2023, foreign equity securities with a fair value of $24 million were indirectly held and classified as Level 2. During the year ended March 31, 2024, these securities were transferred to Level 1 as they became directly held by PSP Investments.

4.2.2. Process for Level 3 Fair Value Determination

The valuation process is monitored and governed by an internal valuation committee (“VC”). This committee is responsible for overseeing all aspects of fair value determination. This includes valuation methodologies and procedures for each type of investment and ensuring they are complied with. Valuation methodologies established are based on widely recognized practices that are consistent with professional appraisal standards. Such standards include, among others, the *International Private Equity and Venture Capital Valuation Guidelines*, the *Canadian Uniform Standards of Professional Appraisal Practice* and the *Uniform Standards of Professional Appraisal Practice* in the United States of America.

The fair value of investments classified as Level 3 in Private Markets is determined quarterly and adjusted to reflect the impact of any significant market or investment-specific events or circumstances. For each investment, the relevant valuation methodology is applied consistently over time as appropriate in the prevailing circumstances. The appropriateness of significant changes in valuation methodologies is reviewed by the VC.

In cases where the services of third-party appraisers are used, management ensures their independence and that valuation methods used are consistent with the professional appraisal standards outlined above. In validating the work performed by appraisers, management ensures that the assumptions used correspond to financial information and forecasts of the underlying investment.

With respect to fund investments classified as Level 3, the annual fair value is generally determined based on most recent audited financial statements received from the fund’s general partner. For interim reporting periods, fair value is obtained from information provided by the fund’s administrators and is reviewed by Management to ensure reasonableness and adherence to acceptable industry valuation methods. Where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration in determining fair value.

To reflect the impact, where applicable, of significant market movements or other events occurring up to the end of the reporting period, adjustments to Private Markets and fund investments are made as appropriate. Such adjustments are based on a number of factors including public market trading comparables, investment specific characteristics as well as market conditions and uncertainties at that time.

While the impact of trade tariffs on the broader global economy continues to remain uncertain, the determination of fair value for investments classified as level 3 reflected, where applicable, the effect of tariffs that were imposed on or before March 31, 2025. Although trade tariffs announced or imposed after this reporting date were not reflected in such valuations, related uncertainties present at March 31, 2025, and their impact on the fair value of investments were taken into consideration as applicable.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.3. Level 3 Significant Inputs

The following table outlines key information with respect to significant inputs related to financial assets categorized within Level 3 as at March 31, 2025:

Financial Assets	Type of Investment	Fair Value (Canadian $ millions)	Significant Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Public markets					
Foreign equity	Direct investments	**1,525**	NAV[A]	N/A	N/A
Private markets					
Real estate	Direct and co-investments	**25,313**	Discounted cash flow (DCF)	Discount rate[B, C]	2.90% – 18.00% (7.88%)
				Terminal capitalization rate[B, C]	3.20% – 12.50% (6.01%)
			Direct capitalization	Capitalization rate[B, D]	3.15% – 10.00% (5.62%)
				Stabilized occupancy rate[D, E]	98.00% – 100.00% (99.62%)
			Sales comparison approach	Price per square foot[D, E]	$2.71 – $68.63 ($62.50)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**2,556**	NAV[A]	N/A	N/A
Other private markets	Direct and co-investments	**58,788**	DCF	Discount rate[B]	4.70% – 19.00% (9.55%)
			Market comparables	N/A	N/A
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**19,484**	NAV[A]	N/A	N/A
Fixed income					
Private debt securities	Direct and co-investments	**19,315**	DCF	Discount rate[B]	2.59% – 38.69% (11.23%)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**5,431**	NAV[A]	N/A	N/A
Alternative investments	Fund investments	**8,062**	NAV[A]	N/A	N/A
Total		**140,474**			

[A] In certain cases, when investments are held through funds, partnerships or similar structures, fair value is determined by third parties where valuation information is not available to PSP Investments.

[B] An increase (decrease) in this unobservable input, taken individually, generally results in a decrease (increase) in fair value.

[C] An increase (decrease) in the discount rate is generally accompanied by an increase (decrease) of the terminal capitalization rate.

[D] There is no predictable direct relationship between this input and any other significant unobservable input.

[E] An increase (decrease) in this unobservable input, taken individually, generally results in an increase (decrease) in fair value.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.3. Level 3 Significant Inputs (continued)

The following table outlines key information with respect to significant inputs related to financial assets categorized within Level 3 as at March 31, 2024:

Financial Assets	Type of Investment	Fair Value (Canadian $ millions)	Significant Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Public markets					
Foreign equity	Direct investments	1,715	NAV[A]	N/A	N/A
Private markets					
Real estate	Direct and co-investments	24,723	Discounted cash flow (DCF)	Discount rate[B, C]	2.90% – 18.00% (7.80%)
				Terminal capitalization rate[B, C]	3.20% – 12.25% (6.08%)
			Direct capitalization	Capitalization rate[B, D]	2.51% – 10.00% (4.85%)
				Stabilized occupancy rate[D, E]	98.00% – 100.00% (99.57%)
			Sales comparison approach	Price per square foot[D, E]	$4.28 – $1,827.48 ($165.83)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	2,559	NAV[A]	N/A	N/A
Other private markets	Direct and co-investments	54,997	DCF	Discount rate[B]	5.19% – 18.50% (9.58%)
			Market comparables	N/A	N/A
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	19,919	NAV[A]	N/A	N/A
Fixed income					
Corporate bonds	Asset-backed term notes	2	Third-party pricing[A]	N/A	N/A
Private debt securities	Direct and co-investments	16,549	DCF	Discount rate[B]	7.02% – 30.09% (12.24%)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	5,312	NAV[A]	N/A	N/A
Alternative investments	Fund investments	7,333	NAV[A]	N/A	N/A
Total		133,109			

[A] In certain cases, when investments are held through funds, partnerships or similar structures, fair value is determined by third parties where valuation information is not available to PSP Investments.
[B] An increase (decrease) in this unobservable input, taken individually, generally results in a decrease (increase) in fair value.
[C] An increase (decrease) in the discount rate is generally accompanied by an increase (decrease) of the terminal capitalization rate.
[D] There is no predictable direct relationship between this input and any other significant unobservable input.
[E] An increase (decrease) in this unobservable input, taken individually, generally results in an increase (decrease) in fair value.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.4. Level 3 Reconciliation

The following table shows a reconciliation of all movements related to financial assets categorized within Level 3 for the year ended March 31, 2025:

(Canadian $ millions)	Opening Balance	Purchases	Sales	Settlements	Realized Gains	Unrealized Gains[A]	Transfers	Closing Balance
Public markets	**1,715**	**1**	**(674)**	**–**	**339**	**144**	**–**	**1,525**
Private markets	**102,198**	**9,248**	**(13,928)**	**–**	**5,211**	**3,412**	**–**	**106,141**
Fixed income	**21,863**	**9,770**	**(7,921)**	**(1)**	**274**	**761**	**–**	**24,746**
Alternative investments	**7,333**	**1,131**	**(1,433)**	**–**	**462**	**569**	**–**	**8,062**
Total	**133,109**	**20,150**	**(23,956)**	**(1)**	**6,286**	**4,886**	**–**	**140,474**

[A] Includes Plan Account allocation adjustments.

There were no transfers into or out of Level 3 during the year ended March 31, 2025.

The following table shows a reconciliation of all movements related to financial assets categorized within Level 3 for the year ended March 31, 2024:

(Canadian $ millions)	Opening Balance	Purchases	Sales	Settlements	Realized Gains	Unrealized Gains[A]	Transfers	Closing Balance
Public markets	718	335	(100)	–	58	704	–	1,715
Private markets	96,298	10,290	(6,791)	–	1,614	741	46	102,198
Fixed income	22,209	4,442	(5,364)	–	210	366	–	21,863
Alternative investments	6,943	408	(800)	–	186	596	–	7,333
Total	126,168	15,475	(13,055)	–	2,068	2,407	46	133,109

[A] Includes Plan Account allocation adjustments.

As at March 31, 2023, listed foreign equity securities with a fair value of $46 million were classified under Level 1. During the year ended March 31, 2024, those securities were transferred to Level 3 as the investment became privately held and its fair value was determined based on significant unobservable inputs.

4.2.5. Level 3 Sensitivity Analysis

In the course of measuring fair value of financial instruments classified as Level 3, valuation techniques used incorporate assumptions that are based on non-observable data. Significant assumptions used for each asset class are described in Note 4.2.3. Although such assumptions reflect management's best judgment, with all other variables held constant, the use of reasonably possible alternative assumptions could yield different fair value measures representing, at a minimum, a 3% increase and 3% decrease as at March 31, 2025 (March 31, 2024 – 3% increase and 3% decrease) in the fair value of financial instruments categorized as Level 3. This excludes fund investments where a sensitivity analysis is not possible given the underlying assumptions used are not available to PSP Investments. In the case of fund investments, the fair value is determined as indicated in Note 4.2.2.

5. Collateral Pledged and Received

PSP Investments is party to agreements that involve pledging and holding collateral, as outlined in Notes 2.3.5, 2.3.6 and 7.2.1. The following table illustrates the fair values of the Plan Account's allocated collateral, as well as the securities under the lending and borrowing programs and the securities under the repurchase and reverse repurchase agreements, as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Securities lending and borrowing		
Securities lent	**4,426**	3,018
Collateral held[A]	**4,596**	3,129
Securities borrowed	**1,933**	1,925
Collateral pledged[B, E]	**1,999**	1,980
Securities repurchase and reverse repurchase agreements		
Securities sold under repurchase agreements	**2,127**	3,849
Collateral pledged[E]	**2,104**	3,851
Securities purchased under reverse repurchase agreements	**1,871**	1,683
Collateral held[C]	**1,872**	1,680
Derivative contracts		
Collateral pledged[E]	**1,735**	1,614
Collateral held[D]	**1,635**	1,474

[A] The minimum fair value of securities collateral denominated in the same currency required is equal to 102%, and in the case of securities denominated in different currencies 105%. In exchange for securities lent, cash and securities received as at March 31, 2025, were $1,085 million and $3,510 million, respectively (March 31, 2024 – $402 million and $2,727 million, respectively). All cash amounts are reinvested.

[B] The minimum fair value of collateral required is equal to 100% of the fair value of the securities borrowed.

[C] The collateral received is in the form of securities of which nil has been used in connection with short selling transactions as at March 31, 2025 (March 31, 2024 – $430 million).

[D] As part of collateral held, cash amounted to $170 million as at March 31, 2025 (March 31, 2024 – $89 million) and securities amounted to $1,465 million as at March 31, 2025 (March 31, 2024 – $1,385 million). All cash collateral is reinvested.

[E] The total of $5,838 million of collateral pledged was recognized as financial assets as disclosed in Note 4.1 (March 31, 2024 – $7,445 million).

6. Interests in Other Entities

6.1. Subsidiaries, Joint Ventures and Associates

As an investment entity, PSP Investments does not consolidate its subsidiaries other than those that solely provide services that relate to its investment activities. PSP Investments measures its investments in its subsidiaries, joint ventures and associates at FVTPL as described in Note 2.1.

For purposes of preparing this note, management assesses control, joint control and significant influence as follows:

(i) Control and significant influence

A subsidiary is an entity which is controlled by PSP Investments. PSP Investments determines that it controls an investee when it has power over the investee, is exposed, or has rights, to variable returns from its investment in the investee, and has the ability to affect those returns through its power over the investee.

An associate is an entity over which PSP Investments has significant influence, as in certain cases, PSP Investments does not have control over an investee but has the power to participate in the financial and operating policy decisions of the investee. In such cases, PSP Investments determines that it has significant influence over the investee.

In the context of control or significant influence, power over an investee is obtained through voting rights conveyed by PSP Investments' ownership interest, other contractual arrangements, or a combination thereof.

(ii) Joint control

PSP Investments determines that it is party to a joint venture arrangement when it has joint control over an investee and has rights to the net assets of the investee. Such investees are reported as jointly controlled. Joint control is established through a contractual arrangement which requires the unanimous consent of the parties sharing control for the activities that significantly affect the returns of the arrangement.

Generally, decision making regarding such activities is governed through voting rights conveyed by the ownership interest of each party. In certain cases, it is governed solely through contractual arrangements or in conjunction with the ownership interest of each party.

6. Interests in Other Entities (continued)

6.1. Subsidiaries, Joint Ventures and Associates (continued)

In the normal course of business, investments in private markets are commonly held through investment entity subsidiaries formed by PSP Investments. As at March 31, 2025, 147 investment entity subsidiaries were incorporated in North America, 37 in Europe, 21 in Oceania, 7 in Central and South America, 2 in Asia and 1 in Africa (March 31, 2024 – 145 in North America, 28 in Europe, 19 in Oceania, 8 in Central and South America, 2 in Asia and 1 in Africa).

In addition, PSP Investments controlled 89 investees directly or through its investment entity subsidiaries as at March 31, 2025 (March 31, 2024 – 92 investees).

The following tables present, in descending order, the most significant investees held directly or indirectly by PSP Investments where it has control, joint control or significant influence.

	March 31, 2025			
Entity's Name	**Financial Asset Class**	**Principal Place of Business**	**Ownership Interest Held by PSP Investments (%)**	**Relationship to PSP Investments**
AviAlliance GmbH	**Infrastructure**	**Europe**	**100**	**Controlled**
Roadis Transportation Holding, S.L.U.	**Infrastructure**	**Global**	**100**	**Controlled**
American Wholesale Insurance Holding Company, LLC	**Private Equity**	**North America**	**17**	**Associate**
SEGRO European Logistics Partnership S.à r.l.	**Real Estate**	**Europe**	**50**	**Jointly controlled**
Kaingaroa Timberlands Limited	**Natural Resources**	**Oceania**	**56**	**Jointly controlled**
Willow Topco Limited	**Infrastructure**	**Europe**	**63**	**Controlled**
Forth Ports Limited	**Infrastructure**	**Europe**	**51**	**Jointly controlled**
TDF S.A.S.	**Infrastructure**	**Europe**	**22**	**Associate**
Australian Food and Fibre Limited	**Natural Resources**	**Oceania**	**83**	**Jointly controlled**
Revera inc.	**Real Estate**	**North America**	**100**	**Controlled**
Cubico Sustainable Investments Limited	**Infrastructure**	**Global**	**50**	**Jointly controlled**

	March 31, 2024			
Entity's Name	Financial Asset Class	Principal Place of Business	Ownership Interest Held by PSP Investments (%)	Relationship to PSP Investments
AviAlliance GmbH	Infrastructure	Europe	100	Controlled
Roadis Transportation Holding, S.L.U.	Infrastructure	Global	100	Controlled
American Wholesale Insurance Holding Company, LLC	Private Equity	North America	17	Associate
SEGRO European Logistics Partnership S.à r.l.	Real Estate	Europe	50	Jointly controlled
Kaingaroa Timberlands Limited	Natural Resources	Oceania	56	Jointly controlled
Andante InvesteeCo Inc.	Infrastructure	Oceania	30	Jointly controlled
Willow Topco Limited	Infrastructure	Europe	63	Jointly controlled
TDF S.A.S.	Infrastructure	Europe	22	Associate
Forth Ports Limited	Infrastructure	Europe	51	Jointly controlled
Cubico Sustainable Investments Limited	Infrastructure	Global	50	Jointly controlled

In addition to the above, PSP Investments consolidates wholly owned subsidiaries that solely provide services that relate to its investment activities. Such services consist of investment management, as well as, financing of private market investments within the context of PSP Investments' capital market debt program described in Note 8.2.

6. Interests in Other Entities (continued)

6.2. Structured Entities

PSP Investments holds interests in partnerships and funds mainly in the context of its investments in private markets. Given their nature, such entities commonly have the characteristics of a structured entity, that is, an entity where contractual arrangements matter more than voting rights in determining control and directing relevant activities. These entities are held as investments and do not expose PSP Investments to additional risks or returns compared to interests held in non-structured entities.

Information regarding structured entities is included, as applicable, within disclosures of investment risk management under Note 7, guarantees and indemnities under Note 16 and commitments under Note 17.

7. Investment Risk Management

PSP Investments is required to act in the best interests of the contributors and beneficiaries under the Plans and for maximizing returns without undue risk of loss. In pursuit of this objective, PSP Investments established an Enterprise Risk Management Policy (ERM Policy). The ERM Policy provides a framework for identifying, evaluating, managing, mitigating, monitoring and reporting the investment and non-investment risks to which PSP Investments is exposed.

As part of the overall ERM policy, the objective of the Investment Risk Management Policy (IRM Policy) is to support the management of risk inherent to the investment decision making process. The IRM Policy outlines a framework detailing how investment activities should comply with PSP Investments' risk philosophy and align with the tolerance and limits of its risk appetite. The IRM Policy also supplements the Statement of Investment Policies, Standards and Procedures (SIP&P), whose objective is to effectively manage investment risks related to the implementation of PSP Investments' various investment strategies. Investment risks include market, credit and liquidity risks.

7.1. Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of an adverse financial outcome due to changes in the factors that drive that value, such as changes in market prices, changes caused by factors specific to the individual investment, volatility in share and commodity prices, interest rate, foreign exchange or other factors affecting similar securities traded in the market.

7.1.1. Measurement of Market Risk

As at March 31, 2025, the active annualized Value at Risk ("Active VaR") was used as a primary measure of total portfolio market risk, to supplement the absolute annualized VaR ("Absolute VaR") and monitor more closely the market risk directly attributable to PSP Investments' active investment management decisions. Active and Absolute VaR are used as key measures of total portfolio market risk.

The Absolute VaR quantifies, with a given confidence level, the loss in value of the total portfolio that one can expect, due to fluctuations in market prices, not to be exceeded over a given period. The VaR is also evaluated on an active basis by measuring the Active VaR. This measurement helps determine if the total portfolio deviates significantly from the Policy Portfolio, established with the SIP&P in mind.

For both Active VaR and Absolute VaR, PSP Investments uses a historical VaR incorporating ten years' worth of market returns scaled to a twelve-month holding period at a 95% confidence level. That is, statistically PSP Investments would expect to see its total portfolio underperformance relative to the Policy Portfolio exceed the Active VaR and its total portfolio losses exceed the Absolute VaR only 5% of the time over a one-year period. For investments that are not actively traded, the calculation of the VaR uses securities with similar risk attributes as a proxy.

The VaR is statistically valid under normal market conditions. Although it includes potential losses derived from observed historical returns, it also assumes that the future will behave in a pattern similar to the past. Consequently, if future market conditions differ significantly from those of the past, potential losses may differ from those originally estimated.

The following table shows the Active VaR and the Absolute VaR expressed as a percentage of net investments as at the end of the period:

	March 31, 2025 (%)	March 31, 2024 (%)
Active VaR	**3.5**	5.0
Absolute VaR	**18.4**	19.2

7. Investment Risk Management (continued)

7.1. Market Risk (continued)

7.1.1. Measurement of Market Risk (continued)

Stress Testing
Although the VaR is a widely accepted risk measure, it is complemented by other risk measurement methodologies that provide greater insight on market risk. PSP Investments uses stress testing and scenario analysis, such as scenarios in connection with the United States trade policies, to examine the impact on financial results of abnormally large movements in risk factors. Such techniques are used to test a portfolio's sensitivity to various risk factors and key model assumptions. These methods also use historically stressed periods to evaluate how a current portfolio reacts under such circumstances. Stress testing and scenario analysis are also deployed to assess new product performance.

7.1.2. Interest Rate Risk

Interest rate risk refers to the risk that fluctuations in interest rates will directly affect the fair value of the Plan Account's net asset values.

The terms to maturity of the classes of financial instruments, outlined in Note 4.1, with the most significant exposure to interest rate risk were as follows as at:

	March 31, 2025					
(Canadian $ millions)	**Less than 1 Year**	**1 to 5 Years**	**5 to 10 Years**	**Over 10 Years**	**Other**	**Total**
Cash and cash equivalents	**–**	**–**	**–**	**–**	**1,858**[A]	**1,858**
Money market securities	**–**	**–**	**–**	**–**	**4,484**[A]	**4,484**
Government and corporate bonds	**414**	**9,428**	**8,674**	**6,584**	**1,305**[B]	**26,405**
Inflation-linked bonds	**–**	**7,188**	**3,815**	**2,933**	**–**	**13,936**
Private debt securities	**33**	**8,833**	**6,841**	**3,484**	**5,555**[C]	**24,746**
Total	**447**	**25,449**	**19,330**	**13,001**	**13,202**	**71,429**

	March 31, 2024					
(Canadian $ millions)	Less than 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years	Other[D]	Total
Cash and cash equivalents	–	–	–	–	1,843[A]	1,843
Money market securities	–	–	–	–	7,010[A]	7,010
Government and corporate bonds	337	7,430	7,011	4,815	178[B]	19,771
Inflation-linked bonds	–	6,719	3,759	2,696	–	13,174
Private debt securities	28	8,176	5,320	2,866	5,471[C]	21,861
Total	365	22,325	16,090	10,377	14,502	63,659

[A] Due to their short-term maturity, these investments are not significantly exposed to interest rate risk.
[B] Certain fixed income securities are not significantly exposed to fair value changes arising from interest rate risk as their prescribed interest rates are variable.
[C] Information in connection with the terms to maturity of fund and certain directly held investments included as part of private debt securities is not available.
[D] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

All equity investments within Canadian equity, foreign equity, real estate, private equity, infrastructure and natural resources amounting to $155,645 million as at March 31, 2025 ($135,053 million as at March 31, 2024) do not have specified terms to maturity nor are they significantly exposed to interest rate risk.

Alternative investments described in Note 4.1.4, which amounted to $20,868 million as at March 31, 2025 ($18,967 million as at March 31, 2024), also have no specified terms to maturity. Certain of these investments, as well as reverse repurchase agreements and derivative contracts described in Notes 4.1.10 and 4.1.12, respectively, are subject to interest rate risk exposures. These exposures are reflected in the VaR calculation described in Note 7.1.1.

The terms to maturity of PSP Investments' capital market debt financing are disclosed in Note 8.2.

Interest Rate Benchmark Reform
As at March 31, 2025, PSP Investments no longer held financial instruments that had yet to transition to alternative reference rates.

7. Investment Risk Management (continued)

7.1. Market Risk (continued)

7.1.3. Foreign Currency Risk

PSP Investments is exposed to currency risk through holding of investments (i.e. direct and indirect holdings of securities, units in pooled funds and units in limited partnerships) or investment-related liabilities in various currencies.

Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of the investments. To mitigate this risk, PSP Investments may take, through foreign forward contracts or cross currency swaps, positions in foreign currencies.

The underlying foreign currency exposures of net investments for the Plan Account were as follows as at:

	March 31, 2025	
Currency	**Fair Value (Canadian $ millions)**	**% of Total**
US Dollar	**142,704**	**67.7**
Euro	**20,842**	**9.9**
Japanese Yen	**10,471**	**5.0**
British Pound	**9,793**	**4.6**
Indian Rupee	**5,204**	**2.5**
Australian Dollar	**3,363**	**1.6**
Mexican Peso	**2,462**	**1.2**
Swiss Franc	**2,304**	**1.1**
Hong Kong Dollar	**1,968**	**0.9**
Brazilian Real	**1,912**	**0.9**
Others	**9,618**	**4.6**
Total	**210,641**	**100.0**

As at March 31, 2025, PSP Investments and its investment entity subsidiaries also had commitments, denominated in foreign currencies of $23,958 million for the Plan Account (US $14,296 million, €1,778 million, £304 million, 40 million Mexican pesos, 22 million Australian dollars, 665 million Indian rupees and 2,093 million Japanese yen) which were not included in the foreign currency exposure table above.

	March 31, 2024	
Currency	Fair Value (Canadian $ millions)	% of Total
US Dollar	125,318	67.2
Euro	19,719	10.6
Japanese Yen	7,270	3.9
British Pound	6,940	3.7
Indian Rupee	4,210	2.3
Australian Dollar	3,194	1.7
Mexican Peso	3,042	1.6
Brazilian Real	2,298	1.2
Swiss Franc	1,777	1.0
Singapore Dollar	1,286	0.7
Hong Kong Dollar	1,229	0.7
New Taiwan Dollar	1,149	0.6
Others	8,982	4.8
Total	186,414	100.0

As at March 31, 2024, PSP Investments and its investment entity subsidiaries also had commitments, denominated in foreign currencies of $21,376 million for the Plan Account (US $12,831 million, €2,261 million, £305 million, 814 million Mexican pesos, 100 million Australian dollars, 754 million Indian rupees and 2,307 million Japanese yen) which were not included in the foreign currency exposure table above.

7. Investment Risk Management (continued)

7.2. Credit Risk

PSP Investments is exposed to credit risk, which is the risk of non-performance of a debtor on whom PSP Investments relies to fulfill contractual or financial obligations. That is, the risk that the issuer of a debt security or that the counterparty to a derivative contract, to a securities lending and borrowing transaction or to securities purchased under reverse repurchase agreements, is unable to meet its financial obligations.

Credit risk encompasses the risk of a deterioration of creditworthiness and the relevant concentration risk. Credit risk monitoring entails an evaluation of the credit quality of each issuer and counterparty that transacts with PSP Investments. To perform this evaluation for public issuers and counterparties, PSP Investments relies on four recognized credit rating agencies. A minimum of two credit ratings are used to classify each security. If the agencies disagree as to a security's credit quality, PSP Investments uses the lowest of the available ratings. For private issuers, PSP Investments assigns internal credit ratings to issuers and measures the combined risk profile against set targets. To assign risk ratings to issuers, PSP Investments uses methodologies comparable to those used by recognized rating agencies.

As at March 31, 2025, the Plan Account's maximum exposure to credit risk amounted to $75 billion (March 31, 2024 – $66 billion). This amount is presented before collateral held and netting arrangements that do not qualify for offsetting under IFRS Accounting Standards. The maximum credit exposure excludes guarantees disclosed in Note 16 as well as investments in funds classified as alternative investments in Note 4.1. Such funds hold fixed income securities among other types of instruments.

To monitor the evolution of credit risk, PSP Investments periodically produces a concentration report by credit rating for credit-sensitive securities. The concentration of credit risk by credit rating was as follows as at:

	March 31, 2025							
(Canadian $ millions)	**Government and corporate bonds[A]**	**Inflation-linked bonds[A]**	**Cash equivalents[A]**	**Money market securities[A]**	**Reverse repurchase agreements**	**OTC derivatives[B]**	**Private debt securities[A]**	**Total[A]**
AAA-AA	**21,504**	**13,981**	**1,259**	**4,045**	**623**	**270**	**–**	**41,682**
A	**3,613**	**–**	**115**	**13**	**849**	**1,250**	**322**	**6,162**
BBB	**969**	**–**	**–**	**–**	**397**	**–**	**647**	**2,013**
BB or below	**323**	**–**	**–**	**–**	**–**	**–**	**23,902**	**24,225**
No rating[C]	**201**	**–**	**80**	**–**	**–**	**–**	**170**	**451**
Total	**26,610**	**13,981**	**1,454**	**4,058**	**1,869**	**1,520**	**25,041**	**74,533**

	March 31, 2024							
(Canadian $ millions)	Government and corporate bonds[A]	Inflation-linked bonds[A]	Cash equivalents[A, D]	Money market securities[A, D]	Reverse repurchase agreements	OTC derivatives[B]	Private debt securities[A]	Total[A]
AAA-AA	12,733	13,130	1,055	6,511	765	28	–	34,222
A	5,698	–	357	99	766	952	–	7,872
BBB	924	81	–	–	148	–	56	1,209
BB or below	534	–	–	–	–	–	22,003	22,537
No rating[C]	60	–	–	–	–	–	49	109
Total	19,949	13,211	1,412	6,610	1,679	980	22,108	65,949

[A] Includes interest receivable.
[B] As disclosed in Note 4.1.12.
[C] Includes securities for public issuers and counterparties, that are either not rated by credit rating agencies or rated by a single credit rating agency.
[D] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

7. Investment Risk Management (continued)

7.2. Credit Risk (continued)

7.2.1. Counterparty Risk

Counterparty risk represents the credit risk from current and potential exposure related to transactions involving derivative contracts, securities lending and borrowing as well as securities repurchase and reverse repurchase agreements. In order to minimize counterparty risk, PSP Investments requires that counterparties provide adequate collateral and meet its credit rating requirements. PSP Investments frequently monitors the credit rating of its counterparties as determined by recognized credit rating agencies. With respect to derivative contracts, PSP Investments has the ability to terminate all trades with most counterparties whose credit rating is downgraded below its requirements.

For OTC derivatives, PSP Investments' policy also requires the use of the International Swaps and Derivatives Association ("ISDA") Master Agreement with all counterparties to derivative contracts. The ISDA Master Agreement provides the contractual framework within which dealing activities across a full range of OTC products are conducted. In the case of OTC-cleared derivatives, trading activities are regulated between parties under terms that are customary to such transactions.

As a credit mitigation technique, the ISDA Master Agreement contractually binds counterparties to close-out netting provisions in the case of default by one of the counterparties. Additionally, the Credit Support Annex (CSA) to the ISDA Master Agreement enables PSP Investments to realize any collateral placed with it in the case of default of the counterparty. The CSA also requires PSP Investments to contribute further collateral when requested. All collateral transactions under the CSA are in cash, high-quality debt instruments or securities. The CSA also regulates the exchange of collateral when the credit exposure to a counterparty exceeds a predetermined threshold. Counterparties are generally authorized to sell, repledge or otherwise use collateral held. Similarly, in the case of OTC-cleared derivatives, collateral is required in cash, high quality debt instruments or securities and can be sold, repledged or otherwise used. PSP Investments does not sell, repledge or otherwise use any collateral held in the form of securities but does reinvest all cash collateral, with respect to derivative contracts.

With respect to transactions involving securities lending and borrowing agreements as well as securities repurchase and reverse repurchase agreements, collateral requirements are in place to mitigate counterparty risk. Notes 2.3.5 and 2.3.6 describe collateral requirements in securities lending and borrowing programs as well as securities repurchase and reverse repurchase agreements.

Information in connection with collateral pledged by PSP Investments and its counterparties is disclosed in Note 5.

In the case of the securities lending program, PSP Investments' exposure to counterparty risk is further mitigated as the custodian of the securities lent assumes the risk that a counterparty will be unable to meet its obligations associated with the collateral requirements.

Management is responsible for counterparty risk monitoring and mitigation as well as maintaining a comprehensive, disciplined, and enterprise-wide process for tracking and managing counterparty risk. As such, management measures counterparty risk on an ongoing basis, evaluates and tracks the creditworthiness of current counterparties and mitigates counterparty risk through collateral management.

7. Investment Risk Management (continued)

7.2. Credit Risk (continued)

7.2.2. Offsetting

PSP Investments is subject to ISDA Master Agreements in relation to its OTC derivative financial instruments as described. Such agreements contain close-out netting provisions applicable only in the case of default. In certain cases, such agreements also allow for offsetting. In cases where the conditions for offsetting were met, financial instruments have been presented net in the Statements of Financial Position. Securities repurchase and reverse repurchase agreements described in Notes 2.3.6 and 5 are subject to similar arrangements however they are not offset as the conditions for offsetting are not met.

The following tables present the financial assets and liabilities described above:

Financial Assets

(Canadian $ millions)	Gross Amount of Recognized Financial Assets	Less: Gross Amount of Recognized Financial Liabilities Offset	Net Amount of Financial Assets Presented in the Statements of Financial Position	Less: Related Amounts Not Offset in the Statements of Financial Position		Net
				Recognized Financial Liabilities	Collateral Held and Not Recognized	
March 31, 2025						
Reverse repurchase agreements	**1,869**	**–**	**1,869**[A]	**42**	**1,827**	**–**
OTC-derivatives	**1,521**	**1**	**1,520**[B]	**1,021**	**344**	**155**
Total	**3,390**	**1**	**3,389**	**1,063**	**2,171**	**155**
March 31, 2024						
Reverse repurchase agreements	1,679	–	1,679[A]	573	1,106	–
OTC-derivatives	980	–	980[B]	644	322	14
Total	2,659	–	2,659	1,217	1,428	14

Financial Liabilities

(Canadian $ millions)	Gross Amount of Recognized Financial Liabilities	Less: Gross Amount of Recognized Financial Assets Offset	Net Amount of Financial Liabilities Presented in the Statements of Financial Position	Less: Related Amounts Not Offset in the Statements of Financial Position		Net
				Recognized Financial Assets	Collateral Pledged and Not Derecognized	
March 31, 2025						
Repurchase agreements	**2,100**	**–**	**2,100**[A]	**42**	**2,058**	**–**
OTC-derivatives	**1,044**	**1**	**1,043**[B]	**888**	**108**	**47**
Collateral payable	**170**	**–**	**170**[C]	**133**	**–**	**37**
Total	**3,314**	**1**	**3,313**	**1,063**	**2,166**	**84**
March 31, 2024						
Repurchase agreements	3,843	–	3,843[A]	573	3,270	–
OTC-derivatives	705	–	705[B]	564	123	18
Collateral payable	89	–	89[C]	80	–	9
Total	4,637	–	4,637	1,217	3,393	27

[A] As described in Note 4.1.10.

[B] As described in Note 4.1.12.

[C] As described in Note 4.1.9. The balance consists of cash collateral received with respect to certain OTC derivative transactions and is included in Note 4.1 as part of collateral payable.

7. Investment Risk Management (continued)

7.3. Liquidity Risk

Liquidity risk corresponds to the risk that PSP Investments will not be able to meet its financial obligations on a timely basis, with sufficient and readily available cash resources. PSP Investments' cash position is monitored on a daily basis. In general, investments in cash, money market securities, floating rate notes, bonds and public equities are expected to be highly liquid as they will be invested in securities that are actively traded. Management utilizes appropriate measures and controls to monitor liquidity risk in order to ensure that there is sufficient liquidity to meet financial obligations as they come due. A liquidity report taking into consideration future forecasted cash flows is prepared and presented to senior management on a weekly basis. This ensures that sufficient cash reserves are available to meet forecasted cash outflows. Additionally, base levels of liquidity are maintained for deployment in case of market disruption. Further, see Note 2.3.8 for liquidity related to PSP Investments' net assets.

PSP Investments has the ability to raise additional capital through the use of its capital market debt program. This program allows PSP Investments to issue short-term promissory notes and medium-term notes. Note 8.2 provides additional information on the usage of the capital market debt program. Furthermore, PSP Investments maintains credit facilities for general corporate purposes. Note 8.1 provides additional information with respect to such credit facilities.

The terms to maturity of the notional amount of derivatives are disclosed in Note 4.1.12.

Financial Liabilities

The following tables present the fair value of non-derivative-related financial liabilities as well as derivative-related financial instruments, aggregated according to their maturities as at March 31, 2025, and excluding the impact of guarantees and indemnities disclosed in Note 16:

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Non-derivative-related financial liabilities[A]				
Amounts payable from pending trades	(1,777)	–	–	(1,777)
Interest payable	(125)	(53)	–	(178)
Securities sold short	(1,933)	–	–	(1,933)
Collateral payable	(1,255)	–	–	(1,255)
Securities sold under repurchase agreements	(1,566)	(534)	–	(2,100)
Capital market debt financing[B]	(5,093)	(3,267)	(16,856)	(25,216)
Trade payable and other liabilities	(311)	(4)	(112)	(427)
Total	**(12,060)**	**(3,858)**	**(16,968)**	**(32,886)**

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Derivative-related financial instruments				
Derivative-related assets	775	565	220	1,560
Derivative-related liabilities[A]	(455)	(513)	(104)	(1,072)
Total	**320**	**52**	**116**	**488**

[A] Liabilities are presented in the earliest period in which the counterparty can request payment.

[B] The total undiscounted cash flows amounted to $29,566 million as at March 31, 2025.

7. Investment Risk Management (continued)

7.3. Liquidity Risk (continued)

The following tables present the fair value of non-derivative-related financial liabilities as well as derivative-related financial instruments, aggregated according to their maturities as at March 31, 2024, and excluding the impact of guarantees and indemnities disclosed in Note 16:

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Non-derivative-related financial liabilities[A]				
Amounts payable from pending trades	(397)	–	–	(397)
Interest payable	(104)	(17)	–	(121)
Securities sold short	(2,355)	–	–	(2,355)
Collateral payable	(490)	–	–	(490)
Securities sold under repurchase agreements	(3,595)	(248)	–	(3,843)
Capital market debt financing[B]	(4,615)	(3,439)	(11,748)	(19,802)
Trade payable and other liabilities	(259)	(4)	(104)	(367)
Total	(11,815)	(3,708)	(11,852)	(27,375)

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Derivative-related financial instruments				
Derivative-related assets	441	214	339	994
Derivative-related liabilities[A]	(374)	(173)	(170)	(717)
Total	67	41	169	277

[A] Liabilities are presented in the earliest period in which the counterparty can request payment.
[B] The total undiscounted cash flows amounted to $22,701 million as at March 31, 2024.

8. Borrowings

8.1. Credit Facilities

PSP Investments maintains a revolving credit facility in the amount of $2 billion and a demand line of credit in the amount of $1 billion (together “the Credit Facilities”).

The Credit Facilities are for general corporate purposes and are available in either Canadian or US currencies. Subject to customary terms and conditions, these Credit Facilities are available at variable interest rates such as the prime rate and the US base rate.

These Credit Facilities were not drawn upon as at March 31, 2025, and 2024.

8.2. Capital Market Debt Financing

PSP Investments’ capital market debt program consists of the private placement of short-term promissory notes as well as medium-term notes issued by PSP Capital Inc., a wholly-owned subsidiary of PSP Investments. The capital raised is primarily used to finance private market investments. It is unconditionally and irrevocably guaranteed by PSP Investments in accordance with its corporate leverage policy.

The maximum amount authorized by the Board of Directors for the capital market debt program is limited to $12 billion for all aggregate short-term note programs, 6 billion Australian dollars for the Australian dollar-denominated medium-term note program and $20 billion for the medium-term note program.

PSP Investments’ capital market debt financing was in compliance with the limits authorized by the Board of Directors during the years ended March 31, 2025, and 2024.

8. Borrowings (continued)

8.2. Capital Market Debt Financing (continued)

The following outlines the terms as well as the fair value of the short-term notes issued under the capital market debt program allocated to the Plan Account as at:

(Canadian $ millions)		**March 31, 2025**			March 31, 2024		
Currency	**Term at Issuance**	**Interest Rate (%)**	**Capital Amounts Payable at Maturity**	**Fair Value**	Interest Rate (%)	Capital Amounts Payable at Maturity	Fair Value
AUD	364 days or less	**3.97 – 4.53**	**46**	**45**	4.28	97	97
EUR	215 days or less	**2.41 – 2.70**	**718**	**716**	3.85 – 3.93	525	521
GBP	245 days or less	**4.49 – 4.74**	**347**	**344**	5.18 – 5.24	385	382
USD	365 days or less	**4.17 – 5.33**	**6,456**	**6,392**	4.73 – 5.49	4,034	3,979
Total short-term notes			**7,567**	**7,497**		5,041	4,979

The following outlines the terms as well as the fair value of the medium-term notes issued under the capital market debt program allocated to the Plan Account as at:

(Canadian $ millions)				**March 31, 2025**		March 31, 2024	
Maturity	**Series**	**Currency**	**Interest Rate (%)**	**Capital Amounts Payable at Maturity**	**Fair Value**	Capital Amounts Payable at Maturity	Fair Value
April 2024	7	CAD	3.29	**–**	**–**	870	870
September 2024	G2	USD	0.50	**–**	**–**	1,240	1,213
March 2025	G5	USD	SOFR[B]+24 bps	**–**	**–**	992	992
November 2025	11	CAD	3.00	**861**	**863**	850	832
June 2026	13	CAD	0.90	**1,099**	**1,078**	1,043	971
June 2026	G1	USD	1.00	**1,055**	**1,015**	992	913
June 2027	G6	USD	3.50	**1,055**	**1,041**	992	959
March 2028	14	CAD	1.50	**733**	**709**	715	652
October 2028	G3	USD	1.63	**1,055**	**968**	992	875
February 2029	A1	AUD	4.60	**986**	**998**	971	979
June 2029	G8	CAD	3.75	**1,466**	**1,520**	1,026	1,020
October 2029	G15	USD	3.75	**1,319**	**1,292**	–	–
January 2030	12	CAD	2.05	**916**	**881**	916	829
December 2030	G13[A]	CAD	4.40	**733**	**785**	733	752
September 2031	A2[A]	AUD	4.50	**657**	**653**	–	–
March 2032	G4[A]	CAD	2.60	**733**	**703**	733	659
August 2032	G7	AUD	4.57	**151**	**147**	149	147
January 2033	G9	AUD	4.82	**131**	**129**	129	129
June 2033	G11	CAD	4.15	**1,834**	**1,926**	1,836	1,833
July 2034	G14	EUR	3.25	**1,254**	**1,247**	–	–
February 2035	A3	AUD	5.25	**822**	**832**	–	–
March 2038	G10	EUR	3.68	**114**	**113**	107	113
July 2043	G12	EUR	3.68	**85**	**82**	80	85
December 2055	G16	CAD	4.25	**733**	**737**	–	–
Total medium-term notes				**17,792**	**17,719**	15,366	14,823
Total capital market debt financing				**25,359**	**25,216**	20,407	19,802

[A] Green bonds
[B] Secured Overnight Financing Rate

Unrealized losses in connection with borrowings amounted to $883 million for the year ended March 31, 2025 (unrealized losses of $25 million for the year ended March 31, 2024).

8. Borrowings (continued)

8.2. Capital Market Debt Financing (continued)

Interest expense, for the years ended March 31, was as follows:

(Canadian $ millions)	**2025**	2024
Short-term promissory notes	**313**	264
Medium-term notes	**510**	374
Total	**823**	638

8.3. Reconciliation of Liabilities Arising from Financing Activities

The following provides a reconciliation of liabilities arising from financing activities, including both changes arising from cash and non-cash changes for the year ended March 31, 2025.

				Non-cash changes		
(Canadian $ millions)	**Opening balance**	**Proceeds from borrowings**	**Repayment of borrowings**	**Foreign exchange losses**	**Fair value[A] losses**	**Closing balance**
Capital market debt financing	**19,802**	**28,760**	**(24,230)**	**356**	**528**	**25,216**
Borrowings	**19,802**	**28,760**	**(24,230)**	**356**	**528**	**25,216**

The following provides a reconciliation of liabilities arising from financing activities, including both changes arising from cash and non-cash changes for the year ended March 31, 2024.

				Non-cash changes		
(Canadian $ millions)	Opening balance	Proceeds from borrowings	Repayment of borrowings	Foreign exchange gains	Fair value[A] losses	Closing balance
Capital market debt financing	17,584	22,988	(20,790)	(66)	86	19,802
Borrowings	17,584	22,988	(20,790)	(66)	86	19,802

[A] Includes interest on short-term promissory notes, which added to cost approximates their fair value.

9. Equity

9.1. Statutory Rights Held by the Government of Canada

Pursuant to the *Superannuation Acts*, the Government of Canada is entitled to PSP Investments' net assets allocated to each of the Plan Accounts for the purposes set out in the *Superannuation Acts*. The allocation of PSP Investments' net assets and net income to each of the Plan Accounts at a point in time is based on the allocation policy outlined in Note 13.

9.2. Fund Transfers

PSP Investments received fund transfers from the Government of Canada of $2,822 million for the year ended March 31, 2025 ($2,988 million for the year ended March 31, 2024) for the Fund, recorded in the Plan Account.

During the year ended March 31, 2025, PSP Investments transferred $1,943 million (nil during the year ended March 31, 2024), from the Public Service Pension Fund to the Consolidated Revenue Fund of the Government of Canada in order to eliminate a non-permitted surplus in the Public Service Pension Fund (relating to service on or after April 1, 2000), as recommended by the President of the Treasury Board pursuant to subparagraph 44.4(2)(b) of the *Public Service Superannuation Act*.

10. Segment Information

In order to fulfil its mandate, PSP Investments manages a diversified global portfolio composed of investments in various asset classes and has implemented an investment approach that focuses on the total fund approach rather than only on individual asset classes. The total fund approach guides the long-term investment strategy and focuses on managing total fund allocations and exposures in terms of asset classes, sectors and risk factors.

Accordingly, PSP Investments' investment segments are presented below to reflect the way in which asset classes are managed and how results are reviewed by the entity's senior management for purposes of performance management and decision making. These investment segments include their respective share of investment-related assets and investment-related liabilities as well as borrowings, which are reported separately by nature of the underlying investments as disclosed in Note 4.1. Further, to support PSP Investments' investment approach, a Complementary Portfolio is managed in addition to the individual asset classes' portfolios, which enables PSP Investments to capture investment opportunities that fit the mandate but that are outside the scope of the individual asset classes' investment framework.

Investment segments consist of investments held through direct and co-ownership positions as well as through fund managers and include:

- Capital Markets – invests in public market equities, government and corporate fixed income securities.
- Private Equity – invests in private entities with similar objectives.
- Credit Investments – invests in non-investment grade primary and secondary credit investments.
- Real Estate – invests in real estate assets mainly in retirement and residential, office, retail and other industrial sectors.
- Infrastructure – invests in private entities with a focus on assets in transportation, power generation, telecommunications and other regulated businesses.
- Natural Resources – invests in real assets with a focus on assets in timberlands and agriculture.
- Complementary Portfolio – focuses on investments that are not within the mandate of existing asset classes but are deemed beneficial for the total fund.

The following table presents net investments by investment segment as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024[B]
Capital Markets	**106,903**	82,027
Private Equity	**29,839**	29,613
Credit Investments	**22,199**	19,224
Real Estate	**19,533**	19,962
Infrastructure	**23,445**	25,306
Natural Resources	**13,150**	11,141
Complementary Portfolio	**1,071**	1,724
Other[A]	**3,552**	5,179
Total	**219,692**	194,176

[A] Includes cash and money market securities not managed within the investment segments, except administrative purpose cash and cash equivalents amounting to $59 million (March 31, 2024 – $45 million).

[B] During the year, PSP investments updated its segment reporting presentation to align with how the Capital Market segment is currently organized. Accordingly, comparative figures were reclassified to conform to the current year's presentation. Net investments of $40,791 million from Public Equity and $41,236 million from Fixed Income are now grouped under Capital Markets.

10. Segment Information (continued)

The following table presents net income (loss) by investment segment for the years ended March 31:

	2025			2024		
(Canadian $ millions)	Investment income[A]	Expenses[B, C]	Net income	Investment income (loss)[A, E]	Expenses[B, C, E]	Net income (loss)[E]
Capital Markets	**11,280**	**(770)**	**10,510**	7,409	(623)	6,786
Private Equity	**4,734**	**(100)**	**4,634**	3,282	(82)	3,200
Credit Investments	**2,962**	**(106)**	**2,856**	2,549	(88)	2,461
Real Estate	**371**	**(305)**	**66**	(3,260)	(325)	(3,585)
Infrastructure	**4,363**	**(231)**	**4,132**	3,511	(235)	3,276
Natural Resources	**1,318**	**(229)**	**1,089**	768	(191)	577
Complementary Portfolio	**353**	**(8)**	**345**	313	(8)	305
Other[D]	**1,087**	**(114)**	**973**	225	(243)	(18)
Total	**26,468**	**(1,863)**	**24,605**	14,797	(1,795)	13,002

[A] As described in Note 11, embedded within investment income are other fees paid by certain pooled fund investments and management fees not paid directly by PSP Investments.

[B] Includes all investment-related and operating expenses as disclosed in Notes 11 and 12, respectively.

[C] Total expenses exclude all investment-related and operating expenses associated with management services rendered to CGF.

[D] Includes income (loss) and expenses relating to cash and cash equivalents, as well as, to money market securities not managed within the investment segments.

[E] During the year, PSP investments updated its segment reporting presentation to align with how the Capital Markets segment is currently organized. Accordingly, Comparative figures were reclassified to conform to the current year's presentation. Investment income of $6,307 million, expenses of $(467) million, and net income of $5,840 million from Public Equity, and investment income of $1,504 million, expenses of $(212) million and net income of $1,292 million from Fixed Income are now grouped under Capital Markets.

The following table presents investment income (loss) by financial assets and financial liabilities by their classification for the year ended March 31:

(Canadian $ millions)	2025	2024
Financial assets		
Mandatorily at FVTPL[A]	**28,451**	15,418
Financial liabilities		
Mandatorily at FVTPL	**(665)**	(587)
Designated at FVTPL	**(1,318)**	(34)
Total	**26,468**	14,797

[A] Includes income (loss) on derivative-related assets and derivative-related liabilities.

11. Investment-Related Expenses

Investment-related expenses allocated to the Plan Account are comprised of the following for the years ended March 31:

(Canadian $ millions)	2025	2024
Interest expense	**1,075**	985
Transaction costs	**151**	116
External investment management and performance fees[A]	**56**	40
Other (net)	**16**	141
Total	**1,298**	1,282

[A] Consists of amounts incurred for investments in public markets that are paid directly by PSP Investments.

Certain management and performance fees are not paid directly by PSP Investments, but rather by investment structures such as funds and other investment vehicles held by PSP Investments. Such fees are embedded in the fair value of investments. Management fees amounted to $530 million for the year ended March 31, 2025 ($513 million for the year ended March 31, 2024). Performance fees amounted to $448 million for the year ended March 31, 2025 ($419 million for the year ended March 31, 2024).

12. Operating Expenses

Operating expenses allocated to the Plan Account consisted of the following for the years ended March 31:

(Canadian $ millions)	**2025**	2024
Salaries and employee benefits	**391**	343
Professional and consulting fees	**91**	87
Premises and equipment	**15**	14
Market data and business applications	**61**	51
Depreciation of property and equipment	**15**	18
Custodial fees	**4**	3
Other operating expenses	**24**	19
Total	**601**	535

13. Allocation of Net Income

PSP Investments' net income is allocated to each Plan Account as follows:

13.1. Investment Income

The investment income is allocated proportionately based upon the net investments of each Plan Account at the time the income was earned.

13.2. Expenses

The Act requires that the costs of operation of PSP Investments be charged to the Plan Accounts. Under section 4(3) of the Act, the President of the Treasury Board shall determine to which Plan Account these costs will be charged, in consultation with the Minister of National Defence and the Minister of Public Safety and Emergency Preparedness. An allocation policy was developed which allocates the direct costs of investment activities, such as external investment management fees and custodial fees, to each Plan Account, based upon the net investments of each Plan Account at the time the expense was incurred.

Operating expenses excluding the direct cost of investment activities listed above, for the years ended March 31, were allocated in proportion to the annual amount of net investments of each Plan Account as follows:

(%)	**2025**	2024
Public Service Pension Plan Account	**73.3**	73.2
Canadian Forces Pension Plan Account	**19.1**	19.2
Royal Canadian Mounted Police Pension Plan Account	**7.2**	7.2
Reserve Force Pension Plan Account	**0.4**	0.4
Total	**100.0**	100.0

14. Related Party Transactions

14.1. Certain Investees

As outlined in Note 2.1, investments in unconsolidated subsidiaries, jointly controlled investees and associates are measured at FVTPL. Transactions between PSP Investments and such entities or subsidiaries of such entities are related party transactions. PSP Investments enters into investment transactions with such related parties in the normal course of its business, more specifically, as part of private markets and certain fixed income investments described under Note 4.1 as well as guarantees, indemnities and commitments described under Notes 16 and 17, respectively. Since balances in connection with all investment transactions are measured at FVTPL, those transactions undertaken with related parties have the same impact on net assets and net income as those with unrelated parties.

Transactions between PSP Investments and its consolidated subsidiaries as well as related balances are eliminated upon consolidation and, therefore, are not disclosed in this note.

14. Related Party Transactions (continued)

14.2. The Government of Canada and Government-Related Entities

Since PSP Investments is a Crown corporation as described in Note 1, it is considered to be related to the Government of Canada as well as other entities that are controlled, jointly controlled or significantly influenced by the Government of Canada (together "government-related entities").

(i) The Government of Canada
The only transactions undertaken between PSP Investments and the Government of Canada consist of the fund transfers outlined in Note 9.2.

(ii) Government-Related Entities
PSP Investments may enter into investment transactions with government-related entities in the normal course of its business, more specifically, as part of private markets and certain fixed income investments described under Note 4.1. Such investment transactions are carried out on terms that are equivalent to those that may prevail in transactions with unrelated parties and are subject to the same internal processes. In this respect, transactions with such related parties have the same impact on net assets and net income as those with unrelated parties. Consequently, PSP Investments is availing itself of the exemption under IAS 24 *Related Parties* from making specific disclosures on transactions and balances with such government-related entities.

As disclosed in Note 1 and Note 2.1, PSP Investments provides investment services to CGF, a government-related entity. The only transactions undertaken between PSP Investments and CGF consist of investment management services, which are rendered in the normal course of operations.

14.3. Compensation of Key Management Personnel

Members of key management personnel are related parties of PSP Investments. Key management personnel are those persons having authority and responsibility for planning, directing and controlling PSP Investments' activities, directly or indirectly and consist of members of the Board of Directors, PSP Investments' senior management team and officers. Compensation earned by key management personnel allocated to the Plan Account for the years ended March 31 was recorded in the Statements of Net Income and was as follows:

(Canadian $ millions)	**2025**	2024
Short-term compensation and other benefits	**17**	14
Long-term compensation and other benefits	**11**	6
Total	**28**	20

As disclosed in Note 16, PSP Investments may also be required to indemnify certain members of key management personnel for costs incurred, such as claims, actions or litigations in connection with the exercise of specific aspects of their duties.

15. Capital Management

As an investment company, PSP Investments' objectives in managing its capital are:

- To invest fund transfers, outlined in Note 9.2, in the best interests of the beneficiaries and contributors under the *Superannuation Acts*. The funds received are invested with a view of achieving a maximum rate of return, without undue risk of loss, having regard to the funding, policies and requirements of the Plans established under the *Superannuation Acts* and the ability of the Plans to meet their financial obligations. The funds are also invested in accordance with the Investment Risk Management policies which are outlined in Note 7.
- To maintain an appropriate credit rating to achieve access to the capital markets at the lowest cost of capital. Through PSP Capital Inc. and its leverage policies, PSP Investments has the ability to raise capital by issuing short-term promissory notes and medium-term notes. Note 8.2 provides information on the capital market debt financing and Note 7.3 provides information on PSP Investments' liquidity.

The capital structure of PSP Investments consists of fund transfers and capital market debt financing. PSP Investments has no externally imposed restrictions on capital.

16. Guarantees and Indemnities

PSP Investments provides indemnification to its directors, its officers, its employees and to certain PSP Investments representatives asked to serve as directors or officers of entities in which PSP Investments or its investment entity subsidiaries have made an investment or have a financial interest. As a result, but subject to the Act, PSP Investments may be required to indemnify these representatives for costs incurred, such as claims, actions or litigation in connection with the exercise of their duties, unless the liability of such a representative relates to a failure to act honestly and in good faith. To date, PSP Investments has not received any material claims or made any material payment for such indemnities.

In certain cases, PSP Investments also provides indemnification to third parties in the normal course of business. As a result, PSP Investments may be required to indemnify such third parties in connection with the performance of their contractual obligations. To date, PSP Investments has not received any material claims nor made any material payments for such indemnities.

PSP Investments unconditionally and irrevocably guarantees all credit facilities, as well as short-term promissory notes and medium-term notes issued by PSP Capital Inc., as described in Note 8.

In certain investment transactions, PSP Investments and its investment entity subsidiaries provided guarantees, indemnifications or issued letters of credit to third parties, the most significant of which are as follows:

- As at March 31, 2025 and 2024, PSP Investments and its investment entity subsidiaries agreed to guarantee and, in some cases, provide indemnification for the performance of certain investees under contractual agreements. The majority of these agreements are borrowing arrangements. In the event a default occurs under such agreements, which is of limited recourse in certain cases, PSP Investments or its investment entity subsidiaries could assume obligations of up to $3,023 million as at March 31, 2025 (March 31, 2024 – $2,717 million), of which $2,216 million has been allocated to the Plan Account (March 31, 2024 – $1,992 million) plus applicable interest and other related costs. The arrangements mature between July 2025 and June 2042 as of March 31, 2025 (March 31, 2024 – between May 2024 and June 2042).
- As of March 2025, PSP Investments maintained stand-by letter of credit facilities totaling $312 million (March 31, 2024 – $3 million). These facilities can be utilized in various currencies as needed. PSP Investments and its investment entity subsidiaries issued letters of credit totalling $165 million as at March 31, 2025 (March 31, 2024 – $1 million), of which $121 million has been allocated to the Plan Account (March 31, 2024 – $1 million) in relation to investment transactions.

17. Commitments

PSP Investments and its investment entity subsidiaries have committed to enter into investment transactions, which will be funded over the next several years in accordance with agreed terms and conditions. The portion of PSP Investments' commitments that would be assumed by the Plan Account was as follows as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Foreign equity	**1**	2
Real estate	**2,441**	2,828
Private equity	**7,428**	8,339
Infrastructure	**6,997**	2,925
Natural resources	**271**	352
Private debt securities	**8,483**	6,337
Alternative investments	**1,474**	1,142
Total	**27,095**	21,925

Funding in connection with the above commitments can be called upon at various dates extending until 2041 as at March 31, 2025 (March 31, 2024 – 2041).

Independent Auditors' Report

To the Minister of National Defence

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Public Sector Pension Investment Board – Canadian Forces Pension Plan Account (the Canadian Forces Pension Plan Account), which comprise the statements of financial position as at March 31, 2025 and 2024, and the statements of net income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Canadian Forces Pension Plan Account as at March 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Canadian Forces Pension Plan Account 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 annual report, but does not include the financial statements and our auditors' 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 our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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 Canadian Forces Pension Plan Account'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 Canadian Forces Pension Plan Account or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 Canadian Forces Pension Plan Account'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 Canadian Forces Pension Plan Account's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Canadian Forces Pension Plan Account 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.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Public Sector Pension Investment Board – Canadian Forces Pension Plan Account coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the applicable provisions of Part X of the *Financial Administration Act* and regulations, the *Public Sector Pension Investment Board Act* and regulations, and the by-laws of the Public Sector Pension Investment Board and its wholly-owned subsidiaries.

In our opinion, the transactions of the Public Sector Pension Investment Board – Canadian Forces Pension Plan Account that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Public Sector Pension Investment Board – Canadian Forces Pension Plan Account's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Public Sector Pension Investment Board – Canadian Forces Pension Plan Account to comply with the specified authorities.

Auditors' Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

Mélanie Cabana, CPA auditor
Senior Principal
for the Auditor General of Canada

Montréal, Canada
May 15, 2025

Deloitte LLP[1]

[1] CPA auditor, public accountancy permit No. A125494

Montréal, Canada
May 15, 2025

Statements of Financial Position

As at

(Canadian $ millions)	Notes	**March 31, 2025**	March 31, 2024[A]
Assets			
Cash and cash equivalents	4.1	**483**	480
Investments	4.1	**65,419**	57,330
Other assets		**29**	24
Total assets		**65,931**	57,834
Liabilities			
Trade payable and other liabilities		**111**	95
Investment-related liabilities	4.1	**2,164**	2,064
Borrowings	4.1, 8.2	**6,561**	5,158
Total liabilities		**8,836**	7,317
Net assets		**57,095**	50,517
Equity	9	**57,095**	50,517
Total liabilities and equity		**65,931**	57,834

[A] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

The accompanying notes are an integral part of these Financial Statements.

Statements of Net Income

For the years ended March 31

(Canadian $ millions)	Notes	2025	2024
Investment income	10	**6,873**	3,872
Investment-related expenses	11, 14.2	**(337)**	(336)
Net investment income		**6,536**	3,536
Operating expenses	12, 14.2	**(157)**	(140)
Recoveries of costs	2.1, 14.2	**9**	6
Net income	10	**6,388**	3,402

Statements of Changes in Equity

For the years ended March 31

(Canadian $ millions)	Notes	2025	2024
Fund transfers			
Balance at beginning of year		**16,955**	16,642
Fund transfers received during the year	9.2	**190**	313
Balance at end of year		**17,145**	16,955
Retained earnings			
Balance at beginning of year		**33,562**	30,160
Net income	10	**6,388**	3,402
Balance at end of year		**39,950**	33,562
Total equity		**57,095**	50,517

The accompanying notes are an integral part of these Financial Statements.

Statements of Cash Flows

For the years ended March 31

(Canadian $ millions)	Notes	**2025**	2024
Cash flows from operating activities			
Net income	10	**6,388**	3,402
Adjustments for non-cash items:			
Depreciation of property and equipment	12	**4**	5
Effect of exchange rate changes on cash and cash equivalents		**(5)**	(3)
Unrealized losses on borrowings		**230**	7
		6,617	3,411
Net changes in operating assets and liabilities			
Increase in investments		**(8,089)**	(3,760)
(Increase) decrease in other assets		**(9)**	5
Increase (decrease) in trade payables and other liabilities		**16**	(6)
Increase (decrease) in investment-related liabilities		**100**	(967)
Net cash flows used in operating activities[B]		**(1,365)**	(1,317)
Cash flows from financing activities			
Proceeds from borrowings		**7,458**	6,028
Repayment of borrowings		**(6,284)**	(5,500)
Fund transfers received	9.2	**190**	313
Net cash flows provided by financing activities		**1,364**	841
Cash flows from investing activities			
Acquisitions of equipment		**(1)**	–
Net cash flows used in investing activities		**(1)**	–
Net change in cash and cash equivalents[B]		**(2)**	(476)
Effect of exchange rate changes on cash and cash equivalents		**5**	3
Cash and cash equivalents at the beginning of the year[B]		**480**	953
Cash and cash equivalents at the end of the year[A, B]	4.1	**483**	480
Supplementary disclosure of cash flow information			
Dividends received		**683**	531
Interest received		**857**	816
Interest paid		**(259)**	(251)

[A] As at March 31, 2025, cash included in Cash and cash equivalents amounted to $105 million (March 31, 2024 – $113 million).

[B] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

The accompanying notes are an integral part of these Financial Statements.

Notes to the Financial Statements

For the years ended March 31, 2025 and 2024

1. Corporate Information

The Public Sector Pension Investment Board ("PSP Investments") is a Crown corporation created under the *Public Sector Pension Investment Board Act* (the "Act") to manage and invest amounts that are transferred to it pursuant to the *Superannuation Acts* (defined below), for the funds (as defined in the Act) of the pension plans established under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* ("CFSA"), the *Royal Canadian Mounted Police Superannuation Act* (collectively the "*Superannuation Acts*"), and certain regulations under the CFSA (the "CFSA Regulations"). The pension plans established under the *Superannuation Acts* consist of the Public Service pension plan, the Canadian Forces pension plan (the "Plan"), and the Royal Canadian Mounted Police pension plan, and the pension plan established under the CFSA Regulations is the Reserve Force pension plan. The Plan and the other pension plans are herein referred to collectively as the "Plans".

The fund for which amounts are currently transferred to PSP Investments by the Government of Canada (the "Fund") relates to pension obligations under the Plan for service on or after April 1, 2000 ("Post-2000 Service"). The account managed by PSP Investments for the Fund is herein referred to as the "Plan Account". PSP Investments maintains records of the net contributions for the Fund, as well as the allocation of its investments and the results of its operations for the Fund in the Plan Account. PSP Investments also manages a plan account for the funds of the other Plans, and these and the Plan Account are collectively referred to herein as the "Plan Accounts".

PSP Investments is responsible for managing amounts that are transferred to it for the Fund in the best interests of the beneficiaries and contributors under the *Canadian Forces Superannuation Act*. The amounts are to be invested with a view of achieving a maximum rate of return, without undue risk of loss, having regard to the funding, policies and requirements of the Plan and the Plan's ability to meet its financial obligations.

Pursuant to the *Canadian Forces Superannuation Act*, the Government of Canada, which administers the Plan and the Fund, may at any time call upon the net assets of PSP Investments allocated to the Fund's Plan Account for amounts required for the purpose of paying benefits under the Plan in respect of Post-2000 Service, or generally, for the purpose of reducing any non-permitted surplus in the Fund. A non-permitted surplus arises when, as determined by an actuarial valuation report prepared by the Chief Actuary of Canada, the amount of a Plan's assets exceeds the amount of liabilities in respect of contributors by more than 25%.

Following the federal budget announcement on March 28, 2023, that PSP Investments was selected to act as the independent and exclusive investment manager of Canada Growth Fund Inc. ("CGF"), a subsidiary of Canada Development Investment Corporation ("CDEV"), itself a Crown corporation, the Act was amended in June 2023 to allow a subsidiary of PSP Investments to act as the investment manager of CGF, as further described in Note 14.2. To that end, PSP Investments incorporated Canada Growth Fund Investment Management Inc. ("CGFIM") as its wholly-owned subsidiary in August 2023, for the purpose of providing investment management services to CGF, on a cost recovery basis for no profit. The costs associated with the establishment and operation of this subsidiary and with the provision of investment management services to CGF are reimbursed by CGF.

PSP Investments and the majority of its subsidiaries are exempt from Part I tax under paragraphs 149(1)*(d)* and 149(1)*(d.2)* of the *Income Tax Act* (Canada), respectively. In certain foreign jurisdictions, income and capital gains remain taxable.

PSP Investments' registered office is located at 135 Laurier Avenue West, Ottawa, Ontario, Canada and its principal business office is at 1250 René-Lévesque Boulevard West, Montreal, Quebec, Canada.

2. Material Accounting Policy Information

The material accounting policy information that is relevant to the preparation of these Financial Statements throughout all periods presented is summarized below.

2.1. Basis of Presentation

The Financial Statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB").

PSP Investments qualifies as an investment entity as defined under IFRS 10 *Consolidated Financial Statements* and, consequently, does not consolidate its subsidiaries other than those that solely provide it with services that relate to its investment activities. Instead, PSP Investments measures its investments in subsidiaries at fair value through profit or loss ("FVTPL") in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"), including those that are formed by PSP Investments and that qualify as investment entities ("investment entity subsidiaries"). PSP Investments also measures its investments in associates, joint ventures and financial assets and financial liabilities at FVTPL in accordance with IAS 28 *Investments in Associates and Joint Ventures* and IFRS 9.

These Financial Statements present the Plan Account's financial position and results of operations of PSP Investments and its subsidiaries that solely provide it with services that relate to its investment activities, as allocated to the Plan Account. They reflect the economic activity of PSP Investments as it pertains to the investment of the net contributions transferred to it for the Fund, as well as investment management services rendered by CGFIM for investments held by CGF, as further described in Note 14.2. Accordingly, they do not reflect all of the assets or the details of the pension contributions, payments and liabilities under the Plan, nor any of the assets and liabilities of CGF.

CGFIM provides investment management services to CGF, a government-related entity, in exchange for consideration to recover costs as described in Note 1. Consideration is received to the extent costs are incurred, as reflected in investment-related and operating expenses, while recoveries of costs are also recognized on that basis, as this is the best estimate of amounts earned over the period the investment management services are performed.

These Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors on May 15, 2025.

2.2. Investment Entity Status

PSP Investments has determined that it meets the mandatory requirements of the definition of an investment entity under IFRS 10 on the basis of the facts and circumstances as at the end of the period. They are as follows:

(i) Mandate and business purpose
As further described in Note 1, PSP Investments' mandate is to manage and invest the amounts that are transferred to it in the best interests of the beneficiaries and contributors under the *Superannuation Acts*. Consequently, PSP Investments' business purpose is to invest with a view of achieving a maximum rate of return from capital appreciation and income from investments, without undue risk of loss.

(ii) Performance evaluation
PSP Investments measures and evaluates the performance of its investments on a fair value basis.

In addition to the mandatory items of the definition, IFRS 10 also outlines certain typical characteristics of an investment entity, the absence of any of which does not necessarily preclude an entity from qualifying as an investment entity. One of these characteristics is that an investment entity should have investors that are not related parties of the entity.

As described in Note 14, since PSP Investments is a Crown corporation, it is considered to be related to the Government of Canada as well as other entities that are controlled or jointly controlled by the Government of Canada or entities over which the latter has significant influence. Consequently, since the funds managed by PSP Investments originate from related parties, it may be considered not to meet the typical characteristic outlined above. However, the Act provides a framework to ensure that PSP Investments operates at arm's length from the Government of Canada. Accordingly, it meets all of the mandatory items of the definition described above and qualifies as an investment entity.

Should any changes occur in the facts and circumstances, PSP Investments will evaluate the impact of any such changes on its investment entity status.

2. Material Accounting Policy Information

(continued)

2.3. Summary of Material Accounting Policy Information

The specific material accounting policies applied in the preparation of these Financial Statements are set out below.

2.3.1. Financial Instruments

(i) Classification

Financial assets representing investments, as well as cash and cash equivalents, are managed, together with related financial liabilities representing investment-related liabilities, according to PSP Investments' business model to maximize the rate of return. The performance of such financial instruments is evaluated on a fair value basis, and they are mandatorily classified at FVTPL. They are described in detail in Note 4.1.

Borrowings, as described under Note 8, are financial liabilities that are designated at FVTPL as they are part of the portfolios of investments that are managed together and whose performance is evaluated on a fair value basis.

(ii) Recognition

Financial assets and financial liabilities are recorded at the date upon which the entity becomes a party to the associated contractual provisions. In the case of traded financial assets, they are recorded as of the trade date.

(iii) Initial and subsequent measurement

All financial assets and financial liabilities are initially recorded in the Statements of Financial Position at fair value and continue to be measured as such on a recurring basis. After initial measurement, subsequent changes in the fair value of financial assets and financial liabilities classified at FVTPL are recorded in investment income in the Statements of Net Income.

(iv) Derecognition

A financial asset (or, where applicable, a part thereof) is derecognized when one of the following conditions is met:

- The rights to receive cash flows from the asset have expired,
- PSP Investments has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to a third party,
- PSP Investments has transferred substantially all the risks and rewards of the asset, or
- In cases where PSP Investments has neither transferred nor retained substantially all the risks and rewards of the asset, it has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

2.3.2. Determination of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

At initial recognition, PSP Investments evaluates the facts and circumstances related to a transaction to confirm that the transaction price represents the fair value of an asset or a liability. At each subsequent reporting date, market prices are used to determine fair value where an active market exists (such as a recognized securities exchange), as they reflect actual and regularly occurring market transactions on an arm's length basis. If quoted market prices are not available, then fair value is estimated using valuation techniques based on inputs existing at the end of the reporting period that are derived from observable market data.

Valuation techniques are generally applied to investments in private markets, alternative investments, over-the-counter ("OTC") derivatives and certain fixed income securities. The values derived from applying these techniques are impacted by the choice of valuation model and the underlying assumptions made concerning factors such as the amounts and timing of future cash flows, discount rates, volatility and credit risk. In certain cases, such assumptions are not supported by market observable data.

The determination of fair value of all financial assets and financial liabilities is described in Note 4.

2.3.3. Functional and Presentation Currency

The functional and presentation currency of PSP Investments and its consolidated subsidiaries is the Canadian dollar, which is the currency of the primary economic environment in which each entity within the consolidated group operates. PSP Investments' performance and that of its consolidated subsidiaries is evaluated and its liquidity is managed in Canadian dollars.

2. Material Accounting Policy Information

(continued)

2.3. Summary of Material Accounting Policy Information (continued)

2.3.4. Foreign Currency Translation

Foreign currency transactions during the period, including purchases and sales of securities, income and expenses, are translated to the functional currency at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency at the rate of exchange prevailing at the end of the reporting period.

Foreign currency transaction gains and losses on all monetary assets and liabilities are included in investment income.

2.3.5. Securities Lending and Securities Borrowing and Related Collateral

PSP Investments participates in securities lending and borrowing programs whereby it lends and borrows securities in order to enhance portfolio returns. Lending and borrowing transactions including related collateral under such programs do not transfer the risks or rewards of ownership of the securities to the counterparty. Consequently, PSP Investments does not derecognize securities lent or pledged as collateral, or recognize securities borrowed or received as collateral. Cash amounts received are recognized as described in Note 4.1.9.

The securities lending and borrowing programs require collateral in cash, high-quality debt instruments or securities. Collateral transactions are conducted under terms that are usual and customary in standard securities lending and borrowing programs. PSP Investments and its counterparties are authorized to sell, repledge or otherwise use collateral held. The same securities or equivalent securities must be returned to the counterparty at the end of the contract, unless an event of default occurs.

2.3.6. Securities Sold under Repurchase Agreements and Purchased under Reverse Repurchase Agreements and Related Collateral

PSP Investments enters into repurchase and reverse repurchase agreements. Such agreements involve the sale of securities by one counterparty with a simultaneous agreement to repurchase such securities at a specified price and at a specified future date.

Securities sold or purchased under the repurchase and reverse repurchase agreements respectively, including related collateral, are not derecognized or recognized as all risks and rewards of ownership related to such securities are not transferred. As such, in the case where PSP Investments is the counterparty selling securities under such agreements, all income (loss) related to such securities continues to be reported in investment income and obligations to repurchase the securities sold are accounted for as investment-related liabilities. The difference between the fair value of the securities sold and the repurchase price is recorded as interest expense within investment-related expenses. In the case where PSP Investments is the counterparty purchasing securities under such agreements, no income (loss) related to such securities is recognized and obligations to resell the securities are accounted for as investment-related receivables. The difference between the fair value of the securities purchased and resale price is recorded in investment income.

Transactions under repurchase and reverse repurchase agreements involve pledging collateral consisting of cash or securities deemed acceptable by the counterparties. Collateral transactions are conducted under terms that are usual and customary in standard repurchase arrangements. Such terms require the relevant counterparty to pledge additional collateral based on the changes in the fair value of the existing collateral pledged as well as the related securities sold or purchased. The counterparties are authorized to sell, repledge or otherwise use collateral held. The securities pledged as collateral must be returned to the relevant counterparty at the end of the contract, unless an event of default occurs.

2.3.7. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Statements of Financial Position, only if PSP Investments has a current legally enforceable right to offset the recognized amounts and the intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2. Material Accounting Policy Information
(continued)

2.3. Summary of Material Accounting Policy Information (continued)

2.3.8. Equity

The statutory rights of the Government of Canada pursuant to the *Superannuation Acts* are described under Note 1 and are classified as equity instruments on the following basis:

- Under such rights the Government of Canada is entitled to PSP Investments' net assets at any time for the purposes set out in the *Superannuation Acts*. Such rights do not contain any additional obligations for PSP Investments to deliver amounts to the Government of Canada. The Government of Canada can elect to reduce fund transfers to PSP Investments or call upon its net assets for the purpose of paying benefits under the relevant Plan in respect of Post-2000 Service, or generally, for the purpose of reducing any non-permitted surplus in the Fund of such Plan. Should the Government of Canada call on the net assets of PSP Investments, amounts in question would be accounted for as a financial liability with a related reduction of net assets at that time.
- Such rights are the most subordinate claim on PSP Investments' net assets.
- The total expected cash flows attributable to such rights, at any time, is solely based on the fair value of the net assets of PSP Investments at that time. Further, the fair value of the net assets of PSP Investments in its entirety represents the amounts that the Government of Canada may call upon at any time.

2.3.9. Investment Income

Investment income is made up of interest, dividends, gains (losses) on the disposal of financial assets and financial liabilities as well as gains (losses) which reflect the change in unrealized appreciation (depreciation) of financial assets held and financial liabilities outstanding at the end of the reporting period. Interest is recognized, on a consistent basis, using the prescribed rates until maturity. Dividends are recognized when the right to receive them has been obtained, generally on the ex-dividend date.

2.3.10. Investment-Related Expenses

Investment-related expenses are made up of interest expense, transaction costs, external investment management fees and other (net).

Transaction costs are incremental costs directly attributable to the acquisition, due diligence, issue, or disposal of a financial asset or financial liability, and they are expensed as incurred.

External investment management fees are directly attributable to the external management of assets on behalf of PSP Investments. These fees are paid directly by PSP Investments and comprise base fees accrued as a percentage of the fair value of the assets managed externally and performance fees accrued as a function of various performance indicators. This excludes amounts not paid directly by PSP Investments for certain pooled fund investments classified under alternative investments and for investments in private markets as outlined in Note 11.

2.3.11. Fund Transfers

Amounts are recorded for the Fund when received from or paid to the Government of Canada.

2.4. Significant Accounting Judgments, Estimates and Assumptions

In preparing the Financial Statements, management makes certain judgments, estimates and assumptions that can affect the amounts reported therein. Significant judgments include those related to the determination of the investment entity status as described in Note 2.2.

Management also makes estimates and assumptions in the measurement, risk assessment and related disclosures surrounding investments in private markets and certain fixed income securities. The main assumptions made by management regarding measurement of financial instruments are outlined in Note 4.2.3 and those regarding the assessment of risk are outlined in Note 7.

Sources of estimate uncertainty related to macroeconomic unpredictability and volatility include the current geopolitical context, tariffs, inflation and interest rates. This could continue to impact financial results, due to uncertainties including their extent and duration. The Financial Statements reflect the impacts resulting from the aforementioned macroeconomic factors to the extent known at the reporting date.

Although assumptions reflect management's best estimates, actual results may differ from such estimates due to the uncertainties involved in using them.

3. Current and Future Changes in Accounting Standards

3.1. Current Accounting Standards

PSP Investments has determined that there is no material impact on its Financial Statements arising from new standards, amendments and interpretations that have been issued by the IASB, effective for the year ended March 31, 2025.

3.2. Future Accounting Standards

A number of new standards, amendments and interpretations have been issued by the IASB, but are not yet effective. The following relates to one or more of PSP Investments' material accounting policies or disclosures:

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB completed its project to replace IAS 1 *Presentation of Financial Statements* with IFRS 18 *Presentation and Disclosure in Financial Statements*. The standard includes requirements for the statements of net income, the statements of cash flows and the statements of financial position, that are designed mainly to enhance consistency and comparability. It also involves new disclosure requirements, including disclosing management-defined performance measures. IFRS 18 is effective and applicable to PSP Investments for annual periods beginning on or after April 1, 2027, with early adoption permitted. The standard is to be applied retrospectively. Management is currently assessing the impact of adopting this standard.

4. Financial Assets and Financial Liabilities

4.1. Classes of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are aggregated, in the following table, in classes that reflect their respective exposure as well as investment sectors. Their fair values were as follows, as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Public markets		
Canadian equity	**605**	535
Foreign equity	**12,275**	8,022
Private markets		
Real estate	**7,251**	7,106
Private equity	**7,601**	7,565
Infrastructure	**7,736**	7,794
Natural resources	**5,029**	4,154
Fixed income		
Money market securities[C]	**1,167**	1,826
Government and corporate bonds	**6,870**	5,150
Inflation-linked bonds	**3,626**	3,431
Private debt securities	**6,439**	5,694
Alternative investments	**5,430**	4,940
Investments before investment-related assets[B]	**64,029**	56,217
Investment-related assets		
Amounts receivable from pending trades	**291**	244
Interest receivable	**142**	121
Dividends receivable	**65**	52
Securities purchased under reverse repurchase agreements	**486**	437
Derivative-related assets	**406**	259
Investment-related assets	**1,390**	1,113
Investments representing financial assets at FVTPL[A, B]	**65,419**	57,330
Cash and cash equivalents[B, C]	**483**	480
Investment-related liabilities		
Amounts payable from pending trades	**(464)**	(103)
Interest payable	**(46)**	(32)
Securities sold short	**(503)**	(613)
Collateral payable	**(326)**	(128)
Securities sold under repurchase agreements	**(546)**	(1,001)
Derivative-related liabilities	**(279)**	(187)
Investment-related liabilities representing financial liabilities at FVTPL	**(2,164)**	(2,064)
Borrowings		
Capital market debt financing	**(6,561)**	(5,158)
Borrowings representing financial liabilities at FVTPL	**(6,561)**	(5,158)
Net investments[B]	**57,177**	50,588

[A] As at March 31, 2025, $1,518 million out of $65,419 million were investments pledged as described in Note 5 (March 31, 2024 – $1,939 million out of $57,330 million).

[B] Amounts of $468 million and $12 million which were previously included in Investments and Other assets, respectively, on the Statements of Financial Position as at March 31, 2024, have now been reclassified to Cash and cash equivalents to better reflect their unique nature and characteristics. Consequently, the comparative figures were reclassified within this note: Investments before investment-related assets from $56,685 million to $56,217 million, Investments representing financial assets at FVTPL from $57,798 million to $57,330 million, Net investments from $50,576 million to $50,588 million, and Other assets on the Statements of Financial Position from $36 million to $24 million.

[C] Additionally, as of March 31, 2025, PSP Investments changed its accounting policy to classify instruments with maturities of three months or less from acquisition date as Cash and cash equivalents. The change was made to better reflect the nature of cash equivalents as highly liquid instruments with an insignificant risk of changes in value. As a result, $209 million was reclassified from Cash and cash equivalents to Money market securities as at March 31, 2024 ($401 million as at March 31, 2023). Consequently, the comparative figures for the Statements of Cash Flows were also reclassified: Net cash flows used in operating activities increased from $(1,508) million to $(1,317) million, Net changes in cash and cash equivalents increased from $(668) million to $(476) million, and Cash and cash equivalents at the beginning and end of the year decreased from $1,354 million to $953 million, and $689 million to $480 million, respectively.

4. Financial Assets and Financial Liabilities
(continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.1. Public Markets

Public markets consist of Canadian and foreign investments in the following securities: common shares, American depository receipts, global depository receipts, participation notes, preferred shares, income trust units, exchange traded funds units, pooled funds units, and securities convertible into common shares of publicly listed issuers.

Direct investments in Canadian and foreign equities are measured at fair value using quoted prices in active markets and are based on the most representative price within the bid-ask spread.

In the case of investments in pooled funds, fair value is measured using unit values obtained from each of the funds' administrators, which are derived from the fair value of the underlying investments in each pooled fund. Management reviews the fair value received and, where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration.

4.1.2. Private Markets

Private markets consist of investments in real estate, private equity, infrastructure and natural resources.

Real estate investments are comprised of direct equity positions in various private entities, fund investments, as well as properties in the real estate sector. Real estate investments focus on partnerships, companies and properties operating mainly in the retirement and residential, office, retail, and industrial sectors, as well as private funds invested in real estate assets. Real estate investments are presented net of all third-party financing.

Private equity investments are comprised of fund investments with similar objectives, co-investments in private entities as well as direct equity positions.

Infrastructure investments are comprised of direct equity positions, fund investments and co-investments in various private entities. Infrastructure investments focus on entities engaged in the management, ownership or operation of assets in energy, transportation and other regulated businesses. Infrastructure investments are presented net of all third-party financing.

Natural resources investments are comprised of direct equity positions, fund investments and co-investments in various private entities. Natural resources investments focus on entities engaged in the management, ownership or operation of assets in timberlands, agriculture, upstream oil and gas, and metal and mining. Natural resources investments are presented net of all third-party financing.

The process for fair value measurement of private markets investments is described in Note 4.2.2 and the valuation techniques together with the significant inputs used are described in Note 4.2.3.

4.1.3. Fixed Income and Cash and Cash Equivalents

4.1.3.1. Cash and Cash Equivalents
Cash includes demand deposits with financial institutions.

Cash equivalents include treasury bills, certificates of deposit, bankers' acceptances and other fixed-income securities with maturities of 90 days or less from the acquisition date that are held to meet short-term financial commitments. Such instruments are readily convertible into known amounts of cash and have an insignificant risk of change in value.

4.1.3.2. Money Market Securities, Bonds and Private Debt Securities
Fixed income consists of money market securities, government and corporate bonds, inflation-linked bonds and private debt securities. Money market securities include instruments having a maximum term to maturity of one year, such as treasury bills, certificates of deposit and bankers' acceptances.

Treasury bills are valued based on prices obtained from third-party pricing sources. Such prices are determined using the most representative price within a spread of dealer quotations. Certificates of deposit and bankers' acceptances are recorded at cost plus accrued interest, which approximates their fair value given their short-term nature.

Government and corporate bonds include Canadian and foreign, federal, provincial, territorial and municipal bonds, floating rate notes, asset-backed term notes and mortgage-backed securities. Inflation-linked bonds are fixed income securities that earn inflation-adjusted returns.

Private debt securities are fixed income securities of private companies held directly or through private funds. Such debt securities take the form of senior debt, mezzanine and distressed debt and primary and secondary investments in leveraged loans. Private debt securities also include third-party loans such as junior and senior debts, construction loans, bridge loans, income-participating loans, as well as other structured finance products in the real estate sector.

4. Financial Assets and Financial Liabilities

(continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.3. Fixed Income and Cash and Cash Equivalents (continued)

4.1.3.2. Money Market Securities, Bonds and Private Debt Securities (continued)

Fair values of government and most corporate bonds, inflation-linked bonds and mortgage-backed securities are based on prices obtained from third-party pricing sources. Such prices are determined using either an appropriate interest rate curve with a spread associated with the credit quality of the issuer or other generally accepted pricing methodologies.

The fair values of certain corporate bonds, private debt securities and asset-backed term notes are determined using valuation techniques. Such techniques, together with the significant inputs used, are described in Note 4.2.3.

The fair value measurement of fund investments included as part of private debt securities is described in Note 4.2.2.

4.1.4. Alternative Investments

Alternative investments consist mainly of units of funds that hold a mix of equity, fixed income and derivative instruments as well as hedge funds. The fair value of these investments is determined based on the fair values reported by the funds' administrators or general partners and reflects the fair value of the underlying equity, fixed income or derivative instruments, as applicable. Management reviews the fair value received and, where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration.

4.1.5. Amounts Receivable and Payable from Pending Trades

Amounts receivable from pending trades consist of proceeds on sales of investments, excluding derivative financial instruments, which have been traded but remain unsettled at the end of the reporting period.

Amounts payable from pending trades consist of the cost of purchases of investments, excluding derivative financial instruments, which have been traded but remain unsettled at the end of the reporting period.

The fair value of amounts receivable and payable from pending trades reflects the value at which their underlying original sale or purchase transactions were undertaken.

4.1.6. Interest and Dividends Receivable

Interest and dividends are recorded at the amounts expected to be received at the end of the reporting period, which due to their short-term maturity, approximates fair value.

4.1.7. Interest Payable

With respect to the borrowings described in Note 4.1.11, interest is accrued at the amount expected to be paid at the end of the reporting period, which approximates fair value.

4.1.8. Securities Sold Short

Securities sold short reflect PSP Investments' obligation to purchase securities pursuant to short selling transactions. In such transactions, PSP Investments sells securities it does not own with an obligation to purchase similar securities on the market to cover its position.

Using quoted market prices that are based on the most representative price within the bid-ask spread, the fair value of securities sold short is measured using the same method as the similar long positions presented within public markets and fixed income.

4.1.9. Collateral Payable

As part of securities lending and certain OTC derivative transactions, when cash is received, it is recognized as collateral payable. The payable balance reflects the obligation of the transferee to return the amount to the transferor at the end of the transaction in the absence of an event of default by the transferor.

4.1.10. Securities Sold under Repurchase Agreements and Purchased under Reverse Repurchase Agreements

As described in Note 2.3.6, PSP Investments is party to repurchase and reverse repurchase agreements. Obligations to repurchase or resell the securities sold or purchased under such agreements are recorded at cost plus accrued interest, which due to their short-term maturity, approximates fair value.

4. Financial Assets and Financial Liabilities
(continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.11. Borrowings under the Capital Market Debt Program

PSP Investments' capital market debt program is described in Note 8.2. Short-term promissory notes are recorded at cost plus accrued interest, which due to their short-term maturity, approximates fair value. The fair value of PSP Investments' medium-term notes is based on prices that are obtained from third-party pricing sources. Such prices are determined using an interest rate curve with a spread consistent with PSP Investments' credit quality.

4.1.12. Derivative-Related Assets and Liabilities

Derivative financial instruments are financial contracts that are settled at a future date. The value of such instruments is derived from changes in the value of the underlying assets, interest or exchange rates. Derivative financial instruments do not, typically, require an initial net investment. In certain cases, they require an initial net investment that is less than what would be required to hold the underlying position directly. Derivative financial instruments can be listed or traded OTC. OTC instruments consist of those that are bilaterally negotiated and settled, and those that are cleared (OTC-cleared) by a central clearing party (CCP).

PSP Investments uses derivative financial instruments to enhance returns or to replicate investments synthetically. Derivatives are also used to reduce the risk associated with existing investments.

PSP Investments uses the following types of derivative financial instruments:

Swaps
Swaps are transactions whereby two counterparties exchange cash flow streams with each other based on predetermined conditions that include a notional amount and a term. Swaps are used to increase returns or to adjust exposures of certain assets without directly purchasing or selling the underlying assets.

Futures
Futures are standardized contracts to take or make delivery of an asset (buy or sell) at a predefined price and predefined future date. Futures are used to adjust exposures to specified assets without directly purchasing or selling the underlying assets.

Forwards
Forwards are contracts involving the sale by one party and the purchase by another party of a predefined amount of an underlying instrument, at a predefined price and at a predefined date in the future. Forwards are used to adjust exposures to specified assets without directly purchasing or selling the underlying assets.

Options
Options are contracts where the seller gives the purchaser the right, but not the obligation, to buy or sell a given amount of an underlying security, index, commodity, currency, interest rate, credit or other financial instrument, at an agreed-upon price stipulated in advance, either at a determined date or at any time before the predefined maturity date.

Warrants and Rights
Warrants are options to purchase an underlying asset which is in the form of a transferable security, and which can be listed on an exchange or traded OTC.

Rights are securities giving shareholders entitlement to purchase new shares issued by a corporation at a predetermined price (normally less than the current market price) in proportion to the number of shares already owned. Rights are issued only for a short period of time, after which they expire.

Determination of Fair Value of Derivative Financial Instruments
Listed derivative financial instruments are recorded at fair value using quoted market prices that are based on the most representative price within the bid-ask spread. OTC-cleared derivatives are recorded at fair value using prices obtained from the CCP. OTC derivatives are valued using appropriate valuation techniques such as discounted cash flows. These techniques use significant inputs that are observable in the market such as current market yields.

Notional Values and Fair Values of Derivative-Related Assets and Liabilities
Notional values of derivative financial instruments are not recorded as assets or liabilities as they represent the face amount of the contract. Except for credit derivatives, notional values do not represent the potential gain or loss associated with the market or credit risk of such transactions disclosed below. Rather, they serve as the basis upon which the cash flows and the fair value of the contracts are determined.

4. Financial Assets and Financial Liabilities (continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.12. Derivative-Related Assets and Liabilities (continued)

The following table summarizes the derivatives portfolio as at:

	March 31, 2025			March 31, 2024		
		Fair Value			Fair Value	
(Canadian $ millions)	**Notional Value**	**Assets**	**Liabilities**	Notional Value	Assets	Liabilities
Equity and commodity derivatives						
Listed						
Futures	**942**	**–**	**–**	1,071	–	–
Options: Purchased	**37**	**–**	**–**	30	–	–
Written	**4**	**–**	**–**	–	–	–
OTC						
Swaps	**7,633**	**143**	**(138)**	4,256	94	(41)
Currency derivatives						
Listed						
Futures	**99**	**–**	**–**	72	–	–
OTC						
Forwards	**12,444**	**100**	**(47)**	11,191	42	(66)
Swaps	**616**	**1**	**(5)**	236	–	(6)
Options: Purchased	**542**	**1**	**–**	174	1	–
Written	**338**	**–**	**(1)**	202	–	(1)
Interest rate derivatives						
Listed						
Futures	**1,619**	**–**	**–**	2,080	–	–
Options: Purchased	**5,250**	**10**	**–**	7,944	4	–
Written	**5,344**	**–**	**(8)**	8,255	–	(3)
OTC						
Forwards	**212**	**2**	**–**	153	–	(1)
Swaps	**414**	**7**	**(1)**	467	1	(4)
Options: Purchased	**13,352**	**138**	**–**	10,247	114	–
Written	**18,380**	**–**	**(76)**	13,315	–	(62)
OTC-cleared						
Swaps	**12,706**	**–**	**–**	12,591	–	–
Credit derivatives						
OTC						
Credit default swaps: Purchased	**104**	**–**	**(3)**	119	–	(3)
Written[A]	**400**	**4**	**–**	382	3	–
OTC-cleared						
Credit default swaps: Purchased	**266**	**–**	**–**	565	–	–
Total		**406**	**(279)**		259	(187)

[A] PSP Investments, through written credit default swaps, indirectly guarantees the underlying reference obligations. The maximum potential exposure is the notional amount of the written credit default swaps as shown in the table above.

4. Financial Assets and Financial Liabilities (continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.12. Derivative-Related Assets and Liabilities (continued)

Total derivative-related assets and liabilities are comprised of:

	March 31, 2025			March 31, 2024		
		Fair Value			Fair Value	
(Canadian $ millions)	**Notional Value**	**Assets**	**Liabilities**	Notional Value	Assets	Liabilities
Listed derivatives	**13,295**	**10**	**(8)**	19,452	4	(3)
OTC derivatives	**54,435**	**396**	**(271)**	40,742	255	(184)
OTC – cleared derivatives	**12,972**	**–**	**–**	13,156	–	–
Total		**406**	**(279)**		259	(187)

The terms to maturity based on notional value for the derivatives were as follows as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Less than 3 months	**24,422**	32,936
3 to 12 months	**35,709**	21,558
Over 1 year	**20,571**	18,856

4.2. Fair Value Hierarchy

4.2.1. Classification

Financial assets and financial liabilities described under Note 4.1 are classified within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that PSP Investments can access at the end of the reporting period.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or the liability, either directly or indirectly. Level 2 inputs include:
  - (i) Quoted prices for similar assets or liabilities in active markets.
  - (ii) Quoted prices for identical or similar assets or liabilities in markets that are not active.
  - (iii) Inputs other than quoted prices that are observable for the asset or liability.
  - (iv) Market-corroborated inputs.
- Level 3 inputs are unobservable inputs for the asset or liability that are used within model-based techniques. They reflect management's assessment of the assumptions that market participants would use in pricing the assets or liabilities.

The classification within the levels of the hierarchy is established at the time of the initial determination of fair value of the asset or liability and reviewed at the end of each reporting period. PSP Investments determines whether a transfer between levels has occurred and recognizes such transfer at the beginning of the reporting period.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

The following table shows the fair value of financial assets and financial liabilities as at March 31, 2025, classified within the fair value hierarchy:

(Canadian $ millions)	Level 1	Level 2	Level 3	Total Fair Value
Public markets				
Canadian equity	131	474	–	605
Foreign equity	11,878	1	396	12,275
Private markets				
Real estate	–	–	7,251	7,251
Private equity	–	–	7,601	7,601
Infrastructure	–	–	7,736	7,736
Natural resources	–	–	5,029	5,029
Fixed income				
Money market securities	1,018	149	–	1,167
Government and corporate bonds	2,157	4,713	–	6,870
Inflation-linked bonds	3,611	15	–	3,626
Private debt securities	–	–	6,439	6,439
Alternative investments	–	3,332	2,098	5,430
Investments before investment-related assets	18,795	8,684	36,550	64,029
Investment-related assets				
Amounts receivable from pending trades	–	291	–	291
Interest receivable	–	142	–	142
Dividends receivable	–	65	–	65
Securities purchased under reverse repurchase agreements	–	486	–	486
Derivative-related assets	10	396	–	406
Investment-related assets	10	1,380	–	1,390
Investments representing financial assets at FVTPL	18,805	10,064	36,550	65,419
Cash and cash equivalents	114	369	–	483
Investment-related liabilities				
Amounts payable from pending trades	–	(464)	–	(464)
Interest payable	–	(46)	–	(46)
Securities sold short	(503)	–	–	(503)
Collateral payable	–	(326)	–	(326)
Securities sold under repurchase agreements	–	(546)	–	(546)
Derivative-related liabilities	(8)	(271)	–	(279)
Investment-related liabilities representing financial liabilities at FVTPL	(511)	(1,653)	–	(2,164)
Borrowings				
Capital market debt financing	–	(6,561)	–	(6,561)
Borrowings representing financial liabilities at FVTPL	–	(6,561)	–	(6,561)
Net investments	18,408	2,219	36,550	57,177

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

The following table shows the fair value of financial assets and financial liabilities as at March 31, 2024, classified within the fair value hierarchy:

(Canadian $ millions)	Level 1[A]	Level 2[A]	Level 3[A]	Total Fair Value[A]
Public markets				
Canadian equity	185	350	–	535
Foreign equity	7,478	98	446	8,022
Private markets				
Real estate	–	–	7,106	7,106
Private equity	–	–	7,565	7,565
Infrastructure	–	–	7,794	7,794
Natural resources	–	–	4,154	4,154
Fixed income				
Money market securities	1,658	168	–	1,826
Government and corporate bonds	1,329	3,820	1	5,150
Inflation-linked bonds	3,410	21	–	3,431
Private debt securities	–	–	5,694	5,694
Alternative investments	–	3,030	1,910	4,940
Investments before investment-related assets[A]	14,060	7,487	34,670	56,217
Investment-related assets				
Amounts receivable from pending trades	–	244	–	244
Interest receivable	–	121	–	121
Dividends receivable	–	52	–	52
Securities purchased under reverse repurchase agreements	–	437	–	437
Derivative-related assets	4	255	–	259
Investment-related assets[A]	4	1,109	–	1,113
Investments representing financial assets at FVTPL	14,064	8,596	34,670	57,330
Cash and cash equivalents[A]	85	395	–	480
Investment-related liabilities				
Amounts payable from pending trades	–	(103)	–	(103)
Interest payable	–	(32)	–	(32)
Securities sold short	(613)	–	–	(613)
Collateral payable	–	(128)	–	(128)
Securities sold under repurchase agreements	–	(1,001)	–	(1,001)
Derivative-related liabilities	(3)	(184)	–	(187)
Investment-related liabilities representing financial liabilities at FVTPL	(616)	(1,448)	–	(2,064)
Borrowings				
Capital market debt financing	–	(5,158)	–	(5,158)
Borrowings representing financial liabilities at FVTPL	–	(5,158)	–	(5,158)
Net investments[A]	13,533	2,385	34,670	50,588

[A] As at March 31, 2025, cash and cash equivalents were disclosed separately on the Statements of Financial Position in order to better reflect their unique nature and characteristics (see Note 4.1).

4. Financial Assets and Financial Liabilities
(continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

As at March 31, 2024, foreign equity securities with a fair value of $65 million were indirectly held and classified as Level 2. During the year ended March 31, 2025, these securities were transferred to Level 1 as they became directly held by PSP Investments.

As at March 31, 2023, foreign equity securities with a fair value of $6 million were indirectly held and classified as Level 2. During the year ended March 31, 2024, these securities were transferred to Level 1 as they became directly held by PSP Investments.

4.2.2. Process for Level 3 Fair Value Determination

The valuation process is monitored and governed by an internal valuation committee ("VC"). This committee is responsible for overseeing all aspects of fair value determination. This includes valuation methodologies and procedures for each type of investment and ensuring they are complied with. Valuation methodologies established are based on widely recognized practices that are consistent with professional appraisal standards. Such standards include, among others, the *International Private Equity and Venture Capital Valuation Guidelines*, the *Canadian Uniform Standards of Professional Appraisal Practice* and the *Uniform Standards of Professional Appraisal Practice* in the United States of America.

The fair value of investments classified as Level 3 in Private Markets is determined quarterly and adjusted to reflect the impact of any significant market or investment-specific events or circumstances. For each investment, the relevant valuation methodology is applied consistently over time as appropriate in the prevailing circumstances. The appropriateness of significant changes in valuation methodologies is reviewed by the VC.

In cases where the services of third-party appraisers are used, management ensures their independence and that valuation methods used are consistent with the professional appraisal standards outlined above. In validating the work performed by appraisers, management ensures that the assumptions used correspond to financial information and forecasts of the underlying investment.

With respect to fund investments classified as Level 3, the annual fair value is generally determined based on most recent audited financial statements received from the fund's general partner. For interim reporting periods, fair value is obtained from information provided by the fund's administrators and is reviewed by Management to ensure reasonableness and adherence to acceptable industry valuation methods. Where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration in determining fair value.

To reflect the impact, where applicable, of significant market movements or other events occurring up to the end of the reporting period, adjustments to Private Markets and fund investments are made as appropriate. Such adjustments are based on a number of factors including public market trading comparables, investment specific characteristics as well as market conditions and uncertainties at that time.

While the impact of trade tariffs on the broader global economy continues to remain uncertain, the determination of fair value for investments classified as level 3 reflected, where applicable, the effect of tariffs that were imposed on or before March 31, 2025. Although trade tariffs announced or imposed after this reporting date were not reflected in such valuations, related uncertainties present at March 31, 2025, and their impact on the fair value of investments were taken into consideration as applicable.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.3. Level 3 Significant Inputs

The following table outlines key information with respect to significant inputs related to financial assets categorized within Level 3 as at March 31, 2025:

Financial Assets	Type of Investment	Fair Value (Canadian $ millions)	Significant Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Public markets					
Foreign equity	Direct investments	**396**	NAV[A]	N/A	N/A
Private markets					
Real estate	Direct and co-investments	**6,586**	Discounted cash flow (DCF)	Discount rate[B, C]	2.90% – 18.00% (7.88%)
				Terminal capitalization rate[B, C]	3.20% – 12.50% (6.01%)
			Direct capitalization	Capitalization rate[B, D]	3.15% – 10.00% (5.62%)
				Stabilized occupancy rate[D, E]	98.00% – 100.00% (99.62%)
			Sales comparison approach	Price per square foot[D, E]	$2.71 – $68.63 ($62.50)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**665**	NAV[A]	N/A	N/A
Other private markets	Direct and co-investments	**15,296**	DCF	Discount rate[B]	4.70% – 19.00% (9.55%)
			Market comparables	N/A	N/A
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**5,070**	NAV[A]	N/A	N/A
Fixed income					
Private debt securities	Direct and co-investments	**5,026**	DCF	Discount rate[B]	2.59% – 38.69% (11.23%)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**1,413**	NAV[A]	N/A	N/A
Alternative investments	Fund investments	**2,098**	NAV[A]	N/A	N/A
Total		**36,550**			

[A] In certain cases, when investments are held through funds, partnerships or similar structures, fair value is determined by third parties where valuation information is not available to PSP Investments.

[B] An increase (decrease) in this unobservable input, taken individually, generally results in a decrease (increase) in fair value.

[C] An increase (decrease) in the discount rate is generally accompanied by an increase (decrease) of the terminal capitalization rate.

[D] There is no predictable direct relationship between this input and any other significant unobservable input.

[E] An increase (decrease) in this unobservable input, taken individually, generally results in an increase (decrease) in fair value.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.3. Level 3 Significant Inputs (continued)

The following table outlines key information with respect to significant inputs related to financial assets categorized within Level 3 as at March 31, 2024:

Financial Assets	Type of Investment	Fair Value (Canadian $ millions)	Significant Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Public markets					
Foreign equity	Direct investments	446	NAV[A]	N/A	N/A
Private markets					
Real estate	Direct and co-investments	6,439	Discounted cash flow (DCF)	Discount rate[B, C]	2.90% – 18.00% (7.80%)
				Terminal capitalization rate[B, C]	3.20% – 12.25% (6.08%)
			Direct capitalization	Capitalization rate[B, D]	2.51% – 10.00% (4.85%)
				Stabilized occupancy rate[D, E]	98.00% – 100.00% (99.57%)
			Sales comparison approach	Price per square foot[D, E]	$4.28 – $1,827.48 ($165.83)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	667	NAV[A]	N/A	N/A
Other private markets	Direct and co-investments	14,325	DCF	Discount rate[B]	5.19% – 18.50% (9.58%)
			Market comparables	N/A	N/A
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	5,188	NAV[A]	N/A	N/A
Fixed income					
Corporate bonds	Asset-backed term notes	1	Third-party pricing[A]	N/A	N/A
Private debt securities	Direct and co-investments	4,310	DCF	Discount rate[B]	7.02% – 30.09% (12.24%)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	1,384	NAV[A]	N/A	N/A
Alternative investments	Fund investments	1,910	NAV[A]	N/A	N/A
Total		34,670			

[A] In certain cases, when investments are held through funds, partnerships or similar structures, fair value is determined by third parties where valuation information is not available to PSP Investments.

[B] An increase (decrease) in this unobservable input, taken individually, generally results in a decrease (increase) in fair value.

[C] An increase (decrease) in the discount rate is generally accompanied by an increase (decrease) of the terminal capitalization rate.

[D] There is no predictable direct relationship between this input and any other significant unobservable input.

[E] An increase (decrease) in this unobservable input, taken individually, generally results in an increase (decrease) in fair value.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.4. Level 3 Reconciliation

The following table shows a reconciliation of all movements related to financial assets categorized within Level 3 for the year ended March 31, 2025:

(Canadian $ millions)	**Opening Balance**	**Purchases**	**Sales**	**Settlements**	**Realized Gains**	**Unrealized Gains**[A]	**Transfers**	**Closing Balance**
Public markets	**446**	**–**	**(175)**	**–**	**88**	**37**	**–**	**396**
Private markets	**26,619**	**2,398**	**(3,618)**	**–**	**1,355**	**863**	**–**	**27,617**
Fixed income	**5,695**	**2,538**	**(2,056)**	**–**	**71**	**191**	**–**	**6,439**
Alternative investments	**1,910**	**293**	**(372)**	**–**	**120**	**147**	**–**	**2,098**
Total	**34,670**	**5,229**	**(6,221)**	**–**	**1,634**	**1,238**	**–**	**36,550**

[A] Includes Plan Account allocation adjustments.

There were no transfers into or out of Level 3 during the year ended March 31, 2025.

The following table shows a reconciliation of all movements related to financial assets categorized within Level 3 for the year ended March 31, 2024:

(Canadian $ millions)	Opening Balance	Purchases	Sales	Settlements	Realized Gains	Unrealized Gains (Losses)[A]	Transfers	Closing Balance
Public markets	188	87	(26)	–	15	182	–	446
Private markets	25,326	2,698	(1,778)	–	423	(62)	12	26,619
Fixed income	5,841	1,164	(1,404)	–	55	39	–	5,695
Alternative investments	1,826	107	(210)	–	49	138	–	1,910
Total	33,181	4,056	(3,418)	–	542	297	12	34,670

[A] Includes Plan Account allocation adjustments.

As at March 31, 2023, listed foreign equity securities with a fair value of $12 million were classified under Level 1. During the year ended March 31, 2024, those securities were transferred to Level 3 as the investment became privately held and its fair value was determined based on significant unobservable inputs.

4.2.5. Level 3 Sensitivity Analysis

In the course of measuring fair value of financial instruments classified as Level 3, valuation techniques used incorporate assumptions that are based on non-observable data. Significant assumptions used for each asset class are described in Note 4.2.3. Although such assumptions reflect management's best judgment, with all other variables held constant, the use of reasonably possible alternative assumptions could yield different fair value measures representing, at a minimum, a 3% increase and 3% decrease as at March 31, 2025 (March 31, 2024 – 3% increase and 3% decrease) in the fair value of financial instruments categorized as Level 3. This excludes fund investments where a sensitivity analysis is not possible given the underlying assumptions used are not available to PSP Investments. In the case of fund investments, the fair value is determined as indicated in Note 4.2.2.

5. Collateral Pledged and Received

PSP Investments is party to agreements that involve pledging and holding collateral, as outlined in Notes 2.3.5, 2.3.6 and 7.2.1. The following table illustrates the fair values of the Plan Account's allocated collateral, as well as the securities under the lending and borrowing programs and the securities under the repurchase and reverse repurchase agreements, as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Securities lending and borrowing		
Securities lent	**1,152**	786
Collateral held[A]	**1,196**	815
Securities borrowed	**503**	501
Collateral pledged[B, E]	**520**	516
Securities repurchase and reverse repurchase agreements		
Securities sold under repurchase agreements	**553**	1,003
Collateral pledged[E]	**547**	1,003
Securities purchased under reverse repurchase agreements	**487**	438
Collateral held[C]	**487**	438
Derivative contracts		
Collateral pledged[E]	**451**	420
Collateral held[D]	**425**	384

[A] The minimum fair value of securities collateral denominated in the same currency required is equal to 102%, and in the case of securities denominated in different currencies 105%. In exchange for securities lent, cash and securities received as at March 31, 2025, were $282 million and $913 million, respectively (March 31, 2024 – $105 million and $710 million, respectively). All cash amounts are reinvested.

[B] The minimum fair value of collateral required is equal to 100% of the fair value of the securities borrowed.

[C] The collateral received is in the form of securities of which nil has been used in connection with short selling transactions as at March 31, 2025 (March 31, 2024 – $112 million).

[D] As part of collateral held, cash amounted to $44 million as at March 31, 2025 (March 31, 2024 – $23 million) and securities amounted to $381 million as at March 31, 2025 (March 31, 2024 – $361 million). All cash collateral is reinvested.

[E] The total of $1,518 million of collateral pledged was recognized as financial assets as disclosed in Note 4.1 (March 31, 2024 – $1,939 million).

6. Interests in Other Entities

6.1. Subsidiaries, Joint Ventures and Associates

As an investment entity, PSP Investments does not consolidate its subsidiaries other than those that solely provide services that relate to its investment activities. PSP Investments measures its investments in its subsidiaries, joint ventures and associates at FVTPL as described in Note 2.1.

For purposes of preparing this note, management assesses control, joint control and significant influence as follows:

(i) Control and significant influence

A subsidiary is an entity which is controlled by PSP Investments. PSP Investments determines that it controls an investee when it has power over the investee, is exposed, or has rights, to variable returns from its investment in the investee, and has the ability to affect those returns through its power over the investee.

An associate is an entity over which PSP Investments has significant influence, as in certain cases, PSP Investments does not have control over an investee but has the power to participate in the financial and operating policy decisions of the investee. In such cases, PSP Investments determines that it has significant influence over the investee.

In the context of control or significant influence, power over an investee is obtained through voting rights conveyed by PSP Investments' ownership interest, other contractual arrangements, or a combination thereof.

(ii) Joint control

PSP Investments determines that it is party to a joint venture arrangement when it has joint control over an investee and has rights to the net assets of the investee. Such investees are reported as jointly controlled. Joint control is established through a contractual arrangement which requires the unanimous consent of the parties sharing control for the activities that significantly affect the returns of the arrangement.

Generally, decision making regarding such activities is governed through voting rights conveyed by the ownership interest of each party. In certain cases, it is governed solely through contractual arrangements or in conjunction with the ownership interest of each party.

6. Interests in Other Entities (continued)

6.1. Subsidiaries, Joint Ventures and Associates (continued)

In the normal course of business, investments in private markets are commonly held through investment entity subsidiaries formed by PSP Investments. As at March 31, 2025, 147 investment entity subsidiaries were incorporated in North America, 37 in Europe, 21 in Oceania, 7 in Central and South America, 2 in Asia and 1 in Africa (March 31, 2024 – 145 in North America, 28 in Europe, 19 in Oceania, 8 in Central and South America, 2 in Asia and 1 in Africa).

In addition, PSP Investments controlled 89 investees directly or through its investment entity subsidiaries as at March 31, 2025 (March 31, 2024 – 92 investees).

The following tables present, in descending order, the most significant investees held directly or indirectly by PSP Investments where it has control, joint control or significant influence.

	March 31, 2025			
Entity's Name	**Financial Asset Class**	**Principal Place of Business**	**Ownership Interest Held by PSP Investments (%)**	**Relationship to PSP Investments**
AviAlliance GmbH	**Infrastructure**	**Europe**	**100**	**Controlled**
Roadis Transportation Holding, S.L.U.	**Infrastructure**	**Global**	**100**	**Controlled**
American Wholesale Insurance Holding Company, LLC	**Private Equity**	**North America**	**17**	**Associate**
SEGRO European Logistics Partnership S.à r.l.	**Real Estate**	**Europe**	**50**	**Jointly controlled**
Kaingaroa Timberlands Limited	**Natural Resources**	**Oceania**	**56**	**Jointly controlled**
Willow Topco Limited	**Infrastructure**	**Europe**	**63**	**Controlled**
Forth Ports Limited	**Infrastructure**	**Europe**	**51**	**Jointly controlled**
TDF S.A.S.	**Infrastructure**	**Europe**	**22**	**Associate**
Australian Food and Fibre Limited	**Natural Resources**	**Oceania**	**83**	**Jointly controlled**
Revera inc.	**Real Estate**	**North America**	**100**	**Controlled**
Cubico Sustainable Investments Limited	**Infrastructure**	**Global**	**50**	**Jointly controlled**

	March 31, 2024			
Entity's Name	Financial Asset Class	Principal Place of Business	Ownership Interest Held by PSP Investments (%)	Relationship to PSP Investments
AviAlliance GmbH	Infrastructure	Europe	100	Controlled
Roadis Transportation Holding, S.L.U.	Infrastructure	Global	100	Controlled
American Wholesale Insurance Holding Company, LLC	Private Equity	North America	17	Associate
SEGRO European Logistics Partnership S.à r.l.	Real Estate	Europe	50	Jointly controlled
Kaingaroa Timberlands Limited	Natural Resources	Oceania	56	Jointly controlled
Andante InvesteeCo Inc.	Infrastructure	Oceania	30	Jointly controlled
Willow Topco Limited	Infrastructure	Europe	63	Jointly controlled
TDF S.A.S.	Infrastructure	Europe	22	Associate
Forth Ports Limited	Infrastructure	Europe	51	Jointly controlled
Cubico Sustainable Investments Limited	Infrastructure	Global	50	Jointly controlled

In addition to the above, PSP Investments consolidates wholly owned subsidiaries that solely provide services that relate to its investment activities. Such services consist of investment management, as well as, financing of private market investments within the context of PSP Investments' capital market debt program described in Note 8.2.

6. Interests in Other Entities (continued)

6.2. Structured Entities

PSP Investments holds interests in partnerships and funds mainly in the context of its investments in private markets. Given their nature, such entities commonly have the characteristics of a structured entity, that is, an entity where contractual arrangements matter more than voting rights in determining control and directing relevant activities. These entities are held as investments and do not expose PSP Investments to additional risks or returns compared to interests held in non-structured entities.

Information regarding structured entities is included, as applicable, within disclosures of investment risk management under Note 7, guarantees and indemnities under Note 16 and commitments under Note 17.

7. Investment Risk Management

PSP Investments is required to act in the best interests of the contributors and beneficiaries under the Plans and for maximizing returns without undue risk of loss. In pursuit of this objective, PSP Investments established an Enterprise Risk Management Policy (ERM Policy). The ERM Policy provides a framework for identifying, evaluating, managing, mitigating, monitoring and reporting the investment and non-investment risks to which PSP Investments is exposed.

As part of the overall ERM policy, the objective of the Investment Risk Management Policy (IRM Policy) is to support the management of risk inherent to the investment decision making process. The IRM Policy outlines a framework detailing how investment activities should comply with PSP Investments' risk philosophy and align with the tolerance and limits of its risk appetite. The IRM Policy also supplements the Statement of Investment Policies, Standards and Procedures (SIP&P), whose objective is to effectively manage investment risks related to the implementation of PSP Investments' various investment strategies. Investment risks include market, credit and liquidity risks.

7.1. Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of an adverse financial outcome due to changes in the factors that drive that value, such as changes in market prices, changes caused by factors specific to the individual investment, volatility in share and commodity prices, interest rate, foreign exchange or other factors affecting similar securities traded in the market.

7.1.1. Measurement of Market Risk

As at March 31, 2025, the active annualized Value at Risk ("Active VaR") was used as a primary measure of total portfolio market risk, to supplement the absolute annualized VaR ("Absolute VaR") and monitor more closely the market risk directly attributable to PSP Investments' active investment management decisions. Active and Absolute VaR are used as key measures of total portfolio market risk.

The Absolute VaR quantifies, with a given confidence level, the loss in value of the total portfolio that one can expect, due to fluctuations in market prices, not to be exceeded over a given period. The VaR is also evaluated on an active basis by measuring the Active VaR. This measurement helps determine if the total portfolio deviates significantly from the Policy Portfolio, established with the SIP&P in mind.

For both Active VaR and Absolute VaR, PSP Investments uses a historical VaR incorporating ten years' worth of market returns scaled to a twelve-month holding period at a 95% confidence level. That is, statistically PSP Investments would expect to see its total portfolio underperformance relative to the Policy Portfolio exceed the Active VaR and its total portfolio losses exceed the Absolute VaR only 5% of the time over a one-year period. For investments that are not actively traded, the calculation of the VaR uses securities with similar risk attributes as a proxy.

The VaR is statistically valid under normal market conditions. Although it includes potential losses derived from observed historical returns, it also assumes that the future will behave in a pattern similar to the past. Consequently, if future market conditions differ significantly from those of the past, potential losses may differ from those originally estimated.

The following table shows the Active VaR and the Absolute VaR expressed as a percentage of net investments as at the end of the period:

	March 31, 2025 (%)	March 31, 2024 (%)
Active VaR	**3.5**	5.0
Absolute VaR	**18.4**	19.2

7. Investment Risk Management (continued)

7.1. Market Risk (continued)

7.1.1. Measurement of Market Risk (continued)

Stress Testing
Although the VaR is a widely accepted risk measure, it is complemented by other risk measurement methodologies that provide greater insight on market risk. PSP Investments uses stress testing and scenario analysis, such as scenarios in connection with the United States trade policies, to examine the impact on financial results of abnormally large movements in risk factors. Such techniques are used to test a portfolio's sensitivity to various risk factors and key model assumptions. These methods also use historically stressed periods to evaluate how a current portfolio reacts under such circumstances. Stress testing and scenario analysis are also deployed to assess new product performance.

7.1.2. Interest Rate Risk

Interest rate risk refers to the risk that fluctuations in interest rates will directly affect the fair value of the Plan Account's net asset values.

The terms to maturity of the classes of financial instruments, outlined in Note 4.1, with the most significant exposure to interest rate risk were as follows as at:

	March 31, 2025					
(Canadian $ millions)	**Less than 1 Year**	**1 to 5 Years**	**5 to 10 Years**	**Over 10 Years**	**Other**	**Total**
Cash and cash equivalents	**–**	**–**	**–**	**–**	**483**[A]	**483**
Money market securities	**–**	**–**	**–**	**–**	**1,167**[A]	**1,167**
Government and corporate bonds	**108**	**2,452**	**2,257**	**1,713**	**340**[B]	**6,870**
Inflation-linked bonds	**–**	**1,870**	**993**	**763**	**–**	**3,626**
Private debt securities	**9**	**2,298**	**1,780**	**907**	**1,445**[C]	**6,439**
Total	**117**	**6,620**	**5,030**	**3,383**	**3,435**	**18,585**

	March 31, 2024					
(Canadian $ millions)	Less than 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years	Other[D]	Total
Cash and cash equivalents	–	–	–	–	480[A]	480
Money market securities	–	–	–	–	1,826[A]	1,826
Government and corporate bonds	88	1,936	1,826	1,254	46[B]	5,150
Inflation-linked bonds	–	1,750	979	702	–	3,431
Private debt securities	7	2,130	1,386	746	1,425[C]	5,694
Total	95	5,816	4,191	2,702	3,777	16,581

[A] Due to their short-term maturity, these investments are not significantly exposed to interest rate risk.
[B] Certain fixed income securities are not significantly exposed to fair value changes arising from interest rate risk as their prescribed interest rates are variable.
[C] Information in connection with the terms to maturity of fund and certain directly held investments included as part of private debt securities is not available.
[D] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

All equity investments within Canadian equity, foreign equity, real estate, private equity, infrastructure and natural resources amounting to $40,497 million as at March 31, 2025 ($35,176 million as at March 31, 2024) do not have specified terms to maturity nor are they significantly exposed to interest rate risk.

Alternative investments described in Note 4.1.4, which amounted to $5,430 million as at March 31, 2025 ($4,940 million as at March 31, 2024), also have no specified terms to maturity. Certain of these investments, as well as reverse repurchase agreements and derivative contracts described in Notes 4.1.10 and 4.1.12, respectively, are subject to interest rate risk exposures. These exposures are reflected in the VaR calculation described in Note 7.1.1.

The terms to maturity of PSP Investments' capital market debt financing are disclosed in Note 8.2.

Interest Rate Benchmark Reform
As at March 31, 2025, PSP Investments no longer held financial instruments that had yet to transition to alternative reference rates.

7. Investment Risk Management (continued)

7.1. Market Risk (continued)

7.1.3. Foreign Currency Risk

PSP Investments is exposed to currency risk through holding of investments (i.e. direct and indirect holdings of securities, units in pooled funds and units in limited partnerships) or investment-related liabilities in various currencies.

Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of the investments. To mitigate this risk, PSP Investments may take, through foreign forward contracts or cross currency swaps, positions in foreign currencies.

The underlying foreign currency exposures of net investments for the Plan Account were as follows as at:

	March 31, 2025	
Currency	**Fair Value (Canadian $ millions)**	**% of Total**
US Dollar	**37,130**	**67.7**
Euro	**5,423**	**9.9**
Japanese Yen	**2,725**	**5.0**
British Pound	**2,548**	**4.6**
Indian Rupee	**1,354**	**2.5**
Australian Dollar	**875**	**1.6**
Mexican Peso	**641**	**1.2**
Swiss Franc	**600**	**1.1**
Hong Kong Dollar	**512**	**0.9**
Brazilian Real	**497**	**0.9**
Others	**2,503**	**4.6**
Total	**54,808**	**100.0**

As at March 31, 2025, PSP Investments and its investment entity subsidiaries also had commitments, denominated in foreign currencies of $6,234 million for the Plan Account (US $3,720 million, €463 million, £79 million, 10 million Mexican pesos, 6 million Australian dollars, 173 million Indian rupees and 545 million Japanese yen) which were not included in the foreign currency exposure table above.

	March 31, 2024	
Currency	Fair Value (Canadian $ millions)	% of Total
US Dollar	32,641	67.2
Euro	5,136	10.6
Japanese Yen	1,893	3.9
British Pound	1,807	3.7
Indian Rupee	1,097	2.3
Australian Dollar	832	1.7
Mexican Peso	792	1.6
Brazilian Real	599	1.2
Swiss Franc	463	1.0
Singapore Dollar	335	0.7
Hong Kong Dollar	320	0.7
New Taiwan Dollar	299	0.6
Others	2,339	4.8
Total	48,553	100.0

As at March 31, 2024, PSP Investments and its investment entity subsidiaries also had commitments, denominated in foreign currencies of $5,568 million for the Plan Account (US $3,342 million, €589 million, £79 million, 212 million Mexican pesos, 26 million Australian dollars, 196 million Indian rupees and 601 million Japanese yen) which were not included in the foreign currency exposure table above.

7. Investment Risk Management (continued)

7.2. Credit Risk

PSP Investments is exposed to credit risk, which is the risk of non-performance of a debtor on whom PSP Investments relies to fulfill contractual or financial obligations. That is, the risk that the issuer of a debt security or that the counterparty to a derivative contract, to a securities lending and borrowing transaction or to securities purchased under reverse repurchase agreements, is unable to meet its financial obligations.

Credit risk encompasses the risk of a deterioration of creditworthiness and the relevant concentration risk. Credit risk monitoring entails an evaluation of the credit quality of each issuer and counterparty that transacts with PSP Investments. To perform this evaluation for public issuers and counterparties, PSP Investments relies on four recognized credit rating agencies. A minimum of two credit ratings are used to classify each security. If the agencies disagree as to a security's credit quality, PSP Investments uses the lowest of the available ratings. For private issuers, PSP Investments assigns internal credit ratings to issuers and measures the combined risk profile against set targets. To assign risk ratings to issuers, PSP Investments uses methodologies comparable to those used by recognized rating agencies.

As at March 31, 2025, the Plan Account's maximum exposure to credit risk amounted to $19 billion (March 31, 2024 – $17 billion). This amount is presented before collateral held and netting arrangements that do not qualify for offsetting under IFRS Accounting Standards. The maximum credit exposure excludes guarantees disclosed in Note 16 as well as investments in funds classified as alternative investments in Note 4.1. Such funds hold fixed income securities among other types of instruments.

To monitor the evolution of credit risk, PSP Investments periodically produces a concentration report by credit rating for credit-sensitive securities. The concentration of credit risk by credit rating was as follows as at:

	March 31, 2025							
(Canadian $ millions)	Government and corporate bonds[A]	Inflation-linked bonds[A]	Cash equivalents[A]	Money market securities[A]	Reverse repurchase agreements	OTC derivatives[B]	Private debt securities[A]	Total[A]
AAA-AA	**5,596**	**3,638**	**327**	**1,053**	**162**	**70**	**–**	**10,846**
A	**940**	**–**	**30**	**3**	**221**	**326**	**84**	**1,604**
BBB	**252**	**–**	**–**	**–**	**103**	**–**	**168**	**523**
BB or below	**84**	**–**	**–**	**–**	**–**	**–**	**6,219**	**6,303**
No rating[C]	**52**	**–**	**21**	**–**	**–**	**–**	**44**	**117**
Total	**6,924**	**3,638**	**378**	**1,056**	**486**	**396**	**6,515**	**19,393**

	March 31, 2024							
(Canadian $ millions)	Government and corporate bonds[A]	Inflation-linked bonds[A]	Cash equivalents[A, D]	Money market securities[A, D]	Reverse repurchase agreements	OTC derivatives[B]	Private debt securities[A]	Total[A]
AAA-AA	3,316	3,420	275	1,696	199	7	–	8,913
A	1,484	–	93	26	200	248	–	2,051
BBB	241	21	–	–	38	–	14	314
BB or below	139	–	–	–	–	–	5,731	5,870
No rating[C]	16	–	–	–	–	–	13	29
Total	5,196	3,441	368	1,722	437	255	5,758	17,177

[A] Includes interest receivable.

[B] As disclosed in Note 4.1.12.

[C] Includes securities for public issuers and counterparties, that are either not rated by credit rating agencies or rated by a single credit rating agency.

[D] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

7. Investment Risk Management (continued)

7.2. Credit Risk (continued)

7.2.1. Counterparty Risk

Counterparty risk represents the credit risk from current and potential exposure related to transactions involving derivative contracts, securities lending and borrowing as well as securities repurchase and reverse repurchase agreements. In order to minimize counterparty risk, PSP Investments requires that counterparties provide adequate collateral and meet its credit rating requirements. PSP Investments frequently monitors the credit rating of its counterparties as determined by recognized credit rating agencies. With respect to derivative contracts, PSP Investments has the ability to terminate all trades with most counterparties whose credit rating is downgraded below its requirements.

For OTC derivatives, PSP Investments' policy also requires the use of the International Swaps and Derivatives Association ("ISDA") Master Agreement with all counterparties to derivative contracts. The ISDA Master Agreement provides the contractual framework within which dealing activities across a full range of OTC products are conducted. In the case of OTC-cleared derivatives, trading activities are regulated between parties under terms that are customary to such transactions.

As a credit mitigation technique, the ISDA Master Agreement contractually binds counterparties to close-out netting provisions in the case of default by one of the counterparties. Additionally, the Credit Support Annex (CSA) to the ISDA Master Agreement enables PSP Investments to realize any collateral placed with it in the case of default of the counterparty. The CSA also requires PSP Investments to contribute further collateral when requested. All collateral transactions under the CSA are in cash, high-quality debt instruments or securities. The CSA also regulates the exchange of collateral when the credit exposure to a counterparty exceeds a predetermined threshold. Counterparties are generally authorized to sell, repledge or otherwise use collateral held. Similarly, in the case of OTC-cleared derivatives, collateral is required in cash, high quality debt instruments or securities and can be sold, repledged or otherwise used. PSP Investments does not sell, repledge or otherwise use any collateral held in the form of securities but does reinvest all cash collateral, with respect to derivative contracts.

With respect to transactions involving securities lending and borrowing agreements as well as securities repurchase and reverse repurchase agreements, collateral requirements are in place to mitigate counterparty risk. Notes 2.3.5 and 2.3.6 describe collateral requirements in securities lending and borrowing programs as well as securities repurchase and reverse repurchase agreements.

Information in connection with collateral pledged by PSP Investments and its counterparties is disclosed in Note 5.

In the case of the securities lending program, PSP Investments' exposure to counterparty risk is further mitigated as the custodian of the securities lent assumes the risk that a counterparty will be unable to meet its obligations associated with the collateral requirements.

Management is responsible for counterparty risk monitoring and mitigation as well as maintaining a comprehensive, disciplined, and enterprise-wide process for tracking and managing counterparty risk. As such, management measures counterparty risk on an ongoing basis, evaluates and tracks the creditworthiness of current counterparties and mitigates counterparty risk through collateral management.

7. Investment Risk Management (continued)

7.2. Credit Risk (continued)

7.2.2. Offsetting

PSP Investments is subject to ISDA Master Agreements in relation to its OTC derivative financial instruments as described. Such agreements contain close-out netting provisions applicable only in the case of default. In certain cases, such agreements also allow for offsetting. In cases where the conditions for offsetting were met, financial instruments have been presented net in the Statements of Financial Position. Securities repurchase and reverse repurchase agreements described in Notes 2.3.6 and 5 are subject to similar arrangements however they are not offset as the conditions for offsetting are not met.

The following tables present the financial assets and liabilities described above:

Financial Assets

(Canadian $ millions)	Gross Amount of Recognized Financial Assets	Less: Gross Amount of Recognized Financial Liabilities Offset	Net Amount of Financial Assets Presented in the Statements of Financial Position	Less: Related Amounts Not Offset in the Statements of Financial Position		Net
				Recognized Financial Liabilities	Collateral Held and Not Recognized	
March 31, 2025						
Reverse repurchase agreements	**486**	**–**	**486**[A]	**11**	**475**	**–**
OTC-derivatives	**396**	**–**	**396**[B]	**266**	**90**	**40**
Total	**882**	**–**	**882**	**277**	**565**	**40**
March 31, 2024						
Reverse repurchase agreements	437	–	437[A]	149	288	–
OTC-derivatives	255	–	255[B]	168	83	4
Total	692	–	692	317	371	4

Financial Liabilities

(Canadian $ millions)	Gross Amount of Recognized Financial Liabilities	Less: Gross Amount of Recognized Financial Assets Offset	Net Amount of Financial Liabilities Presented in the Statements of Financial Position	Less: Related Amounts Not Offset in the Statements of Financial Position		Net
				Recognized Financial Assets	Collateral Pledged and Not Derecognized	
March 31, 2025						
Repurchase agreements	**546**	**–**	**546**[A]	**11**	**535**	**–**
OTC-derivatives	**271**	**–**	**271**[B]	**232**	**27**	**12**
Collateral payable	**44**	**–**	**44**[C]	**34**	**–**	**10**
Total	**861**	**–**	**861**	**277**	**562**	**22**
March 31, 2024						
Repurchase agreements	1,001	–	1,001[A]	149	852	–
OTC-derivatives	184	–	184[B]	147	32	5
Collateral payable	23	–	23[C]	21	–	2
Total	1,208	–	1,208	317	884	7

[A] As described in Note 4.1.10.

[B] As described in Note 4.1.12.

[C] As described in Note 4.1.9. The balance consists of cash collateral received with respect to certain OTC derivative transactions and is included in Note 4.1 as part of collateral payable.

7. Investment Risk Management (continued)

7.3. Liquidity Risk

Liquidity risk corresponds to the risk that PSP Investments will not be able to meet its financial obligations on a timely basis, with sufficient and readily available cash resources. PSP Investments' cash position is monitored on a daily basis. In general, investments in cash, money market securities, floating rate notes, bonds and public equities are expected to be highly liquid as they will be invested in securities that are actively traded. Management utilizes appropriate measures and controls to monitor liquidity risk in order to ensure that there is sufficient liquidity to meet financial obligations as they come due. A liquidity report taking into consideration future forecasted cash flows is prepared and presented to senior management on a weekly basis. This ensures that sufficient cash reserves are available to meet forecasted cash outflows. Additionally, base levels of liquidity are maintained for deployment in case of market disruption. Further, see Note 2.3.8 for liquidity related to PSP Investments' net assets.

PSP Investments has the ability to raise additional capital through the use of its capital market debt program. This program allows PSP Investments to issue short-term promissory notes and medium-term notes. Note 8.2 provides additional information on the usage of the capital market debt program. Furthermore, PSP Investments maintains credit facilities for general corporate purposes. Note 8.1 provides additional information with respect to such credit facilities.

The terms to maturity of the notional amount of derivatives are disclosed in Note 4.1.12.

Financial Liabilities

The following tables present the fair value of non-derivative-related financial liabilities as well as derivative-related financial instruments, aggregated according to their maturities as at March 31, 2025, and excluding the impact of guarantees and indemnities disclosed in Note 16:

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Non-derivative-related financial liabilities[A]				
Amounts payable from pending trades	**(464)**	**–**	**–**	**(464)**
Interest payable	**(32)**	**(14)**	**–**	**(46)**
Securities sold short	**(503)**	**–**	**–**	**(503)**
Collateral payable	**(326)**	**–**	**–**	**(326)**
Securities sold under repurchase agreements	**(407)**	**(139)**	**–**	**(546)**
Capital market debt financing[B]	**(1,325)**	**(850)**	**(4,386)**	**(6,561)**
Trade payable and other liabilities	**(81)**	**(1)**	**(29)**	**(111)**
Total	**(3,138)**	**(1,004)**	**(4,415)**	**(8,557)**

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Derivative-related financial instruments				
Derivative-related assets	**202**	**147**	**57**	**406**
Derivative-related liabilities[A]	**(118)**	**(134)**	**(27)**	**(279)**
Total	**84**	**13**	**30**	**127**

[A] Liabilities are presented in the earliest period in which the counterparty can request payment.

[B] The total undiscounted cash flows amounted to $7,693 million as at March 31, 2025.

7. Investment Risk Management (continued)

7.3. Liquidity Risk (continued)

The following tables present the fair value of non-derivative-related financial liabilities as well as derivative-related financial instruments, aggregated according to their maturities as at March 31, 2024, and excluding the impact of guarantees and indemnities disclosed in Note 16:

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Non-derivative-related financial liabilities[A]				
Amounts payable from pending trades	(103)	–	–	(103)
Interest payable	(27)	(5)	–	(32)
Securities sold short	(613)	–	–	(613)
Collateral payable	(128)	–	–	(128)
Securities sold under repurchase agreements	(936)	(65)	–	(1,001)
Capital market debt financing[B]	(1,202)	(896)	(3,060)	(5,158)
Trade payable and other liabilities	(67)	(1)	(27)	(95)
Total	(3,076)	(967)	(3,087)	(7,130)

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Derivative-related financial instruments				
Derivative-related assets	115	56	88	259
Derivative-related liabilities[A]	(98)	(45)	(44)	(187)
Total	17	11	44	72

[A] Liabilities are presented in the earliest period in which the counterparty can request payment.
[B] The total undiscounted cash flows amounted to $5,913 million as at March 31, 2024.

8. Borrowings

8.1. Credit Facilities

PSP Investments maintains a revolving credit facility in the amount of $2 billion and a demand line of credit in the amount of $1 billion (together “the Credit Facilities”).

The Credit Facilities are for general corporate purposes and are available in either Canadian or US currencies. Subject to customary terms and conditions, these Credit Facilities are available at variable interest rates such as the prime rate and the US base rate.

These Credit Facilities were not drawn upon as at March 31, 2025, and 2024.

8.2. Capital Market Debt Financing

PSP Investments’ capital market debt program consists of the private placement of short-term promissory notes as well as medium-term notes issued by PSP Capital Inc., a wholly-owned subsidiary of PSP Investments. The capital raised is primarily used to finance private market investments. It is unconditionally and irrevocably guaranteed by PSP Investments in accordance with its corporate leverage policy.

The maximum amount authorized by the Board of Directors for the capital market debt program is limited to $12 billion for all aggregate short-term note programs, 6 billion Australian dollars for the Australian dollar-denominated medium-term note program and $20 billion for the medium-term note program.

PSP Investments’ capital market debt financing was in compliance with the limits authorized by the Board of Directors during the years ended March 31, 2025, and 2024.

8. Borrowings (continued)

8.2. Capital Market Debt Financing (continued)

The following outlines the terms as well as the fair value of the short-term notes issued under the capital market debt program allocated to the Plan Account as at:

(Canadian $ millions)		**March 31, 2025**			March 31, 2024		
Currency	**Term at Issuance**	**Interest Rate (%)**	**Capital Amounts Payable at Maturity**	**Fair Value**	Interest Rate (%)	Capital Amounts Payable at Maturity	Fair Value
AUD	364 days or less	**3.97 – 4.53**	**12**	**12**	4.28	25	25
EUR	215 days or less	**2.41 – 2.70**	**187**	**186**	3.85 – 3.93	137	136
GBP	245 days or less	**4.49 – 4.74**	**90**	**89**	5.18 – 5.24	100	100
USD	365 days or less	**4.17 – 5.33**	**1,680**	**1,663**	4.73 – 5.49	1,051	1,036
Total short-term notes			**1,969**	**1,950**		1,313	1,297

The following outlines the terms as well as the fair value of the medium-term notes issued under the capital market debt program allocated to the Plan Account as at:

(Canadian $ millions)				**March 31, 2025**		March 31, 2024	
Maturity	**Series**	**Currency**	**Interest Rate (%)**	**Capital Amounts Payable at Maturity**	**Fair Value**	Capital Amounts Payable at Maturity	Fair Value
April 2024	7	CAD	3.29	**–**	**–**	227	227
September 2024	G2	USD	0.50	**–**	**–**	323	316
March 2025	G5	USD	SOFR[B]+24 bps	**–**	**–**	258	258
November 2025	11	CAD	3.00	**224**	**225**	222	217
June 2026	13	CAD	0.90	**286**	**281**	272	253
June 2026	G1	USD	1.00	**274**	**264**	258	238
June 2027	G6	USD	3.50	**274**	**271**	258	250
March 2028	14	CAD	1.50	**191**	**184**	186	170
October 2028	G3	USD	1.63	**274**	**252**	258	228
February 2029	A1	AUD	4.60	**257**	**260**	253	255
June 2029	G8	CAD	3.75	**381**	**396**	267	266
October 2029	G15	USD	3.75	**343**	**336**	–	–
January 2030	12	CAD	2.05	**238**	**229**	239	216
December 2030	G13[A]	CAD	4.40	**191**	**204**	191	196
September 2031	A2[A]	AUD	4.50	**171**	**170**	–	–
March 2032	G4[A]	CAD	2.60	**191**	**183**	191	172
August 2032	G7	AUD	4.57	**39**	**38**	39	38
January 2033	G9	AUD	4.82	**34**	**34**	34	34
June 2033	G11	CAD	4.15	**478**	**501**	477	476
July 2034	G14	EUR	3.25	**326**	**325**	–	–
February 2035	A3	AUD	5.25	**214**	**216**	–	–
March 2038	G10	EUR	3.68	**30**	**29**	28	29
July 2043	G12	EUR	3.68	**22**	**21**	21	22
December 2055	G16	CAD	4.25	**191**	**192**	–	–
Total medium-term notes				**4,629**	**4,611**	4,002	3,861
Total capital market debt financing				**6,598**	**6,561**	5,315	5,158

[A] Green bonds
[B] Secured Overnight Financing Rate

Unrealized losses in connection with borrowings amounted to $230 million for the year ended March 31, 2025 (unrealized losses of $7 million for the year ended March 31, 2024).

8. Borrowings (continued)

8.2. Capital Market Debt Financing (continued)

Interest expense, for the years ended March 31, was as follows:

(Canadian $ millions)	**2025**	2024
Short-term promissory notes	**81**	69
Medium-term notes	**133**	98
Total	**214**	167

8.3. Reconciliation of Liabilities Arising from Financing Activities

The following provides a reconciliation of liabilities arising from financing activities, including both changes arising from cash and non-cash changes for the year ended March 31, 2025.

				Non-cash changes		
(Canadian $ millions)	**Opening balance**	**Proceeds from borrowings**	**Repayment of borrowings**	**Foreign exchange losses**	**Fair value[A] losses**	**Closing balance**
Capital market debt financing	**5,158**	**7,458**	**(6,284)**	**91**	**138**	**6,561**
Borrowings	**5,158**	**7,458**	**(6,284)**	**91**	**138**	**6,561**

The following provides a reconciliation of liabilities arising from financing activities, including both changes arising from cash and non-cash changes for the year ended March 31, 2024.

				Non-cash changes		
(Canadian $ millions)	Opening balance	Proceeds from borrowings	Repayment of borrowings	Foreign exchange gains	Fair value[A] losses	Closing balance
Capital market debt financing	4,624	6,028	(5,500)	(18)	24	5,158
Borrowings	4,624	6,028	(5,500)	(18)	24	5,158

[A] Includes interest on short-term promissory notes, which added to cost approximates their fair value.

9. Equity

9.1. Statutory Rights Held by the Government of Canada

Pursuant to the *Superannuation Acts*, the Government of Canada is entitled to PSP Investments' net assets allocated to each of the Plan Accounts for the purposes set out in the *Superannuation Acts*. The allocation of PSP Investments' net assets and net income to each of the Plan Accounts at a point in time is based on the allocation policy outlined in Note 13.

9.2. Fund Transfers

PSP Investments received fund transfers from the Government of Canada of $190 million for the year ended March 31, 2025 ($313 million for the year ended March 31, 2024) for the Fund, recorded in the Plan Account.

10. Segment Information

In order to fulfil its mandate, PSP Investments manages a diversified global portfolio composed of investments in various asset classes and has implemented an investment approach that focuses on the total fund approach rather than only on individual asset classes. The total fund approach guides the long-term investment strategy and focuses on managing total fund allocations and exposures in terms of asset classes, sectors and risk factors.

Accordingly, PSP Investments' investment segments are presented below to reflect the way in which asset classes are managed and how results are reviewed by the entity's senior management for purposes of performance management and decision making. These investment segments include their respective share of investment-related assets and investment-related liabilities as well as borrowings, which are reported separately by nature of the underlying investments as disclosed in Note 4.1. Further, to support PSP Investments' investment approach, a Complementary Portfolio is managed in addition to the individual asset classes' portfolios, which enables PSP Investments to capture investment opportunities that fit the mandate but that are outside the scope of the individual asset classes' investment framework.

Investment segments consist of investments held through direct and co-ownership positions as well as through fund managers and include:

- Capital Markets – invests in public market equities, government and corporate fixed income securities.
- Private Equity – invests in private entities with similar objectives.
- Credit Investments – invests in non-investment grade primary and secondary credit investments.
- Real Estate – invests in real estate assets mainly in retirement and residential, office, retail and other industrial sectors.
- Infrastructure – invests in private entities with a focus on assets in transportation, power generation, telecommunications and other regulated businesses.
- Natural Resources – invests in real assets with a focus on assets in timberlands and agriculture.
- Complementary Portfolio – focuses on investments that are not within the mandate of existing asset classes but are deemed beneficial for the total fund.

The following table presents net investments by investment segment as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024[B]
Capital Markets	**27,816**	21,365
Private Equity	**7,764**	7,713
Credit Investments	**5,776**	5,007
Real Estate	**5,082**	5,199
Infrastructure	**6,100**	6,592
Natural Resources	**3,421**	2,902
Complementary Portfolio	**279**	449
Other[A]	**924**	1,349
Total	**57,162**	50,576

[A] Includes cash and money market securities not managed within the investment segments, except administrative purpose cash and cash equivalents amounting to $15 million (March 31, 2024 – $12 million).

[B] During the year, PSP investments updated its segment reporting presentation to align with how the Capital Market segment is currently organized. Accordingly, comparative figures were reclassified to conform to the current year's presentation. Net investments of $10,625 million from Public Equity and $10,740 million from Fixed Income are now grouped under Capital Markets.

10. Segment Information (continued)

The following table presents net income (loss) by investment segment for the years ended March 31:

(Canadian $ millions)	2025			2024		
	Investment income[A]	**Expenses[B, C]**	**Net income**	Investment income (loss)[A, E]	Expenses[B, C, E]	Net income (loss)[E]
Capital Markets	**2,929**	**(200)**	**2,729**	1,939	(163)	1,776
Private Equity	**1,229**	**(26)**	**1,203**	859	(22)	837
Credit Investments	**769**	**(27)**	**742**	667	(23)	644
Real Estate	**96**	**(79)**	**17**	(853)	(86)	(939)
Infrastructure	**1,133**	**(60)**	**1,073**	919	(62)	857
Natural Resources	**342**	**(59)**	**283**	201	(50)	151
Complementary Portfolio	**92**	**(2)**	**90**	82	(2)	80
Other[D]	**283**	**(32)**	**251**	58	(62)	(4)
Total	**6,873**	**(485)**	**6,388**	3,872	(470)	3,402

[A] As described in Note 11, embedded within investment income are other fees paid by certain pooled fund investments and management fees not paid directly by PSP Investments.

[B] Includes all investment-related and operating expenses as disclosed in Notes 11 and 12, respectively.

[C] Total expenses exclude all investment-related and operating expenses associated with management services rendered to CGF.

[D] Includes income (loss) and expenses relating to cash and cash equivalents, as well as, to money market securities not managed within the investment segments.

[E] During the year, PSP investments updated its segment reporting presentation to align with how the Capital Markets segment is currently organized. Accordingly, Comparative figures were reclassified to conform to the current year's presentation. Investment income of $1,651 million, expenses of $(123) million, and net income of $1,776 million from Public Equity, and investment income of $288 million, expenses of $(40) million and net income of $248 million from Fixed Income are now grouped under Capital Markets.

The following table presents investment income (loss) by financial assets and financial liabilities by their classification for the year ended March 31:

(Canadian $ millions)	**2025**	2024
Financial assets		
Mandatorily at FVTPL[A]	**7,388**	4,035
Financial liabilities		
Mandatorily at FVTPL	**(173)**	(154)
Designated at FVTPL	**(342)**	(9)
Total	**6,873**	3,872

[A] Includes income (loss) on derivative-related assets and derivative-related liabilities.

11. Investment-Related Expenses

Investment-related expenses allocated to the Plan Account are comprised of the following for the years ended March 31:

(Canadian $ millions)	**2025**	2024
Interest expense	**279**	259
Transaction costs	**39**	30
External investment management and performance fees[A]	**15**	10
Other (net)	**4**	37
Total	**337**	336

[A] Consists of amounts incurred for investments in public markets that are paid directly by PSP Investments.

Certain management and performance fees are not paid directly by PSP Investments, but rather by investment structures such as funds and other investment vehicles held by PSP Investments. Such fees are embedded in the fair value of investments. Management fees amounted to $138 million for the year ended March 31, 2025 ($134 million for the year ended March 31, 2024). Performance fees amounted to $116 million for the year ended March 31, 2025 ($110 million for the year ended March 31, 2024).

12. Operating Expenses

Operating expenses allocated to the Plan Account consisted of the following for the years ended March 31:

(Canadian $ millions)	**2025**	2024
Salaries and employee benefits	**102**	89
Professional and consulting fees	**24**	23
Premises and equipment	**4**	4
Market data and business applications	**16**	13
Depreciation of property and equipment	**4**	5
Custodial fees	**1**	1
Other operating expenses	**6**	5
Total	**157**	140

13. Allocation of Net Income

PSP Investments' net income is allocated to each Plan Account as follows:

13.1. Investment Income

The investment income is allocated proportionately based upon the net investments of each Plan Account at the time the income was earned.

13.2. Expenses

The Act requires that the costs of operation of PSP Investments be charged to the Plan Accounts. Under section 4(3) of the Act, the President of the Treasury Board shall determine to which Plan Account these costs will be charged, in consultation with the Minister of National Defence and the Minister of Public Safety and Emergency Preparedness. An allocation policy was developed which allocates the direct costs of investment activities, such as external investment management fees and custodial fees, to each Plan Account, based upon the net investments of each Plan Account at the time the expense was incurred.

Operating expenses excluding the direct cost of investment activities listed above, for the years ended March 31, were allocated in proportion to the annual amount of net investments of each Plan Account as follows:

(%)	**2025**	2024
Public Service Pension Plan Account	**73.3**	73.2
Canadian Forces Pension Plan Account	**19.1**	19.2
Royal Canadian Mounted Police Pension Plan Account	**7.2**	7.2
Reserve Force Pension Plan Account	**0.4**	0.4
Total	**100.0**	100.0

14. Related Party Transactions

14.1. Certain Investees

As outlined in Note 2.1, investments in unconsolidated subsidiaries, jointly controlled investees and associates are measured at FVTPL. Transactions between PSP Investments and such entities or subsidiaries of such entities are related party transactions. PSP Investments enters into investment transactions with such related parties in the normal course of its business, more specifically, as part of private markets and certain fixed income investments described under Note 4.1 as well as guarantees, indemnities and commitments described under Notes 16 and 17, respectively. Since balances in connection with all investment transactions are measured at FVTPL, those transactions undertaken with related parties have the same impact on net assets and net income as those with unrelated parties.

Transactions between PSP Investments and its consolidated subsidiaries as well as related balances are eliminated upon consolidation and, therefore, are not disclosed in this note.

14. Related Party Transactions (continued)

14.2. The Government of Canada and Government-Related Entities

Since PSP Investments is a Crown corporation as described in Note 1, it is considered to be related to the Government of Canada as well as other entities that are controlled, jointly controlled or significantly influenced by the Government of Canada (together “government-related entities”).

(i) The Government of Canada
The only transactions undertaken between PSP Investments and the Government of Canada consist of the fund transfers outlined in Note 9.2.

(ii) Government-Related Entities
PSP Investments may enter into investment transactions with government-related entities in the normal course of its business, more specifically, as part of private markets and certain fixed income investments described under Note 4.1. Such investment transactions are carried out on terms that are equivalent to those that may prevail in transactions with unrelated parties and are subject to the same internal processes. In this respect, transactions with such related parties have the same impact on net assets and net income as those with unrelated parties. Consequently, PSP Investments is availing itself of the exemption under IAS 24 *Related Parties* from making specific disclosures on transactions and balances with such government-related entities.

As disclosed in Note 1 and Note 2.1, PSP Investments provides investment services to CGF, a government-related entity. The only transactions undertaken between PSP Investments and CGF consist of investment management services, which are rendered in the normal course of operations.

14.3. Compensation of Key Management Personnel

Members of key management personnel are related parties of PSP Investments. Key management personnel are those persons having authority and responsibility for planning, directing and controlling PSP Investments’ activities, directly or indirectly and consist of members of the Board of Directors, PSP Investments’ senior management team and officers. Compensation earned by key management personnel allocated to the Plan Account for the years ended March 31 was recorded in the Statements of Net Income and was as follows:

(Canadian $ thousands)	**2025**	2024
Short-term compensation and other benefits	**4,479**	3,562
Long-term compensation and other benefits	**2,913**	1,677
Total	**7,392**	5,239

As disclosed in Note 16, PSP Investments may also be required to indemnify certain members of key management personnel for costs incurred, such as claims, actions or litigations in connection with the exercise of specific aspects of their duties.

15. Capital Management

As an investment company, PSP Investments’ objectives in managing its capital are:

- To invest fund transfers, outlined in Note 9.2, in the best interests of the beneficiaries and contributors under the *Superannuation Acts*. The funds received are invested with a view of achieving a maximum rate of return, without undue risk of loss, having regard to the funding, policies and requirements of the Plans established under the *Superannuation Acts* and the ability of the Plans to meet their financial obligations. The funds are also invested in accordance with the Investment Risk Management policies which are outlined in Note 7.
- To maintain an appropriate credit rating to achieve access to the capital markets at the lowest cost of capital. Through PSP Capital Inc. and its leverage policies, PSP Investments has the ability to raise capital by issuing short-term promissory notes and medium-term notes. Note 8.2 provides information on the capital market debt financing and Note 7.3 provides information on PSP Investments’ liquidity.

The capital structure of PSP Investments consists of fund transfers and capital market debt financing. PSP Investments has no externally imposed restrictions on capital.

16. Guarantees and Indemnities

PSP Investments provides indemnification to its directors, its officers, its employees and to certain PSP Investments representatives asked to serve as directors or officers of entities in which PSP Investments or its investment entity subsidiaries have made an investment or have a financial interest. As a result, but subject to the Act, PSP Investments may be required to indemnify these representatives for costs incurred, such as claims, actions or litigation in connection with the exercise of their duties, unless the liability of such a representative relates to a failure to act honestly and in good faith. To date, PSP Investments has not received any material claims or made any material payment for such indemnities.

In certain cases, PSP Investments also provides indemnification to third parties in the normal course of business. As a result, PSP Investments may be required to indemnify such third parties in connection with the performance of their contractual obligations. To date, PSP Investments has not received any material claims nor made any material payments for such indemnities.

PSP Investments unconditionally and irrevocably guarantees all credit facilities, as well as short-term promissory notes and medium-term notes issued by PSP Capital Inc., as described in Note 8.

In certain investment transactions, PSP Investments and its investment entity subsidiaries provided guarantees, indemnifications or issued letters of credit to third parties, the most significant of which are as follows:

- As at March 31, 2025 and 2024, PSP Investments and its investment entity subsidiaries agreed to guarantee and, in some cases, provide indemnification for the performance of certain investees under contractual agreements. The majority of these agreements are borrowing arrangements. In the event a default occurs under such agreements, which is of limited recourse in certain cases, PSP Investments or its investment entity subsidiaries could assume obligations of up to $3,023 million as at March 31, 2025 (March 31, 2024 – $2,717 million), of which $577 million has been allocated to the Plan Account (March 31, 2024 – $519 million) plus applicable interest and other related costs. The arrangements mature between July 2025 and June 2042 as of March 31, 2025 (March 31, 2024 – between May 2024 and June 2042).
- As of March 2025, PSP Investments maintained stand-by letter of credit facilities totaling $312 million (March 31, 2024 – $3 million). These facilities can be utilized in various currencies as needed. PSP Investments and its investment entity subsidiaries issued letters of credit totalling $165 million as at March 31, 2025 (March 31, 2024 – $1 million), of which $32 million has been allocated to the Plan Account (March 31, 2024 – nil) in relation to investment transactions.

17. Commitments

PSP Investments and its investment entity subsidiaries have committed to enter into investment transactions, which will be funded over the next several years in accordance with agreed terms and conditions. The portion of PSP Investments' commitments that would be assumed by the Plan Account was as follows as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Foreign equity	**–**	1
Real estate	**635**	737
Private equity	**1,933**	2,171
Infrastructure	**1,820**	762
Natural resources	**71**	92
Private debt securities	**2,207**	1,651
Alternative investments	**384**	297
Total	**7,050**	5,711

Funding in connection with the above commitments can be called upon at various dates extending until 2041 as at March 31, 2025 (March 31, 2024 – 2041).

Independent Auditors' Report

To the Minister of Public Safety

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Public Sector Pension Investment Board – Royal Canadian Mounted Police Pension Plan Account (the Royal Canadian Mounted Police Pension Plan Account), which comprise the statements of financial position as at March 31, 2025 and 2024, and the statements of net income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Royal Canadian Mounted Police Pension Plan Account as at March 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Royal Canadian Mounted Police Pension Plan Account 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 annual report, but does not include the financial statements and our auditors' 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 our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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 Royal Canadian Mounted Police Pension Plan Account'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 Royal Canadian Mounted Police Pension Plan Account or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Royal Canadian Mounted Police Pension Plan Account's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 Royal Canadian Mounted Police Pension Plan Account'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 Royal Canadian Mounted Police Pension Plan Account's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Royal Canadian Mounted Police Pension Plan Account 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.

Mélanie Cabana, CPA auditor

Senior Principal
for the Auditor General of Canada

Montréal, Canada
May 15, 2025

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Public Sector Pension Investment Board – Royal Canadian Mounted Police Pension Plan Account coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the applicable provisions of Part X of the *Financial Administration Act* and regulations, the *Public Sector Pension Investment Board Act* and regulations, and the by-laws of the Public Sector Pension Investment Board and its wholly-owned subsidiaries.

In our opinion, the transactions of the Public Sector Pension Investment Board – Royal Canadian Mounted Police Pension Plan Account that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Public Sector Pension Investment Board – Royal Canadian Mounted Police Pension Plan Account's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Public Sector Pension Investment Board – Royal Canadian Mounted Police Pension Plan Account to comply with the specified authorities.

Auditors' Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

Deloitte LLP[1]

[1] CPA auditor, public accountancy permit No. A125494

Montréal, Canada
May 15, 2025

Statements of Financial Position

As at

(Canadian $ millions)	Notes	**March 31, 2025**	March 31, 2024[A]
Assets			
Cash and cash equivalents	4.1	**183**	180
Investments	4.1	**24,775**	21,566
Other assets		**11**	10
Total assets		**24,969**	21,756
Liabilities			
Trade payable and other liabilities		**42**	36
Investment-related liabilities	4.1	**819**	776
Borrowings	4.1, 8.2	**2,485**	1,940
Total liabilities		**3,346**	2,752
Net assets		**21,623**	19,004
Equity	9	**21,623**	19,004
Total liabilities and equity		**24,969**	21,756

[A] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

The accompanying notes are an integral part of these Financial Statements.

Statements of Net Income

For the years ended March 31

(Canadian $ millions)	Notes	**2025**	2024
Investment income	10	**2,591**	1,456
Investment-related expenses	11, 14.2	**(127)**	(126)
Net investment income		**2,464**	1,330
Operating expenses	12, 14.2	**(59)**	(53)
Recoveries of costs	2.1, 14.2	**4**	2
Net income	10	**2,409**	1,279

Statements of Changes in Equity

For the years ended March 31

(Canadian $ millions)	Notes	**2025**	2024
Fund transfers			
Balance at beginning of year		**6,685**	6,506
Fund transfers received during the year	9.2	**210**	179
Balance at end of year		**6,895**	6,685
Retained earnings			
Balance at beginning of year		**12,319**	11,040
Net income	10	**2,409**	1,279
Balance at end of year		**14,728**	12,319
Total equity		**21,623**	19,004

The accompanying notes are an integral part of these Financial Statements.

Statements of Cash Flows

For the years ended March 31

(Canadian $ millions)	Notes	2025	2024
Cash flows from operating activities			
Net income	10	**2,409**	1,279
Adjustments for non-cash items:			
Depreciation of property and equipment	12	**1**	2
Effect of exchange rate changes on cash and cash equivalents		**(2)**	(1)
Unrealized losses on borrowings		**87**	3
		2,495	1,283
Net changes in operating assets and liabilities			
Increase in investments		**(3,209)**	(1,483)
Increase in other assets		**(1)**	–
Increase (decrease) in trade payables and other liabilities		**6**	(2)
Increase (decrease) in investment-related liabilities		**43**	(359)
Net cash flows used in operating activities[B]		**(666)**	(561)
Cash flows from financing activities			
Proceeds from borrowings		**2,813**	2,262
Repayment of borrowings		**(2,356)**	(2,058)
Fund transfers received	9.2	**210**	179
Net cash flows provided by financing activities		**667**	383
Cash flows from investing activities			
Net change in cash and cash equivalents[B]		**1**	(178)
Effect of exchange rate changes on cash and cash equivalents		**2**	1
Cash and cash equivalents at the beginning of the year[B]		**180**	357
Cash and cash equivalents at the end of the year[A, B]	4.1	**183**	180
Supplementary disclosure of cash flow information			
Dividends received		**259**	200
Interest received		**325**	307
Interest paid		**(98)**	(94)

[A] As at March 31, 2025, cash included in Cash and cash equivalents amounted to $40 million (March 31, 2024 – $42 million).

[B] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

The accompanying notes are an integral part of these Financial Statements.

Notes to the Financial Statements

For the years ended March 31, 2025 and 2024

1. Corporate Information

The Public Sector Pension Investment Board ("PSP Investments") is a Crown corporation created under the *Public Sector Pension Investment Board Act* (the "Act") to manage and invest amounts that are transferred to it pursuant to the *Superannuation Acts* (defined below), for the funds (as defined in the Act) of the pension plans established under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* ("CFSA"), the *Royal Canadian Mounted Police Superannuation Act* (collectively the "*Superannuation Acts*"), and certain regulations under the CFSA (the "CFSA Regulations"). The pension plans established under the *Superannuation Acts* consist of the Public Service pension plan, the Canadian Forces pension plan, and the Royal Canadian Mounted Police pension plan (the "Plan"), and the pension plan established under the CFSA Regulations is the Reserve Force pension plan. The Plan and the other pension plans are herein referred to collectively as the "Plans".

The fund for which amounts are currently transferred to PSP Investments by the Government of Canada (the "Fund") relates to pension obligations under the Plan for service on or after April 1, 2000 ("Post-2000 Service"). The account managed by PSP Investments for the Fund is herein referred to as the "Plan Account". PSP Investments maintains records of the net contributions for the Fund, as well as the allocation of its investments and the results of its operations for the Fund in the Plan Account. PSP Investments also manages a plan account for the funds of the other Plans, and these and the Plan Account are collectively referred to herein as the "Plan Accounts".

PSP Investments is responsible for managing amounts that are transferred to it for the Fund in the best interests of the beneficiaries and contributors under the *Royal Canadian Mounted Police Superannuation Act*. The amounts are to be invested with a view of achieving a maximum rate of return, without undue risk of loss, having regard to the funding, policies and requirements of the Plan and the Plan's ability to meet its financial obligations.

Pursuant to the *Royal Canadian Mounted Police Superannuation Act*, the Government of Canada, which administers the Plan and the Fund, may at any time call upon the net assets of PSP Investments allocated to the Fund's Plan Account for amounts required for the purpose of paying benefits under the Plan in respect of Post-2000 Service, or generally, for the purpose of reducing any non-permitted surplus in the Fund. A non-permitted surplus arises when, as determined by an actuarial valuation report prepared by the Chief Actuary of Canada, the amount of a Plan's assets exceeds the amount of liabilities in respect of contributors by more than 25%.

Following the federal budget announcement on March 28, 2023, that PSP Investments was selected to act as the independent and exclusive investment manager of Canada Growth Fund Inc. ("CGF"), a subsidiary of Canada Development Investment Corporation ("CDEV"), itself a Crown corporation, the Act was amended in June 2023 to allow a subsidiary of PSP Investments to act as the investment manager of CGF, as further described in Note 14.2. To that end, PSP Investments incorporated Canada Growth Fund Investment Management Inc. ("CGFIM") as its wholly-owned subsidiary in August 2023, for the purpose of providing investment management services to CGF, on a cost recovery basis for no profit. The costs associated with the establishment and operation of this subsidiary and with the provision of investment management services to CGF are reimbursed by CGF.

PSP Investments and the majority of its subsidiaries are exempt from Part I tax under paragraphs 149(1)*(d)* and 149(1)*(d.2)* of the *Income Tax Act* (Canada), respectively. In certain foreign jurisdictions, income and capital gains remain taxable.

PSP Investments' registered office is located at 135 Laurier Avenue West, Ottawa, Ontario, Canada and its principal business office is at 1250 René-Lévesque Boulevard West, Montreal, Quebec, Canada.

2. Material Accounting Policy Information

The material accounting policy information that is relevant to the preparation of these Financial Statements throughout all periods presented is summarized below.

2.1. Basis of Presentation

The Financial Statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB").

PSP Investments qualifies as an investment entity as defined under IFRS 10 *Consolidated Financial Statements* and, consequently, does not consolidate its subsidiaries other than those that solely provide it with services that relate to its investment activities. Instead, PSP Investments measures its investments in subsidiaries at fair value through profit or loss ("FVTPL") in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"), including those that are formed by PSP Investments and that qualify as investment entities ("investment entity subsidiaries"). PSP Investments also measures its investments in associates, joint ventures and financial assets and financial liabilities at FVTPL in accordance with IAS 28 *Investments in Associates and Joint Ventures* and IFRS 9.

These Financial Statements present the Plan Account's financial position and results of operations of PSP Investments and its subsidiaries that solely provide it with services that relate to its investment activities, as allocated to the Plan Account. They reflect the economic activity of PSP Investments as it pertains to the investment of the net contributions transferred to it for the Fund, as well as investment management services rendered by CGFIM for investments held by CGF, as further described in Note 14.2. Accordingly, they do not reflect all of the assets or the details of the pension contributions, payments and liabilities under the Plan, nor any of the assets and liabilities of CGF.

CGFIM provides investment management services to CGF, a government-related entity, in exchange for consideration to recover costs as described in Note 1. Consideration is received to the extent costs are incurred, as reflected in investment-related and operating expenses, while recoveries of costs are also recognized on that basis, as this is the best estimate of amounts earned over the period the investment management services are performed.

These Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors on May 15, 2025.

2.2. Investment Entity Status

PSP Investments has determined that it meets the mandatory requirements of the definition of an investment entity under IFRS 10 on the basis of the facts and circumstances as at the end of the period. They are as follows:

(i) Mandate and business purpose
As further described in Note 1, PSP Investments' mandate is to manage and invest the amounts that are transferred to it in the best interests of the beneficiaries and contributors under the *Superannuation Acts*. Consequently, PSP Investments' business purpose is to invest with a view of achieving a maximum rate of return from capital appreciation and income from investments, without undue risk of loss.

(ii) Performance evaluation
PSP Investments measures and evaluates the performance of its investments on a fair value basis.

In addition to the mandatory items of the definition, IFRS 10 also outlines certain typical characteristics of an investment entity, the absence of any of which does not necessarily preclude an entity from qualifying as an investment entity. One of these characteristics is that an investment entity should have investors that are not related parties of the entity.

As described in Note 14, since PSP Investments is a Crown corporation, it is considered to be related to the Government of Canada as well as other entities that are controlled or jointly controlled by the Government of Canada or entities over which the latter has significant influence. Consequently, since the funds managed by PSP Investments originate from related parties, it may be considered not to meet the typical characteristic outlined above. However, the Act provides a framework to ensure that PSP Investments operates at arm's length from the Government of Canada. Accordingly, it meets all of the mandatory items of the definition described above and qualifies as an investment entity.

Should any changes occur in the facts and circumstances, PSP Investments will evaluate the impact of any such changes on its investment entity status.

2. Material Accounting Policy Information

(continued)

2.3. Summary of Material Accounting Policy Information

The specific material accounting policies applied in the preparation of these Financial Statements are set out below.

2.3.1. Financial Instruments

(i) Classification
Financial assets representing investments, as well as cash and cash equivalents, are managed, together with related financial liabilities representing investment-related liabilities, according to PSP Investments' business model to maximize the rate of return. The performance of such financial instruments is evaluated on a fair value basis, and they are mandatorily classified at FVTPL. They are described in detail in Note 4.1.

Borrowings, as described under Note 8, are financial liabilities that are designated at FVTPL as they are part of the portfolios of investments that are managed together and whose performance is evaluated on a fair value basis.

(ii) Recognition
Financial assets and financial liabilities are recorded at the date upon which the entity becomes a party to the associated contractual provisions. In the case of traded financial assets, they are recorded as of the trade date.

(iii) Initial and subsequent measurement
All financial assets and financial liabilities are initially recorded in the Statements of Financial Position at fair value and continue to be measured as such on a recurring basis. After initial measurement, subsequent changes in the fair value of financial assets and financial liabilities classified at FVTPL are recorded in investment income in the Statements of Net Income.

(iv) Derecognition
A financial asset (or, where applicable, a part thereof) is derecognized when one of the following conditions is met:

- The rights to receive cash flows from the asset have expired,
- PSP Investments has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to a third party,
- PSP Investments has transferred substantially all the risks and rewards of the asset, or
- In cases where PSP Investments has neither transferred nor retained substantially all the risks and rewards of the asset, it has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

2.3.2. Determination of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

At initial recognition, PSP Investments evaluates the facts and circumstances related to a transaction to confirm that the transaction price represents the fair value of an asset or a liability. At each subsequent reporting date, market prices are used to determine fair value where an active market exists (such as a recognized securities exchange), as they reflect actual and regularly occurring market transactions on an arm's length basis. If quoted market prices are not available, then fair value is estimated using valuation techniques based on inputs existing at the end of the reporting period that are derived from observable market data.

Valuation techniques are generally applied to investments in private markets, alternative investments, over-the-counter ("OTC") derivatives and certain fixed income securities. The values derived from applying these techniques are impacted by the choice of valuation model and the underlying assumptions made concerning factors such as the amounts and timing of future cash flows, discount rates, volatility and credit risk. In certain cases, such assumptions are not supported by market observable data.

The determination of fair value of all financial assets and financial liabilities is described in Note 4.

2.3.3. Functional and Presentation Currency

The functional and presentation currency of PSP Investments and its consolidated subsidiaries is the Canadian dollar, which is the currency of the primary economic environment in which each entity within the consolidated group operates. PSP Investments' performance and that of its consolidated subsidiaries is evaluated and its liquidity is managed in Canadian dollars.

2. Material Accounting Policy Information

(continued)

2.3. Summary of Material Accounting Policy Information (continued)

2.3.4. Foreign Currency Translation

Foreign currency transactions during the period, including purchases and sales of securities, income and expenses, are translated to the functional currency at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency at the rate of exchange prevailing at the end of the reporting period.

Foreign currency transaction gains and losses on all monetary assets and liabilities are included in investment income.

2.3.5. Securities Lending and Securities Borrowing and Related Collateral

PSP Investments participates in securities lending and borrowing programs whereby it lends and borrows securities in order to enhance portfolio returns. Lending and borrowing transactions including related collateral under such programs do not transfer the risks or rewards of ownership of the securities to the counterparty. Consequently, PSP Investments does not derecognize securities lent or pledged as collateral, or recognize securities borrowed or received as collateral. Cash amounts received are recognized as described in Note 4.1.9.

The securities lending and borrowing programs require collateral in cash, high-quality debt instruments or securities. Collateral transactions are conducted under terms that are usual and customary in standard securities lending and borrowing programs. PSP Investments and its counterparties are authorized to sell, repledge or otherwise use collateral held. The same securities or equivalent securities must be returned to the counterparty at the end of the contract, unless an event of default occurs.

2.3.6. Securities Sold under Repurchase Agreements and Purchased under Reverse Repurchase Agreements and Related Collateral

PSP Investments enters into repurchase and reverse repurchase agreements. Such agreements involve the sale of securities by one counterparty with a simultaneous agreement to repurchase such securities at a specified price and at a specified future date.

Securities sold or purchased under the repurchase and reverse repurchase agreements respectively, including related collateral, are not derecognized or recognized as all risks and rewards of ownership related to such securities are not transferred. As such, in the case where PSP Investments is the counterparty selling securities under such agreements, all income (loss) related to such securities continues to be reported in investment income and obligations to repurchase the securities sold are accounted for as investment-related liabilities. The difference between the fair value of the securities sold and the repurchase price is recorded as interest expense within investment-related expenses. In the case where PSP Investments is the counterparty purchasing securities under such agreements, no income (loss) related to such securities is recognized and obligations to resell the securities are accounted for as investment-related receivables. The difference between the fair value of the securities purchased and resale price is recorded in investment income.

Transactions under repurchase and reverse repurchase agreements involve pledging collateral consisting of cash or securities deemed acceptable by the counterparties. Collateral transactions are conducted under terms that are usual and customary in standard repurchase arrangements. Such terms require the relevant counterparty to pledge additional collateral based on the changes in the fair value of the existing collateral pledged as well as the related securities sold or purchased. The counterparties are authorized to sell, repledge or otherwise use collateral held. The securities pledged as collateral must be returned to the relevant counterparty at the end of the contract, unless an event of default occurs.

2.3.7. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Statements of Financial Position, only if PSP Investments has a current legally enforceable right to offset the recognized amounts and the intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2. Material Accounting Policy Information

(continued)

2.3. Summary of Material Accounting Policy Information (continued)

2.3.8. Equity

The statutory rights of the Government of Canada pursuant to the *Superannuation Acts* are described under Note 1 and are classified as equity instruments on the following basis:

- Under such rights the Government of Canada is entitled to PSP Investments' net assets at any time for the purposes set out in the *Superannuation Acts*. Such rights do not contain any additional obligations for PSP Investments to deliver amounts to the Government of Canada. The Government of Canada can elect to reduce fund transfers to PSP Investments or call upon its net assets for the purpose of paying benefits under the relevant Plan in respect of Post-2000 Service, or generally, for the purpose of reducing any non-permitted surplus in the Fund of such Plan. Should the Government of Canada call on the net assets of PSP Investments, amounts in question would be accounted for as a financial liability with a related reduction of net assets at that time.
- Such rights are the most subordinate claim on PSP Investments' net assets.
- The total expected cash flows attributable to such rights, at any time, is solely based on the fair value of the net assets of PSP Investments at that time. Further, the fair value of the net assets of PSP Investments in its entirety represents the amounts that the Government of Canada may call upon at any time.

2.3.9. Investment Income

Investment income is made up of interest, dividends, gains (losses) on the disposal of financial assets and financial liabilities as well as gains (losses) which reflect the change in unrealized appreciation (depreciation) of financial assets held and financial liabilities outstanding at the end of the reporting period. Interest is recognized, on a consistent basis, using the prescribed rates until maturity. Dividends are recognized when the right to receive them has been obtained, generally on the ex-dividend date.

2.3.10. Investment-Related Expenses

Investment-related expenses are made up of interest expense, transaction costs, external investment management fees and other (net).

Transaction costs are incremental costs directly attributable to the acquisition, due diligence, issue, or disposal of a financial asset or financial liability, and they are expensed as incurred.

External investment management fees are directly attributable to the external management of assets on behalf of PSP Investments. These fees are paid directly by PSP Investments and comprise base fees accrued as a percentage of the fair value of the assets managed externally and performance fees accrued as a function of various performance indicators. This excludes amounts not paid directly by PSP Investments for certain pooled fund investments classified under alternative investments and for investments in private markets as outlined in Note 11.

2.3.11. Fund Transfers

Amounts are recorded for the Fund when received from or paid to the Government of Canada.

2.4. Significant Accounting Judgments, Estimates and Assumptions

In preparing the Financial Statements, management makes certain judgments, estimates and assumptions that can affect the amounts reported therein. Significant judgments include those related to the determination of the investment entity status as described in Note 2.2.

Management also makes estimates and assumptions in the measurement, risk assessment and related disclosures surrounding investments in private markets and certain fixed income securities. The main assumptions made by management regarding measurement of financial instruments are outlined in Note 4.2.3 and those regarding the assessment of risk are outlined in Note 7.

Sources of estimate uncertainty related to macroeconomic unpredictability and volatility include the current geopolitical context, tariffs, inflation and interest rates. This could continue to impact financial results, due to uncertainties including their extent and duration. The Financial Statements reflect the impacts resulting from the aforementioned macroeconomic factors to the extent known at the reporting date.

Although assumptions reflect management's best estimates, actual results may differ from such estimates due to the uncertainties involved in using them.

3. Current and Future Changes in Accounting Standards

3.1. Current Accounting Standards

PSP Investments has determined that there is no material impact on its Financial Statements arising from new standards, amendments and interpretations that have been issued by the IASB, effective for the year ended March 31, 2025.

3.2. Future Accounting Standards

A number of new standards, amendments and interpretations have been issued by the IASB, but are not yet effective. The following relates to one or more of PSP Investments' material accounting policies or disclosures:

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB completed its project to replace IAS 1 *Presentation of Financial Statements* with IFRS 18 *Presentation and Disclosure in Financial Statements*. The standard includes requirements for the statements of net income, the statements of cash flows and the statements of financial position, that are designed mainly to enhance consistency and comparability. It also involves new disclosure requirements, including disclosing management-defined performance measures. IFRS 18 is effective and applicable to PSP Investments for annual periods beginning on or after April 1, 2027, with early adoption permitted. The standard is to be applied retrospectively. Management is currently assessing the impact of adopting this standard.

4. Financial Assets and Financial Liabilities

4.1. Classes of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are aggregated, in the following table, in classes that reflect their respective exposure as well as investment sectors. Their fair values were as follows, as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Public markets		
Canadian equity	**229**	201
Foreign equity	**4,650**	3,019
Private markets		
Real estate	**2,746**	2,673
Private equity	**2,879**	2,846
Infrastructure	**2,930**	2,932
Natural resources	**1,904**	1,563
Fixed income		
Money market securities[C]	**442**	687
Government and corporate bonds	**2,602**	1,937
Inflation-linked bonds	**1,373**	1,291
Private debt securities	**2,438**	2,142
Alternative investments	**2,056**	1,858
Investments before investment-related assets[B]	**24,249**	21,149
Investment-related assets		
Amounts receivable from pending trades	**110**	91
Interest receivable	**54**	45
Dividends receivable	**24**	19
Securities purchased under reverse repurchase agreements	**184**	165
Derivative-related assets	**154**	97
Investment-related assets	**526**	417
Investments representing financial assets at FVTPL[A, B]	**24,775**	21,566
Cash and cash equivalents[B, C]	**183**	180
Investment-related liabilities		
Amounts payable from pending trades	**(174)**	(38)
Interest payable	**(18)**	(12)
Securities sold short	**(190)**	(231)
Collateral payable	**(124)**	(48)
Securities sold under repurchase agreements	**(207)**	(377)
Derivative-related liabilities	**(106)**	(70)
Investment-related liabilities representing financial liabilities at FVTPL	**(819)**	(776)
Borrowings		
Capital market debt financing	**(2,485)**	(1,940)
Borrowings representing financial liabilities at FVTPL	**(2,485)**	(1,940)
Net investments[B]	**21,654**	19,030

[A] As at March 31, 2025, $575 million out of $24,775 million were investments pledged as described in Note 5 (March 31, 2024 – $729 million out of $21,566 million).

[B] Amounts of $175 million and $4 million which were previously included in Investments and Other assets, respectively, on the Statements of Financial Position as at March 31, 2024, have now been reclassified to Cash and cash equivalents to better reflect their unique nature and characteristics. Consequently, the comparative figures were reclassified within this note: Investments before investment-related assets from $21,324 million to $21,149 million, Investments representing financial assets at FVTPL from $21,742 million to $21,566 million, Net investments from $19,026 million to $19,030 million, and Other assets on the Statements of Financial Position from $14 million to $10 million.

[C] Additionally, as of March 31, 2025, PSP Investments changed its accounting policy to classify instruments with maturities of three months or less from acquisition date as Cash and cash equivalents. The change was made to better reflect the nature of cash equivalents as highly liquid instruments with an insignificant risk of changes in value. As a result, $79 million was reclassified from Cash and cash equivalents to Money market securities as at March 31, 2024 ($150 million as at March 31, 2023). Consequently, the comparative figures for the Statements of Cash Flows were also reclassified: Net cash flows used in operating activities increased from $(632) million to $(561) million, Net changes in cash and cash equivalents increased from $(249) million to $(178) million, and Cash and cash equivalents at the beginning and end of the year decreased from $507 million to $357 million, and $259 million to $180 million, respectively.

4. Financial Assets and Financial Liabilities
(continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.1. Public Markets

Public markets consist of Canadian and foreign investments in the following securities: common shares, American depository receipts, global depository receipts, participation notes, preferred shares, income trust units, exchange traded funds units, pooled funds units, and securities convertible into common shares of publicly listed issuers.

Direct investments in Canadian and foreign equities are measured at fair value using quoted prices in active markets and are based on the most representative price within the bid-ask spread.

In the case of investments in pooled funds, fair value is measured using unit values obtained from each of the funds' administrators, which are derived from the fair value of the underlying investments in each pooled fund. Management reviews the fair value received and, where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration.

4.1.2. Private Markets

Private markets consist of investments in real estate, private equity, infrastructure and natural resources.

Real estate investments are comprised of direct equity positions in various private entities, fund investments, as well as properties in the real estate sector. Real estate investments focus on partnerships, companies and properties operating mainly in the retirement and residential, office, retail, and industrial sectors, as well as private funds invested in real estate assets. Real estate investments are presented net of all third-party financing.

Private equity investments are comprised of fund investments with similar objectives, co-investments in private entities as well as direct equity positions.

Infrastructure investments are comprised of direct equity positions, fund investments and co-investments in various private entities. Infrastructure investments focus on entities engaged in the management, ownership or operation of assets in energy, transportation and other regulated businesses. Infrastructure investments are presented net of all third-party financing.

Natural resources investments are comprised of direct equity positions, fund investments and co-investments in various private entities. Natural resources investments focus on entities engaged in the management, ownership or operation of assets in timberlands, agriculture, upstream oil and gas, and metal and mining. Natural resources investments are presented net of all third-party financing.

The process for fair value measurement of private markets investments is described in Note 4.2.2 and the valuation techniques together with the significant inputs used are described in Note 4.2.3.

4.1.3. Fixed Income and Cash and Cash Equivalents

4.1.3.1. Cash and Cash Equivalents

Cash includes demand deposits with financial institutions.

Cash equivalents include treasury bills, certificates of deposit, bankers' acceptances and other fixed-income securities with maturities of 90 days or less from the acquisition date that are held to meet short-term financial commitments. Such instruments are readily convertible into known amounts of cash and have an insignificant risk of change in value.

4.1.3.2. Money Market Securities, Bonds and Private Debt Securities

Fixed income consists of money market securities, government and corporate bonds, inflation-linked bonds and private debt securities. Money market securities include instruments having a maximum term to maturity of one year, such as treasury bills, certificates of deposit and bankers' acceptances.

Treasury bills are valued based on prices obtained from third-party pricing sources. Such prices are determined using the most representative price within a spread of dealer quotations. Certificates of deposit and bankers' acceptances are recorded at cost plus accrued interest, which approximates their fair value given their short-term nature.

Government and corporate bonds include Canadian and foreign, federal, provincial, territorial and municipal bonds, floating rate notes, asset-backed term notes and mortgage-backed securities. Inflation-linked bonds are fixed income securities that earn inflation-adjusted returns.

Private debt securities are fixed income securities of private companies held directly or through private funds. Such debt securities take the form of senior debt, mezzanine and distressed debt and primary and secondary investments in leveraged loans. Private debt securities also include third-party loans such as junior and senior debts, construction loans, bridge loans, income-participating loans, as well as other structured finance products in the real estate sector.

4. Financial Assets and Financial Liabilities
(continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.3. Fixed Income and Cash and Cash Equivalents (continued)

4.1.3.2. Money Market Securities, Bonds and Private Debt Securities (continued)

Fair values of government and most corporate bonds, inflation-linked bonds and mortgage-backed securities are based on prices obtained from third-party pricing sources. Such prices are determined using either an appropriate interest rate curve with a spread associated with the credit quality of the issuer or other generally accepted pricing methodologies.

The fair values of certain corporate bonds, private debt securities and asset-backed term notes are determined using valuation techniques. Such techniques, together with the significant inputs used, are described in Note 4.2.3.

The fair value measurement of fund investments included as part of private debt securities is described in Note 4.2.2.

4.1.4. Alternative Investments

Alternative investments consist mainly of units of funds that hold a mix of equity, fixed income and derivative instruments as well as hedge funds. The fair value of these investments is determined based on the fair values reported by the funds' administrators or general partners and reflects the fair value of the underlying equity, fixed income or derivative instruments, as applicable. Management reviews the fair value received and, where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration.

4.1.5. Amounts Receivable and Payable from Pending Trades

Amounts receivable from pending trades consist of proceeds on sales of investments, excluding derivative financial instruments, which have been traded but remain unsettled at the end of the reporting period.

Amounts payable from pending trades consist of the cost of purchases of investments, excluding derivative financial instruments, which have been traded but remain unsettled at the end of the reporting period.

The fair value of amounts receivable and payable from pending trades reflects the value at which their underlying original sale or purchase transactions were undertaken.

4.1.6. Interest and Dividends Receivable

Interest and dividends are recorded at the amounts expected to be received at the end of the reporting period, which due to their short-term maturity, approximates fair value.

4.1.7. Interest Payable

With respect to the borrowings described in Note 4.1.11, interest is accrued at the amount expected to be paid at the end of the reporting period, which approximates fair value.

4.1.8. Securities Sold Short

Securities sold short reflect PSP Investments' obligation to purchase securities pursuant to short selling transactions. In such transactions, PSP Investments sells securities it does not own with an obligation to purchase similar securities on the market to cover its position.

Using quoted market prices that are based on the most representative price within the bid-ask spread, the fair value of securities sold short is measured using the same method as the similar long positions presented within public markets and fixed income.

4.1.9. Collateral Payable

As part of securities lending and certain OTC derivative transactions, when cash is received, it is recognized as collateral payable. The payable balance reflects the obligation of the transferee to return the amount to the transferor at the end of the transaction in the absence of an event of default by the transferor.

4.1.10. Securities Sold under Repurchase Agreements and Purchased under Reverse Repurchase Agreements

As described in Note 2.3.6, PSP Investments is party to repurchase and reverse repurchase agreements. Obligations to repurchase or resell the securities sold or purchased under such agreements are recorded at cost plus accrued interest, which due to their short-term maturity, approximates fair value.

4. Financial Assets and Financial Liabilities

(continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.11. Borrowings under the Capital Market Debt Program

PSP Investments' capital market debt program is described in Note 8.2. Short-term promissory notes are recorded at cost plus accrued interest, which due to their short-term maturity, approximates fair value. The fair value of PSP Investments' medium-term notes is based on prices that are obtained from third-party pricing sources. Such prices are determined using an interest rate curve with a spread consistent with PSP Investments' credit quality.

4.1.12. Derivative-Related Assets and Liabilities

Derivative financial instruments are financial contracts that are settled at a future date. The value of such instruments is derived from changes in the value of the underlying assets, interest or exchange rates. Derivative financial instruments do not, typically, require an initial net investment. In certain cases, they require an initial net investment that is less than what would be required to hold the underlying position directly. Derivative financial instruments can be listed or traded OTC. OTC instruments consist of those that are bilaterally negotiated and settled, and those that are cleared (OTC-cleared) by a central clearing party (CCP).

PSP Investments uses derivative financial instruments to enhance returns or to replicate investments synthetically. Derivatives are also used to reduce the risk associated with existing investments.

PSP Investments uses the following types of derivative financial instruments:

Swaps
Swaps are transactions whereby two counterparties exchange cash flow streams with each other based on predetermined conditions that include a notional amount and a term. Swaps are used to increase returns or to adjust exposures of certain assets without directly purchasing or selling the underlying assets.

Futures
Futures are standardized contracts to take or make delivery of an asset (buy or sell) at a predefined price and predefined future date. Futures are used to adjust exposures to specified assets without directly purchasing or selling the underlying assets.

Forwards
Forwards are contracts involving the sale by one party and the purchase by another party of a predefined amount of an underlying instrument, at a predefined price and at a predefined date in the future. Forwards are used to adjust exposures to specified assets without directly purchasing or selling the underlying assets.

Options
Options are contracts where the seller gives the purchaser the right, but not the obligation, to buy or sell a given amount of an underlying security, index, commodity, currency, interest rate, credit or other financial instrument, at an agreed-upon price stipulated in advance, either at a determined date or at any time before the predefined maturity date.

Warrants and Rights
Warrants are options to purchase an underlying asset which is in the form of a transferable security, and which can be listed on an exchange or traded OTC.

Rights are securities giving shareholders entitlement to purchase new shares issued by a corporation at a predetermined price (normally less than the current market price) in proportion to the number of shares already owned. Rights are issued only for a short period of time, after which they expire.

Determination of Fair Value of Derivative Financial Instruments
Listed derivative financial instruments are recorded at fair value using quoted market prices that are based on the most representative price within the bid-ask spread. OTC-cleared derivatives are recorded at fair value using prices obtained from the CCP. OTC derivatives are valued using appropriate valuation techniques such as discounted cash flows. These techniques use significant inputs that are observable in the market such as current market yields.

Notional Values and Fair Values of Derivative-Related Assets and Liabilities
Notional values of derivative financial instruments are not recorded as assets or liabilities as they represent the face amount of the contract. Except for credit derivatives, notional values do not represent the potential gain or loss associated with the market or credit risk of such transactions disclosed below. Rather, they serve as the basis upon which the cash flows and the fair value of the contracts are determined.

4. Financial Assets and Financial Liabilities (continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.12. Derivative-Related Assets and Liabilities (continued)

The following table summarizes the derivatives portfolio as at:

	March 31, 2025			March 31, 2024		
		Fair Value			Fair Value	
(Canadian $ millions)	**Notional Value**	**Assets**	**Liabilities**	Notional Value	Assets	Liabilities
Equity and commodity derivatives						
Listed						
Futures	**357**	**–**	**–**	403	–	–
Options: Purchased	**14**	**–**	**–**	11	–	–
Written	**1**	**–**	**–**	–	–	–
OTC						
Swaps	**2,891**	**55**	**(53)**	1,601	35	(15)
Currency derivatives						
Listed						
Futures	**37**	**–**	**–**	27	–	–
OTC						
Forwards	**4,713**	**38**	**(18)**	4,210	16	(26)
Swaps	**233**	**–**	**(2)**	89	–	(2)
Options: Purchased	**205**	**–**	**–**	66	–	–
Written	**128**	**–**	**–**	76	–	–
Interest rate derivatives						
Listed						
Futures	**613**	**–**	**–**	782	–	–
Options: Purchased	**1,988**	**4**	**–**	2,989	1	–
Written	**2,025**	**–**	**(3)**	3,106	–	(1)
OTC						
Forwards	**80**	**1**	**–**	58	–	–
Swaps	**157**	**3**	**–**	176	–	(2)
Options: Purchased	**5,056**	**52**	**–**	3,855	44	–
Written	**6,961**	**–**	**(29)**	5,006	–	(23)
OTC-cleared						
Swaps	**4,812**	**–**	**–**	4,736	–	–
Credit derivatives						
OTC						
Credit default swaps: Purchased	**39**	**–**	**(1)**	45	–	(1)
Written[A]	**152**	**1**	**–**	144	1	–
OTC-cleared						
Credit default swaps: Purchased	**101**	**–**	**–**	213	–	–
Total		**154**	**(106)**		97	(70)

[A] PSP Investments, through written credit default swaps, indirectly guarantees the underlying reference obligations. The maximum potential exposure is the notional amount of the written credit default swaps as shown in the table above.

4. Financial Assets and Financial Liabilities (continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.12. Derivative-Related Assets and Liabilities (continued)

Total derivative-related assets and liabilities are comprised of:

	March 31, 2025			March 31, 2024		
		Fair Value			Fair Value	
(Canadian $ millions)	**Notional Value**	**Assets**	**Liabilities**	Notional Value	Assets	Liabilities
Listed derivatives	**5,035**	**4**	**(3)**	7,318	1	(1)
OTC derivatives	**20,615**	**150**	**(103)**	15,326	96	(69)
OTC – cleared derivatives	**4,913**	**–**	**–**	4,949	–	–
Total		**154**	**(106)**		97	(70)

The terms to maturity based on notional value for the derivatives were as follows as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Less than 3 months	**9,249**	12,390
3 to 12 months	**13,523**	8,110
Over 1 year	**7,791**	7,093

4.2. Fair Value Hierarchy

4.2.1. Classification

Financial assets and financial liabilities described under Note 4.1 are classified within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that PSP Investments can access at the end of the reporting period.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or the liability, either directly or indirectly. Level 2 inputs include:

  (i) Quoted prices for similar assets or liabilities in active markets.

  (ii) Quoted prices for identical or similar assets or liabilities in markets that are not active.

  (iii) Inputs other than quoted prices that are observable for the asset or liability.

  (iv) Market-corroborated inputs.
- Level 3 inputs are unobservable inputs for the asset or liability that are used within model-based techniques. They reflect management's assessment of the assumptions that market participants would use in pricing the assets or liabilities.

The classification within the levels of the hierarchy is established at the time of the initial determination of fair value of the asset or liability and reviewed at the end of each reporting period. PSP Investments determines whether a transfer between levels has occurred and recognizes such transfer at the beginning of the reporting period.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

The following table shows the fair value of financial assets and financial liabilities as at March 31, 2025, classified within the fair value hierarchy:

(Canadian $ millions)	Level 1	Level 2	Level 3	Total Fair Value
Public markets				
Canadian equity	49	180	–	229
Foreign equity	4,499	–	151	4,650
Private markets				
Real estate	–	–	2,746	2,746
Private equity	–	–	2,879	2,879
Infrastructure	–	–	2,930	2,930
Natural resources	–	–	1,904	1,904
Fixed income				
Money market securities	386	56	–	442
Government and corporate bonds	817	1,785	–	2,602
Inflation-linked bonds	1,367	6	–	1,373
Private debt securities	–	–	2,438	2,438
Alternative investments	–	1,262	794	2,056
Investments before investment-related assets	7,118	3,289	13,842	24,249
Investment-related assets				
Amounts receivable from pending trades	–	110	–	110
Interest receivable	–	54	–	54
Dividends receivable	–	24	–	24
Securities purchased under reverse repurchase agreements	–	184	–	184
Derivative-related assets	4	150	–	154
Investment-related assets	4	522	–	526
Investments representing financial assets at FVTPL	7,122	3,811	13,842	24,775
Cash and cash equivalents	43	140	–	183
Investment-related liabilities				
Amounts payable from pending trades	–	(174)	–	(174)
Interest payable	–	(18)	–	(18)
Securities sold short	(190)	–	–	(190)
Collateral payable	–	(124)	–	(124)
Securities sold under repurchase agreements	–	(207)	–	(207)
Derivative-related liabilities	(3)	(103)	–	(106)
Investment-related liabilities representing financial liabilities at FVTPL	(193)	(626)	–	(819)
Borrowings				
Capital market debt financing	–	(2,485)	–	(2,485)
Borrowings representing financial liabilities at FVTPL	–	(2,485)	–	(2,485)
Net investments	6,972	840	13,842	21,654

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

The following table shows the fair value of financial assets and financial liabilities as at March 31, 2024, classified within the fair value hierarchy:

(Canadian $ millions)	Level 1[A]	Level 2[A]	Level 3[A]	Total Fair Value[A]
Public markets				
Canadian equity	69	132	–	201
Foreign equity	2,814	37	168	3,019
Private markets				
Real estate	–	–	2,673	2,673
Private equity	–	–	2,846	2,846
Infrastructure	–	–	2,932	2,932
Natural resources	–	–	1,563	1,563
Fixed income				
Money market securities	623	63	–	686
Government and corporate bonds	500	1,437	–	1,937
Inflation-linked bonds	1,283	8	–	1,291
Private debt securities	–	–	2,142	2,142
Alternative investments	–	1,140	718	1,858
Investments before investment-related assets[A]	5,289	2,817	13,042	21,148
Investment-related assets				
Amounts receivable from pending trades	–	91	–	91
Interest receivable	–	45	–	45
Dividends receivable	–	19	–	19
Securities purchased under reverse repurchase agreements	–	165	–	165
Derivative-related assets	1	96	–	97
Investment-related assets[A]	1	416	–	417
Investments representing financial assets at FVTPL	5,290	3,233	13,042	21,565
Cash and cash equivalents[A]	32	149	–	181
Investment-related liabilities				
Amounts payable from pending trades	–	(38)	–	(38)
Interest payable	–	(12)	–	(12)
Securities sold short	(231)	–	–	(231)
Collateral payable	–	(48)	–	(48)
Securities sold under repurchase agreements	–	(377)	–	(377)
Derivative-related liabilities	(1)	(69)	–	(70)
Investment-related liabilities representing financial liabilities at FVTPL	(232)	(544)	–	(776)
Borrowings				
Capital market debt financing	–	(1,940)	–	(1,940)
Borrowings representing financial liabilities at FVTPL	–	(1,940)	–	(1,940)
Net investments[A]	5,090	898	13,042	19,030

[A] As at March 31, 2025, cash and cash equivalents were disclosed separately on the Statements of Financial Position in order to better reflect their unique nature and characteristics (see Note 4.1).

4. Financial Assets and Financial Liabilities
(continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

As at March 31, 2024, foreign equity securities with a fair value of $25 million were indirectly held and classified as Level 2. During the year ended March 31, 2025, these securities were transferred to Level 1 as they became directly held by PSP Investments.

As at March 31, 2023, foreign equity securities with a fair value of $2 million were indirectly held and classified as Level 2. During the year ended March 31, 2024, these securities were transferred to Level 1 as they became directly held by PSP Investments.

4.2.2. Process for Level 3 Fair Value Determination

The valuation process is monitored and governed by an internal valuation committee ("VC"). This committee is responsible for overseeing all aspects of fair value determination. This includes valuation methodologies and procedures for each type of investment and ensuring they are complied with. Valuation methodologies established are based on widely recognized practices that are consistent with professional appraisal standards. Such standards include, among others, the *International Private Equity and Venture Capital Valuation Guidelines*, the *Canadian Uniform Standards of Professional Appraisal Practice* and the *Uniform Standards of Professional Appraisal Practice* in the United States of America.

The fair value of investments classified as Level 3 in Private Markets is determined quarterly and adjusted to reflect the impact of any significant market or investment-specific events or circumstances. For each investment, the relevant valuation methodology is applied consistently over time as appropriate in the prevailing circumstances. The appropriateness of significant changes in valuation methodologies is reviewed by the VC.

In cases where the services of third-party appraisers are used, management ensures their independence and that valuation methods used are consistent with the professional appraisal standards outlined above. In validating the work performed by appraisers, management ensures that the assumptions used correspond to financial information and forecasts of the underlying investment.

With respect to fund investments classified as Level 3, the annual fair value is generally determined based on most recent audited financial statements received from the fund's general partner. For interim reporting periods, fair value is obtained from information provided by the fund's administrators and is reviewed by Management to ensure reasonableness and adherence to acceptable industry valuation methods. Where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration in determining fair value.

To reflect the impact, where applicable, of significant market movements or other events occurring up to the end of the reporting period, adjustments to Private Markets and fund investments are made as appropriate. Such adjustments are based on a number of factors including public market trading comparables, investment specific characteristics as well as market conditions and uncertainties at that time.

While the impact of trade tariffs on the broader global economy continues to remain uncertain, the determination of fair value for investments classified as level 3 reflected, where applicable, the effect of tariffs that were imposed on or before March 31, 2025. Although trade tariffs announced or imposed after this reporting date were not reflected in such valuations, related uncertainties present at March 31, 2025, and their impact on the fair value of investments were taken into consideration as applicable.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.3. Level 3 Significant Inputs

The following table outlines key information with respect to significant inputs related to financial assets categorized within Level 3 as at March 31, 2025:

Financial Assets	Type of Investment	Fair Value (Canadian $ millions)	Significant Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Public markets					
Foreign equity	Direct investments	**151**	NAV[A]	N/A	N/A
Private markets					
Real estate	Direct and co-investments	**2,494**	Discounted cash flow (DCF)	Discount rate[B, C]	2.90% – 18.00% (7.88%)
				Terminal capitalization rate[B, C]	3.20% – 12.50% (6.01%)
			Direct capitalization	Capitalization rate[B, D]	3.15% – 10.00% (5.62%)
				Stabilized occupancy rate[D, E]	98.00% – 100.00% (99.62%)
			Sales comparison approach	Price per square foot[D, E]	$2.71 – $68.63 ($62.50)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**252**	NAV[A]	N/A	N/A
Other private markets	Direct and co-investments	**5,793**	DCF	Discount rate[B]	4.70% – 19.00% (9.55%)
			Market comparables	N/A	N/A
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**1,920**	NAV[A]	N/A	N/A
Fixed income					
Private debt securities	Direct and co-investments	**1,903**	DCF	Discount rate[B]	2.59% – 38.69% (11.23%)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**535**	NAV[A]	N/A	N/A
Alternative investments	Fund investments	**794**	NAV[A]	N/A	N/A
Total		**13,842**			

[A] In certain cases, when investments are held through funds, partnerships or similar structures, fair value is determined by third parties where valuation information is not available to PSP Investments.

[B] An increase (decrease) in this unobservable input, taken individually, generally results in a decrease (increase) in fair value.

[C] An increase (decrease) in the discount rate is generally accompanied by an increase (decrease) of the terminal capitalization rate.

[D] There is no predictable direct relationship between this input and any other significant unobservable input.

[E] An increase (decrease) in this unobservable input, taken individually, generally results in an increase (decrease) in fair value.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.3. Level 3 Significant Inputs (continued)

The following table outlines key information with respect to significant inputs related to financial assets categorized within Level 3 as at March 31, 2024:

Financial Assets	Type of Investment	Fair Value (Canadian $ millions)	Significant Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Public markets					
Foreign equity	Direct investments	168	NAV[A]	N/A	N/A
Private markets					
Real estate	Direct and co-investments	2,422	Discounted cash flow (DCF)	Discount rate[B, C]	2.90% – 18.00% (7.80%)
				Terminal capitalization rate[B, C]	3.20% – 12.25% (6.08%)
			Direct capitalization	Capitalization rate[B, D]	2.51% – 10.00% (4.85%)
				Stabilized occupancy rate[D, E]	98.00% – 100.00% (99.57%)
			Sales comparison approach	Price per square foot[D, E]	$4.28 – $1,827.48 ($165.83)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	251	NAV[A]	N/A	N/A
Other private markets	Direct and co-investments	5,389	DCF	Discount rate[B]	5.19% – 18.50% (9.58%)
			Market comparables	N/A	N/A
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	1,952	NAV[A]	N/A	N/A
Fixed income					
Private debt securities	Direct and co-investments	1,622	DCF	Discount rate[B]	7.02% – 30.09% (12.24%)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	520	NAV[A]	N/A	N/A
Alternative investments	Fund investments	718	NAV[A]	N/A	N/A
Total		13,042			

[A] In certain cases, when investments are held through funds, partnerships or similar structures, fair value is determined by third parties where valuation information is not available to PSP Investments.

[B] An increase (decrease) in this unobservable input, taken individually, generally results in a decrease (increase) in fair value.

[C] An increase (decrease) in the discount rate is generally accompanied by an increase (decrease) of the terminal capitalization rate.

[D] There is no predictable direct relationship between this input and any other significant unobservable input.

[E] An increase (decrease) in this unobservable input, taken individually, generally results in an increase (decrease) in fair value.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.4. Level 3 Reconciliation

The following table shows a reconciliation of all movements related to financial assets categorized within Level 3 for the year ended March 31, 2025:

(Canadian $ millions)	**Opening Balance**	**Purchases**	**Sales**	**Settlements**	**Realized Gains**	**Unrealized Gains[A]**	**Transfers**	**Closing Balance**
Public markets	**168**	**–**	**(65)**	**–**	**33**	**15**	**–**	**151**
Private markets	**10,014**	**905**	**(1,365)**	**–**	**511**	**394**	**–**	**10,459**
Fixed income	**2,142**	**957**	**(776)**	**–**	**27**	**88**	**–**	**2,438**
Alternative investments	**718**	**110**	**(139)**	**–**	**45**	**60**	**–**	**794**
Total	**13,042**	**1,972**	**(2,345)**	**–**	**616**	**557**	**–**	**13,842**

[A] Includes Plan Account allocation adjustments.

There were no transfers into or out of Level 3 during the year ended March 31, 2025.

The following table shows a reconciliation of all movements related to financial assets categorized within Level 3 for the year ended March 31, 2024:

(Canadian $ millions)	Opening Balance	Purchases	Sales	Settlements	Realized Gains	Unrealized Gains[A]	Transfers	Closing Balance
Public markets	70	33	(10)	–	6	69	–	168
Private markets	9,495	1,013	(669)	–	159	11	5	10,014
Fixed income	2,190	437	(528)	–	21	22	–	2,142
Alternative investments	685	40	(79)	–	18	54	–	718
Total	12,440	1,523	(1,286)	–	204	156	5	13,042

[A] Includes Plan Account allocation adjustments.

As at March 31, 2023, listed foreign equity securities with a fair value of $5 million were classified under Level 1. During the year ended March 31, 2024, those securities were transferred to Level 3 as the investment became privately held and its fair value was determined based on significant unobservable inputs.

4.2.5. Level 3 Sensitivity Analysis

In the course of measuring fair value of financial instruments classified as Level 3, valuation techniques used incorporate assumptions that are based on non-observable data. Significant assumptions used for each asset class are described in Note 4.2.3. Although such assumptions reflect management's best judgment, with all other variables held constant, the use of reasonably possible alternative assumptions could yield different fair value measures representing, at a minimum, a 3% increase and 3% decrease as at March 31, 2025 (March 31, 2024 – 3% increase and 3% decrease) in the fair value of financial instruments categorized as Level 3. This excludes fund investments where a sensitivity analysis is not possible given the underlying assumptions used are not available to PSP Investments. In the case of fund investments, the fair value is determined as indicated in Note 4.2.2.

5. Collateral Pledged and Received

PSP Investments is party to agreements that involve pledging and holding collateral, as outlined in Notes 2.3.5, 2.3.6 and 7.2.1. The following table illustrates the fair values of the Plan Account's allocated collateral, as well as the securities under the lending and borrowing programs and the securities under the repurchase and reverse repurchase agreements, as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Securities lending and borrowing		
Securities lent	**436**	296
Collateral held[A]	**453**	307
Securities borrowed	**190**	189
Collateral pledged[B, E]	**197**	194
Securities repurchase and reverse repurchase agreements		
Securities sold under repurchase agreements	**210**	377
Collateral pledged[E]	**207**	377
Securities purchased under reverse repurchase agreements	**184**	165
Collateral held[C]	**184**	165
Derivative contracts		
Collateral pledged[E]	**171**	158
Collateral held[D]	**161**	144

[A] The minimum fair value of securities collateral denominated in the same currency required is equal to 102%, and in the case of securities denominated in different currencies 105%. In exchange for securities lent, cash and securities received as at March 31, 2025, were $107 million and $346 million, respectively (March 31, 2024 – $39 million and $267 million, respectively). All cash amounts are reinvested.

[B] The minimum fair value of collateral required is equal to 100% of the fair value of the securities borrowed.

[C] The collateral received is in the form of securities of which nil has been used in connection with short selling transactions as at March 31, 2025 (March 31, 2024 – $42 million).

[D] As part of collateral held, cash amounted to $17 million as at March 31, 2025 (March 31, 2024 – $9 million) and securities amounted to $144 million as at March 31, 2025 (March 31, 2024 – $135 million). All cash collateral is reinvested.

[E] The total of $575 million of collateral pledged was recognized as financial assets as disclosed in Note 4.1 (March 31, 2024 – $729 million).

6. Interests in Other Entities

6.1. Subsidiaries, Joint Ventures and Associates

As an investment entity, PSP Investments does not consolidate its subsidiaries other than those that solely provide services that relate to its investment activities. PSP Investments measures its investments in its subsidiaries, joint ventures and associates at FVTPL as described in Note 2.1.

For purposes of preparing this note, management assesses control, joint control and significant influence as follows:

(i) Control and significant influence

A subsidiary is an entity which is controlled by PSP Investments. PSP Investments determines that it controls an investee when it has power over the investee, is exposed, or has rights, to variable returns from its investment in the investee, and has the ability to affect those returns through its power over the investee.

An associate is an entity over which PSP Investments has significant influence, as in certain cases, PSP Investments does not have control over an investee but has the power to participate in the financial and operating policy decisions of the investee. In such cases, PSP Investments determines that it has significant influence over the investee.

In the context of control or significant influence, power over an investee is obtained through voting rights conveyed by PSP Investments' ownership interest, other contractual arrangements, or a combination thereof.

(ii) Joint control

PSP Investments determines that it is party to a joint venture arrangement when it has joint control over an investee and has rights to the net assets of the investee. Such investees are reported as jointly controlled. Joint control is established through a contractual arrangement which requires the unanimous consent of the parties sharing control for the activities that significantly affect the returns of the arrangement.

Generally, decision making regarding such activities is governed through voting rights conveyed by the ownership interest of each party. In certain cases, it is governed solely through contractual arrangements or in conjunction with the ownership interest of each party.

6. Interests in Other Entities (continued)

6.1. Subsidiaries, Joint Ventures and Associates (continued)

In the normal course of business, investments in private markets are commonly held through investment entity subsidiaries formed by PSP Investments. As at March 31, 2025, 147 investment entity subsidiaries were incorporated in North America, 37 in Europe, 21 in Oceania, 7 in Central and South America, 2 in Asia and 1 in Africa (March 31, 2024 – 145 in North America, 28 in Europe, 19 in Oceania, 8 in Central and South America, 2 in Asia and 1 in Africa).

In addition, PSP Investments controlled 89 investees directly or through its investment entity subsidiaries as at March 31, 2025 (March 31, 2024 – 92 investees).

The following tables present, in descending order, the most significant investees held directly or indirectly by PSP Investments where it has control, joint control or significant influence.

	March 31, 2025			
Entity's Name	**Financial Asset Class**	**Principal Place of Business**	**Ownership Interest Held by PSP Investments (%)**	**Relationship to PSP Investments**
AviAlliance GmbH	**Infrastructure**	**Europe**	**100**	**Controlled**
Roadis Transportation Holding, S.L.U.	**Infrastructure**	**Global**	**100**	**Controlled**
American Wholesale Insurance Holding Company, LLC	**Private Equity**	**North America**	**17**	**Associate**
SEGRO European Logistics Partnership S.à r.l.	**Real Estate**	**Europe**	**50**	**Jointly controlled**
Kaingaroa Timberlands Limited	**Natural Resources**	**Oceania**	**56**	**Jointly controlled**
Willow Topco Limited	**Infrastructure**	**Europe**	**63**	**Controlled**
Forth Ports Limited	**Infrastructure**	**Europe**	**51**	**Jointly controlled**
TDF S.A.S.	**Infrastructure**	**Europe**	**22**	**Associate**
Australian Food and Fibre Limited	**Natural Resources**	**Oceania**	**83**	**Jointly controlled**
Revera inc.	**Real Estate**	**North America**	**100**	**Controlled**
Cubico Sustainable Investments Limited	**Infrastructure**	**Global**	**50**	**Jointly controlled**

	March 31, 2024			
Entity's Name	Financial Asset Class	Principal Place of Business	Ownership Interest Held by PSP Investments (%)	Relationship to PSP Investments
AviAlliance GmbH	Infrastructure	Europe	100	Controlled
Roadis Transportation Holding, S.L.U.	Infrastructure	Global	100	Controlled
American Wholesale Insurance Holding Company, LLC	Private Equity	North America	17	Associate
SEGRO European Logistics Partnership S.à r.l.	Real Estate	Europe	50	Jointly controlled
Kaingaroa Timberlands Limited	Natural Resources	Oceania	56	Jointly controlled
Andante InvesteeCo Inc.	Infrastructure	Oceania	30	Jointly controlled
Willow Topco Limited	Infrastructure	Europe	63	Jointly controlled
TDF S.A.S.	Infrastructure	Europe	22	Associate
Forth Ports Limited	Infrastructure	Europe	51	Jointly controlled
Cubico Sustainable Investments Limited	Infrastructure	Global	50	Jointly controlled

In addition to the above, PSP Investments consolidates wholly owned subsidiaries that solely provide services that relate to its investment activities. Such services consist of investment management, as well as, financing of private market investments within the context of PSP Investments' capital market debt program described in Note 8.2.

6. Interests in Other Entities (continued)

6.2. Structured Entities

PSP Investments holds interests in partnerships and funds mainly in the context of its investments in private markets. Given their nature, such entities commonly have the characteristics of a structured entity, that is, an entity where contractual arrangements matter more than voting rights in determining control and directing relevant activities. These entities are held as investments and do not expose PSP Investments to additional risks or returns compared to interests held in non-structured entities.

Information regarding structured entities is included, as applicable, within disclosures of investment risk management under Note 7, guarantees and indemnities under Note 16 and commitments under Note 17.

7. Investment Risk Management

PSP Investments is required to act in the best interests of the contributors and beneficiaries under the Plans and for maximizing returns without undue risk of loss. In pursuit of this objective, PSP Investments established an Enterprise Risk Management Policy (ERM Policy). The ERM Policy provides a framework for identifying, evaluating, managing, mitigating, monitoring and reporting the investment and non-investment risks to which PSP Investments is exposed.

As part of the overall ERM policy, the objective of the Investment Risk Management Policy (IRM Policy) is to support the management of risk inherent to the investment decision making process. The IRM Policy outlines a framework detailing how investment activities should comply with PSP Investments' risk philosophy and align with the tolerance and limits of its risk appetite. The IRM Policy also supplements the Statement of Investment Policies, Standards and Procedures (SIP&P), whose objective is to effectively manage investment risks related to the implementation of PSP Investments' various investment strategies. Investment risks include market, credit and liquidity risks.

7.1. Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of an adverse financial outcome due to changes in the factors that drive that value, such as changes in market prices, changes caused by factors specific to the individual investment, volatility in share and commodity prices, interest rate, foreign exchange or other factors affecting similar securities traded in the market.

7.1.1. Measurement of Market Risk

As at March 31, 2025, the active annualized Value at Risk ("Active VaR") was used as a primary measure of total portfolio market risk, to supplement the absolute annualized VaR ("Absolute VaR") and monitor more closely the market risk directly attributable to PSP Investments' active investment management decisions. Active and Absolute VaR are used as key measures of total portfolio market risk.

The Absolute VaR quantifies, with a given confidence level, the loss in value of the total portfolio that one can expect, due to fluctuations in market prices, not to be exceeded over a given period. The VaR is also evaluated on an active basis by measuring the Active VaR. This measurement helps determine if the total portfolio deviates significantly from the Policy Portfolio, established with the SIP&P in mind.

For both Active VaR and Absolute VaR, PSP Investments uses a historical VaR incorporating ten years' worth of market returns scaled to a twelve-month holding period at a 95% confidence level. That is, statistically PSP Investments would expect to see its total portfolio underperformance relative to the Policy Portfolio exceed the Active VaR and its total portfolio losses exceed the Absolute VaR only 5% of the time over a one-year period. For investments that are not actively traded, the calculation of the VaR uses securities with similar risk attributes as a proxy.

The VaR is statistically valid under normal market conditions. Although it includes potential losses derived from observed historical returns, it also assumes that the future will behave in a pattern similar to the past. Consequently, if future market conditions differ significantly from those of the past, potential losses may differ from those originally estimated.

The following table shows the Active VaR and the Absolute VaR expressed as a percentage of net investments as at the end of the period:

	March 31, 2025 (%)	March 31, 2024 (%)
Active VaR	**3.5**	5.0
Absolute VaR	**18.4**	19.2

7. Investment Risk Management (continued)

7.1. Market Risk (continued)

7.1.1. Measurement of Market Risk (continued)

Stress Testing

Although the VaR is a widely accepted risk measure, it is complemented by other risk measurement methodologies that provide greater insight on market risk. PSP Investments uses stress testing and scenario analysis, such as scenarios in connection with the United States trade policies, to examine the impact on financial results of abnormally large movements in risk factors. Such techniques are used to test a portfolio's sensitivity to various risk factors and key model assumptions. These methods also use historically stressed periods to evaluate how a current portfolio reacts under such circumstances. Stress testing and scenario analysis are also deployed to assess new product performance.

7.1.2. Interest Rate Risk

Interest rate risk refers to the risk that fluctuations in interest rates will directly affect the fair value of the Plan Account's net asset values.

The terms to maturity of the classes of financial instruments, outlined in Note 4.1, with the most significant exposure to interest rate risk were as follows as at:

	March 31, 2025					
(Canadian $ millions)	**Less than 1 Year**	**1 to 5 Years**	**5 to 10 Years**	**Over 10 Years**	**Other**	**Total**
Cash and cash equivalents	**–**	**–**	**–**	**–**	**183[A]**	**183**
Money market securities	**–**	**–**	**–**	**–**	**442[A]**	**442**
Government and corporate bonds	**41**	**928**	**855**	**649**	**129[B]**	**2,602**
Inflation-linked bonds	**–**	**708**	**376**	**289**	**–**	**1,373**
Private debt securities	**3**	**871**	**674**	**343**	**547[C]**	**2,438**
Total	**44**	**2,507**	**1,905**	**1,281**	**1,301**	**7,038**

	March 31, 2024					
(Canadian $ millions)	Less than 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years	Other[D]	Total
Cash and cash equivalents	–	–	–	–	180[A]	180
Money market securities	–	–	–	–	687[A]	687
Government and corporate bonds	33	728	687	472	17[B]	1,937
Inflation-linked bonds	–	659	368	264	–	1,291
Private debt securities	3	801	521	281	536[C]	2,142
Total	36	2,188	1,576	1,017	1,420	6,237

[A] Due to their short-term maturity, these investments are not significantly exposed to interest rate risk.
[B] Certain fixed income securities are not significantly exposed to fair value changes arising from interest rate risk as their prescribed interest rates are variable.
[C] Information in connection with the terms to maturity of fund and certain directly held investments included as part of private debt securities is not available.
[D] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

All equity investments within Canadian equity, foreign equity, real estate, private equity, infrastructure and natural resources amounting to $15,338 million as at March 31, 2025 ($13,234 million as at March 31, 2024) do not have specified terms to maturity nor are they significantly exposed to interest rate risk.

Alternative investments described in Note 4.1.4, which amounted to $2,056 million as at March 31, 2025 ($1,858 million as at March 31, 2024), also have no specified terms to maturity. Certain of these investments, as well as reverse repurchase agreements and derivative contracts described in Notes 4.1.10 and 4.1.12, respectively, are subject to interest rate risk exposures. These exposures are reflected in the VaR calculation described in Note 7.1.1.

The terms to maturity of PSP Investments' capital market debt financing are disclosed in Note 8.2.

Interest Rate Benchmark Reform

As at March 31, 2025, PSP Investments no longer held financial instruments that had yet to transition to alternative reference rates.

7. Investment Risk Management (continued)

7.1. Market Risk (continued)

7.1.3. Foreign Currency Risk

PSP Investments is exposed to currency risk through holding of investments (i.e. direct and indirect holdings of securities, units in pooled funds and units in limited partnerships) or investment-related liabilities in various currencies.

Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of the investments. To mitigate this risk, PSP Investments may take, through foreign forward contracts or cross currency swaps, positions in foreign currencies.

The underlying foreign currency exposures of net investments for the Plan Account were as follows as at:

	March 31, 2025	
Currency	**Fair Value (Canadian $ millions)**	**% of Total**
US Dollar	**14,062**	**67.7**
Euro	**2,054**	**9.9**
Japanese Yen	**1,032**	**5.0**
British Pound	**965**	**4.6**
Indian Rupee	**513**	**2.5**
Australian Dollar	**331**	**1.6**
Mexican Peso	**243**	**1.2**
Swiss Franc	**227**	**1.1**
Hong Kong Dollar	**194**	**0.9**
Brazilian Real	**188**	**0.9**
Others	**948**	**4.6**
Total	**20,757**	**100.0**

As at March 31, 2025, PSP Investments and its investment entity subsidiaries also had commitments, denominated in foreign currencies of $2,361 million for the Plan Account (US $1,409 million, €175 million, £30 million, 4 million Mexican pesos, 2 million Australian dollars, 66 million Indian rupees and 206 million Japanese yen) which were not included in the foreign currency exposure table above.

	March 31, 2024	
Currency	Fair Value (Canadian $ millions)	% of Total
US Dollar	12,279	67.2
Euro	1,932	10.6
Japanese Yen	712	3.9
British Pound	680	3.7
Indian Rupee	413	2.3
Australian Dollar	313	1.7
Mexican Peso	298	1.6
Brazilian Real	225	1.2
Swiss Franc	174	1.0
Singapore Dollar	126	0.7
Hong Kong Dollar	120	0.7
New Taiwan Dollar	113	0.6
Others	880	4.8
Total	18,265	100.0

As at March 31, 2024, PSP Investments and its investment entity subsidiaries also had commitments, denominated in foreign currencies of $2,095 million for the Plan Account (US $1,257 million, €222 million, £30 million, 80 million Mexican pesos, 10 million Australian dollars, 74 million Indian rupees and 226 million Japanese yen) which were not included in the foreign currency exposure table above.

7. Investment Risk Management (continued)

7.2. Credit Risk

PSP Investments is exposed to credit risk, which is the risk of non-performance of a debtor on whom PSP Investments relies to fulfill contractual or financial obligations. That is, the risk that the issuer of a debt security or that the counterparty to a derivative contract, to a securities lending and borrowing transaction or to securities purchased under reverse repurchase agreements, is unable to meet its financial obligations.

Credit risk encompasses the risk of a deterioration of creditworthiness and the relevant concentration risk. Credit risk monitoring entails an evaluation of the credit quality of each issuer and counterparty that transacts with PSP Investments. To perform this evaluation for public issuers and counterparties, PSP Investments relies on four recognized credit rating agencies. A minimum of two credit ratings are used to classify each security. If the agencies disagree as to a security's credit quality, PSP Investments uses the lowest of the available ratings. For private issuers, PSP Investments assigns internal credit ratings to issuers and measures the combined risk profile against set targets. To assign risk ratings to issuers, PSP Investments uses methodologies comparable to those used by recognized rating agencies.

As at March 31, 2025, the Plan Account's maximum exposure to credit risk amounted to $7 billion (March 31, 2024 – $6 billion). This amount is presented before collateral held and netting arrangements that do not qualify for offsetting under IFRS Accounting Standards. The maximum credit exposure excludes guarantees disclosed in Note 16 as well as investments in funds classified as alternative investments in Note 4.1. Such funds hold fixed income securities among other types of instruments.

To monitor the evolution of credit risk, PSP Investments periodically produces a concentration report by credit rating for credit-sensitive securities. The concentration of credit risk by credit rating was as follows as at:

	March 31, 2025							
(Canadian $ millions)	**Government and corporate bonds**[A]	**Inflation-linked bonds**[A]	**Cash equivalents**[A]	**Money market securities**[A]	**Reverse repurchase agreements**	**OTC derivatives**[B]	**Private debt securities**[A]	**Total**[A]
AAA-AA	**2,118**	**1,378**	**124**	**399**	**61**	**27**	**–**	**4,107**
A	**356**	**–**	**11**	**1**	**84**	**123**	**32**	**607**
BBB	**95**	**–**	**–**	**–**	**39**	**–**	**64**	**198**
BB or below	**32**	**–**	**–**	**–**	**–**	**–**	**2,355**	**2,387**
No rating[C]	**20**	**–**	**8**	**–**	**–**	**–**	**17**	**45**
Total	**2,621**	**1,378**	**143**	**400**	**184**	**150**	**2,468**	**7,344**

	March 31, 2024							
(Canadian $ millions)	Government and corporate bonds[A]	Inflation-linked bonds[A]	Cash equivalents[A, D]	Money market securities[A, D]	Reverse repurchase agreements	OTC derivatives[B]	Private debt securities[A]	Total[A]
AAA-AA	1,248	1,286	103	638	75	3	–	3,353
A	558	–	35	10	76	93	–	772
BBB	91	8	–	–	14	–	5	118
BB or below	52	–	–	–	–	–	2,156	2,208
No rating[C]	6	–	–	–	–	–	5	11
Total	1,955	1,294	138	648	165	96	2,166	6,462

[A] Includes interest receivable.
[B] As disclosed in Note 4.1.12.
[C] Includes securities for public issuers and counterparties, that are either not rated by credit rating agencies or rated by a single credit rating agency.
[D] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

7. Investment Risk Management (continued)

7.2. Credit Risk (continued)

7.2.1. Counterparty Risk

Counterparty risk represents the credit risk from current and potential exposure related to transactions involving derivative contracts, securities lending and borrowing as well as securities repurchase and reverse repurchase agreements. In order to minimize counterparty risk, PSP Investments requires that counterparties provide adequate collateral and meet its credit rating requirements. PSP Investments frequently monitors the credit rating of its counterparties as determined by recognized credit rating agencies. With respect to derivative contracts, PSP Investments has the ability to terminate all trades with most counterparties whose credit rating is downgraded below its requirements.

For OTC derivatives, PSP Investments' policy also requires the use of the International Swaps and Derivatives Association ("ISDA") Master Agreement with all counterparties to derivative contracts. The ISDA Master Agreement provides the contractual framework within which dealing activities across a full range of OTC products are conducted. In the case of OTC-cleared derivatives, trading activities are regulated between parties under terms that are customary to such transactions.

As a credit mitigation technique, the ISDA Master Agreement contractually binds counterparties to close-out netting provisions in the case of default by one of the counterparties. Additionally, the Credit Support Annex (CSA) to the ISDA Master Agreement enables PSP Investments to realize any collateral placed with it in the case of default of the counterparty. The CSA also requires PSP Investments to contribute further collateral when requested. All collateral transactions under the CSA are in cash, high-quality debt instruments or securities. The CSA also regulates the exchange of collateral when the credit exposure to a counterparty exceeds a predetermined threshold. Counterparties are generally authorized to sell, repledge or otherwise use collateral held. Similarly, in the case of OTC-cleared derivatives, collateral is required in cash, high quality debt instruments or securities and can be sold, repledged or otherwise used. PSP Investments does not sell, repledge or otherwise use any collateral held in the form of securities but does reinvest all cash collateral, with respect to derivative contracts.

With respect to transactions involving securities lending and borrowing agreements as well as securities repurchase and reverse repurchase agreements, collateral requirements are in place to mitigate counterparty risk. Notes 2.3.5 and 2.3.6 describe collateral requirements in securities lending and borrowing programs as well as securities repurchase and reverse repurchase agreements.

Information in connection with collateral pledged by PSP Investments and its counterparties is disclosed in Note 5.

In the case of the securities lending program, PSP Investments' exposure to counterparty risk is further mitigated as the custodian of the securities lent assumes the risk that a counterparty will be unable to meet its obligations associated with the collateral requirements.

Management is responsible for counterparty risk monitoring and mitigation as well as maintaining a comprehensive, disciplined, and enterprise-wide process for tracking and managing counterparty risk. As such, management measures counterparty risk on an ongoing basis, evaluates and tracks the creditworthiness of current counterparties and mitigates counterparty risk through collateral management.

7. Investment Risk Management (continued)

7.2. Credit Risk (continued)

7.2.2. Offsetting

PSP Investments is subject to ISDA Master Agreements in relation to its OTC derivative financial instruments as described. Such agreements contain close-out netting provisions applicable only in the case of default. In certain cases, such agreements also allow for offsetting. In cases where the conditions for offsetting were met, financial instruments have been presented net in the Statements of Financial Position. Securities repurchase and reverse repurchase agreements described in Notes 2.3.6 and 5 are subject to similar arrangements however they are not offset as the conditions for offsetting are not met.

The following tables present the financial assets and liabilities described above:

Financial Assets

(Canadian $ millions)	Gross Amount of Recognized Financial Assets	Less: Gross Amount of Recognized Financial Liabilities Offset	Net Amount of Financial Assets Presented in the Statements of Financial Position	Less: Related Amounts Not Offset in the Statements of Financial Position		Net
				Recognized Financial Liabilities	Collateral Held and Not Recognized	
March 31, 2025						
Reverse repurchase agreements	**184**	**–**	**184**[A]	**4**	**180**	**–**
OTC-derivatives	**150**	**–**	**150**[B]	**101**	**34**	**15**
Total	**334**	**–**	**334**	**105**	**214**	**15**
March 31, 2024						
Reverse repurchase agreements	165	–	165[A]	56	109	–
OTC-derivatives	96	–	96[B]	63	32	1
Total	261	–	261	119	141	1

Financial Liabilities

(Canadian $ millions)	Gross Amount of Recognized Financial Liabilities	Less: Gross Amount of Recognized Financial Assets Offset	Net Amount of Financial Liabilities Presented in the Statements of Financial Position	Less: Related Amounts Not Offset in the Statements of Financial Position		Net
				Recognized Financial Assets	Collateral Pledged and Not Derecognized	
March 31, 2025						
Repurchase agreements	**207**	**–**	**207**[A]	**4**	**203**	**–**
OTC-derivatives	**103**	**–**	**103**[B]	**88**	**11**	**4**
Collateral payable	**17**	**–**	**17**[C]	**13**	**–**	**4**
Total	**327**	**–**	**327**	**105**	**214**	**8**
March 31, 2024						
Repurchase agreements	377	–	377[A]	56	321	–
OTC-derivatives	69	–	69[B]	55	12	2
Collateral payable	9	–	9[C]	8	–	1
Total	455	–	455	119	333	3

[A] As described in Note 4.1.10.

[B] As described in Note 4.1.12.

[C] As described in Note 4.1.9. The balance consists of cash collateral received with respect to certain OTC derivative transactions and is included in Note 4.1 as part of collateral payable.

7. Investment Risk Management (continued)

7.3. Liquidity Risk

Liquidity risk corresponds to the risk that PSP Investments will not be able to meet its financial obligations on a timely basis, with sufficient and readily available cash resources. PSP Investments' cash position is monitored on a daily basis. In general, investments in cash, money market securities, floating rate notes, bonds and public equities are expected to be highly liquid as they will be invested in securities that are actively traded. Management utilizes appropriate measures and controls to monitor liquidity risk in order to ensure that there is sufficient liquidity to meet financial obligations as they come due. A liquidity report taking into consideration future forecasted cash flows is prepared and presented to senior management on a weekly basis. This ensures that sufficient cash reserves are available to meet forecasted cash outflows. Additionally, base levels of liquidity are maintained for deployment in case of market disruption. Further, see Note 2.3.8 for liquidity related to PSP Investments' net assets.

PSP Investments has the ability to raise additional capital through the use of its capital market debt program. This program allows PSP Investments to issue short-term promissory notes and medium-term notes. Note 8.2 provides additional information on the usage of the capital market debt program. Furthermore, PSP Investments maintains credit facilities for general corporate purposes. Note 8.1 provides additional information with respect to such credit facilities.

The terms to maturity of the notional amount of derivatives are disclosed in Note 4.1.12.

Financial Liabilities

The following tables present the fair value of non-derivative-related financial liabilities as well as derivative-related financial instruments, aggregated according to their maturities as at March 31, 2025, and excluding the impact of guarantees and indemnities disclosed in Note 16:

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Non-derivative-related financial liabilities[A]				
Amounts payable from pending trades	(174)	–	–	(174)
Interest payable	(13)	(5)	–	(18)
Securities sold short	(190)	–	–	(190)
Collateral payable	(124)	–	–	(124)
Securities sold under repurchase agreements	(154)	(53)	–	(207)
Capital market debt financing[B]	(502)	(322)	(1,661)	(2,485)
Trade payable and other liabilities	(31)	–	(11)	(42)
Total	**(1,188)**	**(380)**	**(1,672)**	**(3,240)**

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Derivative-related financial instruments				
Derivative-related assets	76	56	22	154
Derivative-related liabilities[A]	(45)	(51)	(10)	(106)
Total	**31**	**5**	**12**	**48**

[A] Liabilities are presented in the earliest period in which the counterparty can request payment.

[B] The total undiscounted cash flows amounted to $2,914 million as at March 31, 2025.

7. Investment Risk Management (continued)

7.3. Liquidity Risk (continued)

The following tables present the fair value of non-derivative-related financial liabilities as well as derivative-related financial instruments, aggregated according to their maturities as at March 31, 2024, and excluding the impact of guarantees and indemnities disclosed in Note 16:

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Non-derivative-related financial liabilities[A]				
Amounts payable from pending trades	(38)	–	–	(38)
Interest payable	(10)	(2)	–	(12)
Securities sold short	(231)	–	–	(231)
Collateral payable	(48)	–	–	(48)
Securities sold under repurchase agreements	(353)	(24)	–	(377)
Capital market debt financing[B]	(452)	(337)	(1,151)	(1,940)
Trade payable and other liabilities	(26)	–	(10)	(36)
Total	(1,158)	(363)	(1,161)	(2,682)

(Canadian $ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Derivative-related financial instruments				
Derivative-related assets	43	21	33	97
Derivative-related liabilities[A]	(36)	(17)	(17)	(70)
Total	7	4	16	27

[A] Liabilities are presented in the earliest period in which the counterparty can request payment.
[B] The total undiscounted cash flows amounted to $2,224 million as at March 31, 2024.

8. Borrowings

8.1. Credit Facilities

PSP Investments maintains a revolving credit facility in the amount of $2 billion and a demand line of credit in the amount of $1 billion (together "the Credit Facilities").

The Credit Facilities are for general corporate purposes and are available in either Canadian or US currencies. Subject to customary terms and conditions, these Credit Facilities are available at variable interest rates such as the prime rate and the US base rate.

These Credit Facilities were not drawn upon as at March 31, 2025, and 2024.

8.2. Capital Market Debt Financing

PSP Investments' capital market debt program consists of the private placement of short-term promissory notes as well as medium-term notes issued by PSP Capital Inc., a wholly-owned subsidiary of PSP Investments. The capital raised is primarily used to finance private market investments. It is unconditionally and irrevocably guaranteed by PSP Investments in accordance with its corporate leverage policy.

The maximum amount authorized by the Board of Directors for the capital market debt program is limited to $12 billion for all aggregate short-term note programs, 6 billion Australian dollars for the Australian dollar-denominated medium-term note program and $20 billion for the medium-term note program.

PSP Investments' capital market debt financing was in compliance with the limits authorized by the Board of Directors during the years ended March 31, 2025, and 2024.

8. Borrowings (continued)

8.2. Capital Market Debt Financing (continued)

The following outlines the terms as well as the fair value of the short-term notes issued under the capital market debt program allocated to the Plan Account as at:

(Canadian $ millions)		**March 31, 2025**			March 31, 2024		
Currency	**Term at Issuance**	**Interest Rate (%)**	**Capital Amounts Payable at Maturity**	**Fair Value**	Interest Rate (%)	Capital Amounts Payable at Maturity	Fair Value
AUD	364 days or less	**3.97 – 4.53**	**5**	**4**	4.28	10	9
EUR	215 days or less	**2.41 – 2.70**	**71**	**71**	3.85 – 3.93	51	51
GBP	245 days or less	**4.49 – 4.74**	**34**	**34**	5.18 – 5.24	38	37
USD	365 days or less	**4.17 – 5.33**	**636**	**630**	4.73 – 5.49	395	391
Total short-term notes			**746**	**739**		494	488

The following outlines the terms as well as the fair value of the medium-term notes issued under the capital market debt program allocated to the Plan Account as at:

(Canadian $ millions)				**March 31, 2025**		March 31, 2024	
Maturity	**Series**	**Currency**	**Interest Rate (%)**	**Capital Amounts Payable at Maturity**	**Fair Value**	Capital Amounts Payable at Maturity	Fair Value
April 2024	7	CAD	3.29	**–**	**–**	85	85
September 2024	G2	USD	0.50	**–**	**–**	122	119
March 2025	G5	USD	SOFR[B]+24 bps	**–**	**–**	97	97
November 2025	11	CAD	3.00	**85**	**85**	83	82
June 2026	13	CAD	0.90	**108**	**106**	102	95
June 2026	G1	USD	1.00	**104**	**100**	97	89
June 2027	G6	USD	3.50	**104**	**103**	97	94
March 2028	14	CAD	1.50	**72**	**70**	70	64
October 2028	G3	USD	1.63	**104**	**95**	97	86
February 2029	A1	AUD	4.60	**97**	**98**	95	96
June 2029	G8	CAD	3.75	**144**	**150**	101	100
October 2029	G15	USD	3.75	**130**	**127**	–	–
January 2030	12	CAD	2.05	**90**	**87**	90	81
December 2030	G13[A]	CAD	4.40	**72**	**77**	72	74
September 2031	A2[A]	AUD	4.50	**65**	**64**	–	–
March 2032	G4[A]	CAD	2.60	**72**	**69**	72	65
August 2032	G7	AUD	4.57	**15**	**15**	15	14
January 2033	G9	AUD	4.82	**13**	**13**	13	13
June 2033	G11	CAD	4.15	**182**	**190**	179	179
July 2034	G14	EUR	3.25	**124**	**123**	–	–
February 2035	A3	AUD	5.25	**81**	**82**	–	–
March 2038	G10	EUR	3.68	**11**	**11**	10	11
July 2043	G12	EUR	3.68	**8**	**8**	8	8
December 2055	G16	CAD	4.25	**72**	**73**	–	–
Total medium-term notes				**1,753**	**1,746**	1,505	1,452
Total capital market debt financing				**2,499**	**2,485**	1,999	1,940

[A] Green bonds
[B] Secured Overnight Financing Rate

Unrealized losses in connection with borrowings amounted to $87 million for the year ended March 31, 2025 (unrealized losses of $3 million for the year ended March 31, 2024).

8. Borrowings (continued)

8.2. Capital Market Debt Financing (continued)

Interest expense, for the years ended March 31, was as follows:

(Canadian $ millions)	**2025**	2024
Short-term promissory notes	**31**	26
Medium-term notes	**50**	37
Total	**81**	63

8.3. Reconciliation of Liabilities Arising from Financing Activities

The following provides a reconciliation of liabilities arising from financing activities, including both changes arising from cash and non-cash changes for the year ended March 31, 2025.

				Non-cash changes		
(Canadian $ millions)	**Opening balance**	**Proceeds from borrowings**	**Repayment of borrowings**	**Foreign exchange losses**	**Fair value[A] losses**	**Closing balance**
Capital market debt financing	**1,940**	**2,813**	**(2,356)**	**36**	**52**	**2,485**
Borrowings	**1,940**	**2,813**	**(2,356)**	**36**	**52**	**2,485**

The following provides a reconciliation of liabilities arising from financing activities, including both changes arising from cash and non-cash changes for the year ended March 31, 2024.

				Non-cash changes		
(Canadian $ millions)	Opening balance	Proceeds from borrowings	Repayment of borrowings	Foreign exchange gains	Fair value[A] losses	Closing balance
Capital market debt financing	1,734	2,262	(2,058)	(7)	9	1,940
Borrowings	1,734	2,262	(2,058)	(7)	9	1,940

[A] Includes interest on short-term promissory notes, which added to cost approximates their fair value.

9. Equity

9.1. Statutory Rights Held by the Government of Canada

Pursuant to the *Superannuation Acts*, the Government of Canada is entitled to PSP Investments' net assets allocated to each of the Plan Accounts for the purposes set out in the *Superannuation Acts*. The allocation of PSP Investments' net assets and net income to each of the Plan Accounts at a point in time is based on the allocation policy outlined in Note 13.

9.2. Fund Transfers

PSP Investments received fund transfers from the Government of Canada of $210 million for the year ended March 31, 2025 ($179 million for the year ended March 31, 2024) for the Fund, recorded in the Plan Account.

10. Segment Information

In order to fulfil its mandate, PSP Investments manages a diversified global portfolio composed of investments in various asset classes and has implemented an investment approach that focuses on the total fund approach rather than only on individual asset classes. The total fund approach guides the long-term investment strategy and focuses on managing total fund allocations and exposures in terms of asset classes, sectors and risk factors.

Accordingly, PSP Investments' investment segments are presented below to reflect the way in which asset classes are managed and how results are reviewed by the entity's senior management for purposes of performance management and decision making. These investment segments include their respective share of investment-related assets and investment-related liabilities as well as borrowings, which are reported separately by nature of the underlying investments as disclosed in Note 4.1. Further, to support PSP Investments' investment approach, a Complementary Portfolio is managed in addition to the individual asset classes' portfolios, which enables PSP Investments to capture investment opportunities that fit the mandate but that are outside the scope of the individual asset classes' investment framework.

Investment segments consist of investments held through direct and co-ownership positions as well as through fund managers and include:

- Capital Markets – invests in public market equities, government and corporate fixed income securities.
- Private Equity – invests in private entities with similar objectives.
- Credit Investments – invests in non-investment grade primary and secondary credit investments.
- Real Estate – invests in real estate assets mainly in retirement and residential, office, retail and other industrial sectors.
- Infrastructure – invests in private entities with a focus on assets in transportation, power generation, telecommunications and other regulated businesses.
- Natural Resources – invests in real assets with a focus on assets in timberlands and agriculture.
- Complementary Portfolio – focuses on investments that are not within the mandate of existing asset classes but are deemed beneficial for the total fund.

The following table presents net investments by investment segment as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024[B]
Capital Markets	**10,534**	8,036
Private Equity	**2,940**	2,902
Credit Investments	**2,187**	1,884
Real Estate	**1,925**	1,956
Infrastructure	**2,310**	2,480
Natural Resources	**1,296**	1,092
Complementary Portfolio	**106**	169
Other[A]	**350**	507
Total	**21,648**	19,026

[A] Includes cash and money market securities not managed within the investment segments, except administrative purpose cash and cash equivalents amounting to $6 million (March 31, 2024 – $4 million).

[B] During the year, PSP investments updated its segment reporting presentation to align with how the Capital Market segment is currently organized. Accordingly, comparative figures were reclassified to conform to the current year's presentation. Net investments of $3,996 million from Public Equity and $4,040 million from Fixed Income are now grouped under Capital Markets.

10. Segment Information (continued)

The following table presents net income (loss) by investment segment for the years ended March 31:

(Canadian $ millions)	2025			2024		
	Investment income[A]	**Expenses[B, C]**	**Net income**	Investment income (loss)[A, E]	Expenses[B, C, E]	Net income (loss)[E]
Capital Markets	**1,104**	**(74)**	**1,030**	728	(61)	667
Private Equity	**464**	**(10)**	**454**	323	(8)	315
Credit Investments	**290**	**(10)**	**280**	251	(9)	242
Real Estate	**36**	**(30)**	**6**	(321)	(32)	(353)
Infrastructure	**427**	**(22)**	**405**	345	(23)	322
Natural Resources	**129**	**(22)**	**107**	76	(19)	57
Complementary Portfolio	**35**	**(1)**	**34**	31	(1)	30
Other[D]	**106**	**(13)**	**93**	23	(24)	(1)
Total	**2,591**	**(182)**	**2,409**	1,456	(177)	1,279

[A] As described in Note 11, embedded within investment income are other fees paid by certain pooled fund investments and management fees not paid directly by PSP Investments.

[B] Includes all investment-related and operating expenses as disclosed in Notes 11 and 12, respectively.

[C] Total expenses exclude all investment-related and operating expenses associated with management services rendered to CGF.

[D] Includes income (loss) and expenses relating to cash and cash equivalents, as well as, to money market securities not managed within the investment segments.

[E] During the year, PSP investments updated its segment reporting presentation to align with how the Capital Markets segment is currently organized. Accordingly, Comparative figures were reclassified to conform to the current year's presentation. Investment income of $620 million, expenses of $(46) million, and net income of $574 million from Public Equity, and investment income of $108 million, expenses of $(15) million and net income of $93 million from Fixed Income are now grouped under Capital Markets.

The following table presents investment income (loss) by financial assets and financial liabilities by their classification for the year ended March 31:

(Canadian $ millions)	**2025**	2024
Financial assets		
Mandatorily at FVTPL[A]	**2,785**	1,516
Financial liabilities		
Mandatorily at FVTPL	**(65)**	(58)
Designated at FVTPL	**(129)**	(3)
Total	**2,591**	1,455

[A] Includes income (loss) on derivative-related assets and derivative-related liabilities.

11. Investment-Related Expenses

Investment-related expenses allocated to the Plan Account are comprised of the following for the years ended March 31:

(Canadian $ millions)	**2025**	2024
Interest expense	**105**	97
Transaction costs	**15**	11
External investment management and performance fees[A]	**5**	4
Other (net)	**2**	14
Total	**127**	126

[A] Consists of amounts incurred for investments in public markets that are paid directly by PSP Investments.

Certain management and performance fees are not paid directly by PSP Investments, but rather by investment structures such as funds and other investment vehicles held by PSP Investments. Such fees are embedded in the fair value of investments. Management fees amounted to $52 million for the year ended March 31, 2025 ($50 million for the year ended March 31, 2024). Performance fees amounted to $44 million for the year ended March 31, 2025 ($41 million for the year ended March 31, 2024).

12. Operating Expenses

Operating expenses allocated to the Plan Account consisted of the following for the years ended March 31:

(Canadian $ thousands)	2025	2024
Salaries and employee benefits	**38,323**	33,785
Professional and consulting fees	**8,891**	8,624
Premises and equipment	**1,517**	1,372
Market data and business applications	**5,993**	5,014
Depreciation of property and equipment	**1,440**	1,727
Custodial fees	**377**	340
Other operating expenses	**2,484**	1,782
Total	**59,025**	52,644

13. Allocation of Net Income

PSP Investments' net income is allocated to each Plan Account as follows:

13.1. Investment Income

The investment income is allocated proportionately based upon the net investments of each Plan Account at the time the income was earned.

13.2. Expenses

The Act requires that the costs of operation of PSP Investments be charged to the Plan Accounts. Under section 4(3) of the Act, the President of the Treasury Board shall determine to which Plan Account these costs will be charged, in consultation with the Minister of National Defence and the Minister of Public Safety and Emergency Preparedness. An allocation policy was developed which allocates the direct costs of investment activities, such as external investment management fees and custodial fees, to each Plan Account, based upon the net investments of each Plan Account at the time the expense was incurred.

Operating expenses excluding the direct cost of investment activities listed above, for the years ended March 31, were allocated in proportion to the annual amount of net investments of each Plan Account as follows:

(%)	2025	2024
Public Service Pension Plan Account	**73.3**	73.2
Canadian Forces Pension Plan Account	**19.1**	19.2
Royal Canadian Mounted Police Pension Plan Account	**7.2**	7.2
Reserve Force Pension Plan Account	**0.4**	0.4
Total	**100.0**	100.0

14. Related Party Transactions

14.1. Certain Investees

As outlined in Note 2.1, investments in unconsolidated subsidiaries, jointly controlled investees and associates are measured at FVTPL. Transactions between PSP Investments and such entities or subsidiaries of such entities are related party transactions. PSP Investments enters into investment transactions with such related parties in the normal course of its business, more specifically, as part of private markets and certain fixed income investments described under Note 4.1 as well as guarantees, indemnities and commitments described under Notes 16 and 17, respectively. Since balances in connection with all investment transactions are measured at FVTPL, those transactions undertaken with related parties have the same impact on net assets and net income as those with unrelated parties.

Transactions between PSP Investments and its consolidated subsidiaries as well as related balances are eliminated upon consolidation and, therefore, are not disclosed in this note.

14. Related Party Transactions (continued)

14.2. The Government of Canada and Government-Related Entities

Since PSP Investments is a Crown corporation as described in Note 1, it is considered to be related to the Government of Canada as well as other entities that are controlled, jointly controlled or significantly influenced by the Government of Canada (together “government-related entities”).

(i) The Government of Canada
The only transactions undertaken between PSP Investments and the Government of Canada consist of the fund transfers outlined in Note 9.2.

(ii) Government-Related Entities
PSP Investments may enter into investment transactions with government-related entities in the normal course of its business, more specifically, as part of private markets and certain fixed income investments described under Note 4.1. Such investment transactions are carried out on terms that are equivalent to those that may prevail in transactions with unrelated parties and are subject to the same internal processes. In this respect, transactions with such related parties have the same impact on net assets and net income as those with unrelated parties. Consequently, PSP Investments is availing itself of the exemption under IAS 24 *Related Parties* from making specific disclosures on transactions and balances with such government-related entities.

As disclosed in Note 1 and Note 2.1, PSP Investments provides investment services to CGF, a government-related entity. The only transactions undertaken between PSP Investments and CGF consist of investment management services, which are rendered in the normal course of operations.

14.3. Compensation of Key Management Personnel

Members of key management personnel are related parties of PSP Investments. Key management personnel are those persons having authority and responsibility for planning, directing and controlling PSP Investments’ activities, directly or indirectly and consist of members of the Board of Directors, PSP Investments’ senior management team and officers. Compensation earned by key management personnel allocated to the Plan Account for the years ended March 31 was recorded in the Statements of Net Income and was as follows:

(Canadian $ thousands)	**2025**	2024
Short-term compensation and other benefits	**1,685**	1,335
Long-term compensation and other benefits	**1,096**	629
Total	**2,781**	1,964

As disclosed in Note 16, PSP Investments may also be required to indemnify certain members of key management personnel for costs incurred, such as claims, actions or litigations in connection with the exercise of specific aspects of their duties.

15. Capital Management

As an investment company, PSP Investments’ objectives in managing its capital are:

- To invest fund transfers, outlined in Note 9.2, in the best interests of the beneficiaries and contributors under the *Superannuation Acts*. The funds received are invested with a view of achieving a maximum rate of return, without undue risk of loss, having regard to the funding, policies and requirements of the Plans established under the *Superannuation Acts* and the ability of the Plans to meet their financial obligations. The funds are also invested in accordance with the Investment Risk Management policies which are outlined in Note 7.
- To maintain an appropriate credit rating to achieve access to the capital markets at the lowest cost of capital. Through PSP Capital Inc. and its leverage policies, PSP Investments has the ability to raise capital by issuing short-term promissory notes and medium-term notes. Note 8.2 provides information on the capital market debt financing and Note 7.3 provides information on PSP Investments’ liquidity.

The capital structure of PSP Investments consists of fund transfers and capital market debt financing. PSP Investments has no externally imposed restrictions on capital.

16. Guarantees and Indemnities

PSP Investments provides indemnification to its directors, its officers, its employees and to certain PSP Investments representatives asked to serve as directors or officers of entities in which PSP Investments or its investment entity subsidiaries have made an investment or have a financial interest. As a result, but subject to the Act, PSP Investments may be required to indemnify these representatives for costs incurred, such as claims, actions or litigation in connection with the exercise of their duties, unless the liability of such a representative relates to a failure to act honestly and in good faith. To date, PSP Investments has not received any material claims or made any material payment for such indemnities.

In certain cases, PSP Investments also provides indemnification to third parties in the normal course of business. As a result, PSP Investments may be required to indemnify such third parties in connection with the performance of their contractual obligations. To date, PSP Investments has not received any material claims nor made any material payments for such indemnities.

PSP Investments unconditionally and irrevocably guarantees all credit facilities, as well as short-term promissory notes and medium-term notes issued by PSP Capital Inc., as described in Note 8.

In certain investment transactions, PSP Investments and its investment entity subsidiaries provided guarantees, indemnifications or issued letters of credit to third parties, the most significant of which are as follows:

- As at March 31, 2025 and 2024, PSP Investments and its investment entity subsidiaries agreed to guarantee and, in some cases, provide indemnification for the performance of certain investees under contractual agreements. The majority of these agreements are borrowing arrangements. In the event a default occurs under such agreements, which is of limited recourse in certain cases, PSP Investments or its investment entity subsidiaries could assume obligations of up to $3,023 million as at March 31, 2025 (March 31, 2024 – $2,717 million), of which $218 million has been allocated to the Plan Account (March 31, 2024 – $195 million) plus applicable interest and other related costs. The arrangements mature between July 2025 and June 2042 as of March 31, 2025 (March 31, 2024 – between May 2024 and June 2042).
- As of March 2025, PSP Investments maintained stand-by letter of credit facilities totaling $312 million (March 31, 2024 – $3 million). These facilities can be utilized in various currencies as needed. PSP Investments and its investment entity subsidiaries issued letters of credit totalling $165 million as at March 31, 2025 (March 31, 2024 – $1 million), of which $12 million has been allocated to the Plan Account (March 31, 2024 – nil) in relation to investment transactions.

17. Commitments

PSP Investments and its investment entity subsidiaries have committed to enter into investment transactions, which will be funded over the next several years in accordance with agreed terms and conditions. The portion of PSP Investments' commitments that would be assumed by the Plan Account was as follows as at:

(Canadian $ millions)	**March 31, 2025**	March 31, 2024
Real estate	**241**	277
Private equity	**732**	816
Infrastructure	**689**	287
Natural resources	**27**	35
Private debt securities	**836**	621
Alternative investments	**145**	112
Total	**2,670**	2,148

Funding in connection with the above commitments can be called upon at various dates extending until 2041 as at March 31, 2025 (March 31, 2024 – 2041).

Independent Auditors' Report

To the Minister of National Defence

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Public Sector Pension Investment Board – Reserve Force Pension Plan Account (the Reserve Force Pension Plan Account), which comprise the statements of financial position as at March 31, 2025 and 2024, and the statements of net income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Reserve Force Pension Plan Account as at March 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Reserve Force Pension Plan Account 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 annual report, but does not include the financial statements and our auditors' 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 our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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 Reserve Force Pension Plan Account'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 Reserve Force Pension Plan Account or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 Reserve Force Pension Plan Account'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 Reserve Force Pension Plan Account's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Reserve Force Pension Plan Account 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.

Mélanie Cabana, CPA auditor
Senior Principal
for the Auditor General of Canada

Montréal, Canada
May 15, 2025

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Public Sector Pension Investment Board – Reserve Force Pension Plan Account coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the applicable provisions of Part X of the *Financial Administration Act* and regulations, the *Public Sector Pension Investment Board Act* and regulations, and the by-laws of the Public Sector Pension Investment Board and its wholly-owned subsidiaries.

In our opinion, the transactions of the Public Sector Pension Investment Board – Reserve Force Pension Plan Account that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Public Sector Pension Investment Board – Reserve Force Pension Plan Account's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Public Sector Pension Investment Board – Reserve Force Pension Plan Account to comply with the specified authorities.

Auditors' Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

Deloitte LLP[1]

[1] CPA auditor, public accountancy permit No. A125494

Montréal, Canada
May 15, 2025

Statements of Financial Position

As at

(Canadian $ thousands)	Notes	**March 31, 2025**	March 31, 2024[A]
Assets			
Cash and cash equivalents	4.1	**10,279**	10,245
Investments	4.1	**1,390,955**	1,223,281
Other assets		**620**	542
Total assets		**1,401,854**	1,234,068
Liabilities			
Trade payable and other liabilities		**2,360**	2,041
Investment-related liabilities	4.1	**46,004**	44,036
Borrowings	4.1, 8.2	**139,500**	110,053
Total liabilities		**187,864**	156,130
Net assets		**1,213,990**	1,077,938
Equity	9	**1,213,990**	1,077,938
Total liabilities and equity		**1,401,854**	1,234,068

[A] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

The accompanying notes are an integral part of these Financial Statements.

Statements of Net Income

For the years ended March 31

(Canadian $ thousands)	Notes	2025	2024
Investment income	10	**146,359**	82,831
Investment-related expenses	11, 14.2	**(7,170)**	(7,193)
Net investment income		**139,189**	75,638
Operating expenses	12, 14.2	**(3,338)**	(3,009)
Recoveries of costs	2.1, 14.2	**201**	122
Net income	10	**136,052**	72,751

Statements of Changes in Equity

For the years ended March 31

(Canadian $ thousands)	Notes	2025	2024
Fund transfers			
Balance at beginning of year		**329,631**	329,631
Balance at end of year		**329,631**	329,631
Retained earnings			
Balance at beginning of year		**748,307**	675,556
Net income	10	**136,052**	72,751
Balance at end of year		**884,359**	748,307
Total equity		**1,213,990**	1,077,938

The accompanying notes are an integral part of these Financial Statements.

Statements of Cash Flows

For the years ended March 31

(Canadian $ thousands)	Notes	2025	2024
Cash flows from operating activities			
Net income	10	**136,052**	72,751
Adjustments for non-cash items:			
Depreciation of property and equipment	12	**82**	99
Effect of exchange rate changes on cash and cash equivalents		**(116)**	(60)
Unrealized losses on borrowings		**4,892**	166
		140,910	72,956
Net changes in operating assets and liabilities			
Increase in investments		**(167,674)**	(72,761)
(Increase) decrease in other assets		**(135)**	59
Increase (decrease) in trade payables and other liabilities		**319**	(119)
Increase (decrease) in investment-related liabilities		**1,968**	(21,017)
Net cash flows used in operating activities[B]		**(24,612)**	(20,882)
Cash flows from financing activities			
Proceeds from borrowings		**158,849**	129,047
Repayment of borrowings		**(134,294)**	(118,442)
Net cash flows provided by financing activities		**24,555**	10,605
Cash flows from investing activities			
Acquisitions of equipment		**(25)**	(7)
Net cash flows used in investing activities		**(25)**	(7)
Net change in cash and cash equivalents[B]		**(82)**	(10,284)
Effect of exchange rate changes on cash and cash equivalents		**116**	60
Cash and cash equivalents at the beginning of the year[B]		**10,245**	20,469
Cash and cash equivalents at the end of the year[A, B]	4.1	**10,279**	10,245
Supplementary disclosure of cash flow information			
Dividends received		**14,522**	11,334
Interest received		**18,232**	17,411
Interest paid		**(5,530)**	(5,374)

[A] As at March 31, 2025, cash included in Cash and cash equivalents amounted to $2,236 thousand (March 31, 2024 – $2,398 thousand).

[B] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

The accompanying notes are an integral part of these Financial Statements.

Notes to the Financial Statements

For the years ended March 31, 2025 and 2024

1. Corporate Information

The Public Sector Pension Investment Board ("PSP Investments") is a Crown corporation created under the *Public Sector Pension Investment Board Act* (the "Act") to manage and invest amounts that are transferred to it pursuant to the *Superannuation Acts* (defined below), for the funds (as defined in the Act) of the pension plans established under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* ("CFSA"), the *Royal Canadian Mounted Police Superannuation Act* (collectively the "*Superannuation Acts*"), and certain regulations under the CFSA (the "CFSA Regulations"). The pension plans established under the *Superannuation Acts* consist of the Public Service pension plan, the Canadian Forces pension plan, and the Royal Canadian Mounted Police pension plan, and the pension plan established under the CFSA Regulations is the Reserve Force pension plan (the "Plan"). The Plan and the other pension plans are herein referred to collectively as the "Plans".

The fund for which amounts are currently transferred to PSP Investments by the Government of Canada (the "Fund") relates to pension obligations under the Plan for service on or after March 1, 2007 ("Post-2007 Service"). The account managed by PSP Investments for the Fund is herein referred to as the "Plan Account". PSP Investments maintains records of the net contributions for the Fund, as well as the allocation of its investments and the results of its operations for the Fund in the Plan Account. PSP Investments also manages a plan account for the funds of the other Plans, and these and the Plan Account are collectively referred to herein as the "Plan Accounts".

PSP Investments is responsible for managing amounts that are transferred to it for the Fund in the best interests of the beneficiaries and contributors under the CFSA Regulations. The amounts are to be invested with a view of achieving a maximum rate of return, without undue risk of loss, having regard to the funding, policies and requirements of the Plan and the Plan's ability to meet its financial obligations.

Pursuant to the CFSA and the CFSA Regulations, the Government of Canada, which administers the Plan and the Fund, may at any time call upon the net assets of PSP Investments allocated to the Fund's Plan Account for amounts required for the purpose of paying benefits under the Plan in respect of Post-2007 Service. A non-permitted surplus arises when, as determined by an actuarial valuation report prepared by the Chief Actuary of Canada, the amount of a Plan's assets exceeds the amount of liabilities in respect of contributors by more than 10%.

Following the federal budget announcement on March 28, 2023, that PSP Investments was selected to act as the independent and exclusive investment manager of Canada Growth Fund Inc. ("CGF"), a subsidiary of Canada Development Investment Corporation ("CDEV"), itself a Crown corporation, the Act was amended in June 2023 to allow a subsidiary of PSP Investments to act as the investment manager of CGF, as further described in Note 14.2. To that end, PSP Investments incorporated Canada Growth Fund Investment Management Inc. ("CGFIM") as its wholly-owned subsidiary in August 2023, for the purpose of providing investment management services to CGF, on a cost recovery basis for no profit. The costs associated with the establishment and operation of this subsidiary and with the provision of investment management services to CGF are reimbursed by CGF.

PSP Investments and the majority of its subsidiaries are exempt from Part I tax under paragraphs 149(1)*(d)* and 149(1)*(d.2)* of the *Income Tax Act* (Canada), respectively. In certain foreign jurisdictions, income and capital gains remain taxable.

PSP Investments' registered office is located at 135 Laurier Avenue West, Ottawa, Ontario, Canada and its principal business office is at 1250 René-Lévesque Boulevard West, Montreal, Quebec, Canada.

2. Material Accounting Policy Information

The material accounting policy information that is relevant to the preparation of these Financial Statements throughout all periods presented is summarized below.

2.1. Basis of Presentation

The Financial Statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB").

PSP Investments qualifies as an investment entity as defined under IFRS 10 *Consolidated Financial Statements* and, consequently, does not consolidate its subsidiaries other than those that solely provide it with services that relate to its investment activities. Instead, PSP Investments measures its investments in subsidiaries at fair value through profit or loss ("FVTPL") in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"), including those that are formed by PSP Investments and that qualify as investment entities ("investment entity subsidiaries"). PSP Investments also measures its investments in associates, joint ventures and financial assets and financial liabilities at FVTPL in accordance with IAS 28 *Investments in Associates and Joint Ventures* and IFRS 9.

These Financial Statements present the Plan Account's financial position and results of operations of PSP Investments and its subsidiaries that solely provide it with services that relate to its investment activities, as allocated to the Plan Account. They reflect the economic activity of PSP Investments as it pertains to the investment of the net contributions transferred to it for the Fund, as well as investment management services rendered by CGFIM for investments held by CGF, as further described in Note 14.2. Accordingly, they do not reflect all of the assets or the details of the pension contributions, payments and liabilities under the Plan, nor any of the assets and liabilities of CGF.

CGFIM provides investment management services to CGF, a government-related entity, in exchange for consideration to recover costs as described in Note 1. Consideration is received to the extent costs are incurred, as reflected in investment-related and operating expenses, while recoveries of costs are also recognized on that basis, as this is the best estimate of amounts earned over the period the investment management services are performed.

These Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors on May 15, 2025.

2.2. Investment Entity Status

PSP Investments has determined that it meets the mandatory requirements of the definition of an investment entity under IFRS 10 on the basis of the facts and circumstances as at the end of the period. They are as follows:

(i) Mandate and business purpose
As further described in Note 1, PSP Investments' mandate is to manage and invest the amounts that are transferred to it in the best interests of the beneficiaries and contributors under the *Superannuation Acts*. Consequently, PSP Investments' business purpose is to invest with a view of achieving a maximum rate of return from capital appreciation and income from investments, without undue risk of loss.

(ii) Performance evaluation
PSP Investments measures and evaluates the performance of its investments on a fair value basis.

In addition to the mandatory items of the definition, IFRS 10 also outlines certain typical characteristics of an investment entity, the absence of any of which does not necessarily preclude an entity from qualifying as an investment entity. One of these characteristics is that an investment entity should have investors that are not related parties of the entity.

As described in Note 14, since PSP Investments is a Crown corporation, it is considered to be related to the Government of Canada as well as other entities that are controlled or jointly controlled by the Government of Canada or entities over which the latter has significant influence. Consequently, since the funds managed by PSP Investments originate from related parties, it may be considered not to meet the typical characteristic outlined above. However, the Act provides a framework to ensure that PSP Investments operates at arm's length from the Government of Canada. Accordingly, it meets all of the mandatory items of the definition described above and qualifies as an investment entity.

Should any changes occur in the facts and circumstances, PSP Investments will evaluate the impact of any such changes on its investment entity status.

2. Material Accounting Policy Information

(continued)

2.3. Summary of Material Accounting Policy Information

The specific material accounting policies applied in the preparation of these Financial Statements are set out below.

2.3.1. Financial Instruments

(i) Classification
Financial assets representing investments, as well as cash and cash equivalents, are managed, together with related financial liabilities representing investment-related liabilities, according to PSP Investments' business model to maximize the rate of return. The performance of such financial instruments is evaluated on a fair value basis, and they are mandatorily classified at FVTPL. They are described in detail in Note 4.1.

Borrowings, as described under Note 8, are financial liabilities that are designated at FVTPL as they are part of the portfolios of investments that are managed together and whose performance is evaluated on a fair value basis.

(ii) Recognition
Financial assets and financial liabilities are recorded at the date upon which the entity becomes a party to the associated contractual provisions. In the case of traded financial assets, they are recorded as of the trade date.

(iii) Initial and subsequent measurement
All financial assets and financial liabilities are initially recorded in the Statements of Financial Position at fair value and continue to be measured as such on a recurring basis. After initial measurement, subsequent changes in the fair value of financial assets and financial liabilities classified at FVTPL are recorded in investment income in the Statements of Net Income.

(iv) Derecognition
A financial asset (or, where applicable, a part thereof) is derecognized when one of the following conditions is met:

- The rights to receive cash flows from the asset have expired,
- PSP Investments has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to a third party,
- PSP Investments has transferred substantially all the risks and rewards of the asset, or
- In cases where PSP Investments has neither transferred nor retained substantially all the risks and rewards of the asset, it has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

2.3.2. Determination of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

At initial recognition, PSP Investments evaluates the facts and circumstances related to a transaction to confirm that the transaction price represents the fair value of an asset or a liability. At each subsequent reporting date, market prices are used to determine fair value where an active market exists (such as a recognized securities exchange), as they reflect actual and regularly occurring market transactions on an arm's length basis. If quoted market prices are not available, then fair value is estimated using valuation techniques based on inputs existing at the end of the reporting period that are derived from observable market data.

Valuation techniques are generally applied to investments in private markets, alternative investments, over-the-counter ("OTC") derivatives and certain fixed income securities. The values derived from applying these techniques are impacted by the choice of valuation model and the underlying assumptions made concerning factors such as the amounts and timing of future cash flows, discount rates, volatility and credit risk. In certain cases, such assumptions are not supported by market observable data.

The determination of fair value of all financial assets and financial liabilities is described in Note 4.

2.3.3. Functional and Presentation Currency

The functional and presentation currency of PSP Investments and its consolidated subsidiaries is the Canadian dollar, which is the currency of the primary economic environment in which each entity within the consolidated group operates. PSP Investments' performance and that of its consolidated subsidiaries is evaluated and its liquidity is managed in Canadian dollars.

2. Material Accounting Policy Information

(continued)

2.3. Summary of Material Accounting Policy Information (continued)

2.3.4. Foreign Currency Translation

Foreign currency transactions during the period, including purchases and sales of securities, income and expenses, are translated to the functional currency at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency at the rate of exchange prevailing at the end of the reporting period.

Foreign currency transaction gains and losses on all monetary assets and liabilities are included in investment income.

2.3.5. Securities Lending and Securities Borrowing and Related Collateral

PSP Investments participates in securities lending and borrowing programs whereby it lends and borrows securities in order to enhance portfolio returns. Lending and borrowing transactions including related collateral under such programs do not transfer the risks or rewards of ownership of the securities to the counterparty. Consequently, PSP Investments does not derecognize securities lent or pledged as collateral, or recognize securities borrowed or received as collateral. Cash amounts received are recognized as described in Note 4.1.9.

The securities lending and borrowing programs require collateral in cash, high-quality debt instruments or securities. Collateral transactions are conducted under terms that are usual and customary in standard securities lending and borrowing programs. PSP Investments and its counterparties are authorized to sell, repledge or otherwise use collateral held. The same securities or equivalent securities must be returned to the counterparty at the end of the contract, unless an event of default occurs.

2.3.6. Securities Sold under Repurchase Agreements and Purchased under Reverse Repurchase Agreements and Related Collateral

PSP Investments enters into repurchase and reverse repurchase agreements. Such agreements involve the sale of securities by one counterparty with a simultaneous agreement to repurchase such securities at a specified price and at a specified future date.

Securities sold or purchased under the repurchase and reverse repurchase agreements respectively, including related collateral, are not derecognized or recognized as all risks and rewards of ownership related to such securities are not transferred. As such, in the case where PSP Investments is the counterparty selling securities under such agreements, all income (loss) related to such securities continues to be reported in investment income and obligations to repurchase the securities sold are accounted for as investment-related liabilities. The difference between the fair value of the securities sold and the repurchase price is recorded as interest expense within investment-related expenses. In the case where PSP Investments is the counterparty purchasing securities under such agreements, no income (loss) related to such securities is recognized and obligations to resell the securities are accounted for as investment-related receivables. The difference between the fair value of the securities purchased and resale price is recorded in investment income.

Transactions under repurchase and reverse repurchase agreements involve pledging collateral consisting of cash or securities deemed acceptable by the counterparties. Collateral transactions are conducted under terms that are usual and customary in standard repurchase arrangements. Such terms require the relevant counterparty to pledge additional collateral based on the changes in the fair value of the existing collateral pledged as well as the related securities sold or purchased. The counterparties are authorized to sell, repledge or otherwise use collateral held. The securities pledged as collateral must be returned to the relevant counterparty at the end of the contract, unless an event of default occurs.

2.3.7. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Statements of Financial Position, only if PSP Investments has a current legally enforceable right to offset the recognized amounts and the intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2. Material Accounting Policy Information

(continued)

2.3. Summary of Material Accounting Policy Information (continued)

2.3.8. Equity

The statutory rights of the Government of Canada pursuant to the *Superannuation Acts* are described under Note 1 and are classified as equity instruments on the following basis:

- Under such rights the Government of Canada is entitled to PSP Investments' net assets at any time for the purposes set out in the *Superannuation Acts*. Such rights do not contain any additional obligations for PSP Investments to deliver amounts to the Government of Canada. The Government of Canada can elect to reduce fund transfers to PSP Investments or call upon its net assets for the purpose of paying benefits under the relevant Plan in respect of Post-2007 Service, or generally, for the purpose of reducing any non-permitted surplus in the Fund of such Plan. Should the Government of Canada call on the net assets of PSP Investments, amounts in question would be accounted for as a financial liability with a related reduction of net assets at that time.
- Such rights are the most subordinate claim on PSP Investments' net assets.
- The total expected cash flows attributable to such rights, at any time, is solely based on the fair value of the net assets of PSP Investments at that time. Further, the fair value of the net assets of PSP Investments in its entirety represents the amounts that the Government of Canada may call upon at any time.

2.3.9. Investment Income

Investment income is made up of interest, dividends, gains (losses) on the disposal of financial assets and financial liabilities as well as gains (losses) which reflect the change in unrealized appreciation (depreciation) of financial assets held and financial liabilities outstanding at the end of the reporting period. Interest is recognized, on a consistent basis, using the prescribed rates until maturity. Dividends are recognized when the right to receive them has been obtained, generally on the ex-dividend date.

2.3.10. Investment-Related Expenses

Investment-related expenses are made up of interest expense, transaction costs, external investment management fees and other (net).

Transaction costs are incremental costs directly attributable to the acquisition, due diligence, issue, or disposal of a financial asset or financial liability, and they are expensed as incurred.

External investment management fees are directly attributable to the external management of assets on behalf of PSP Investments. These fees are paid directly by PSP Investments and comprise base fees accrued as a percentage of the fair value of the assets managed externally and performance fees accrued as a function of various performance indicators. This excludes amounts not paid directly by PSP Investments for certain pooled fund investments classified under alternative investments and for investments in private markets as outlined in Note 11.

2.3.11. Fund Transfers

Amounts are recorded for the Fund when received from or paid to the Government of Canada.

2.4. Significant Accounting Judgments, Estimates and Assumptions

In preparing the Financial Statements, management makes certain judgments, estimates and assumptions that can affect the amounts reported therein. Significant judgments include those related to the determination of the investment entity status as described in Note 2.2.

Management also makes estimates and assumptions in the measurement, risk assessment and related disclosures surrounding investments in private markets and certain fixed income securities. The main assumptions made by management regarding measurement of financial instruments are outlined in Note 4.2.3 and those regarding the assessment of risk are outlined in Note 7.

Sources of estimate uncertainty related to macroeconomic unpredictability and volatility include the current geopolitical context, tariffs, inflation and interest rates. This could continue to impact financial results, due to uncertainties including their extent and duration. The Financial Statements reflect the impacts resulting from the aforementioned macroeconomic factors to the extent known at the reporting date.

Although assumptions reflect management's best estimates, actual results may differ from such estimates due to the uncertainties involved in using them.

3. Current and Future Changes in Accounting Standards

3.1. Current Accounting Standards

PSP Investments has determined that there is no material impact on its Financial Statements arising from new standards, amendments and interpretations that have been issued by the IASB, effective for the year ended March 31, 2025.

3.2. Future Accounting Standards

A number of new standards, amendments and interpretations have been issued by the IASB, but are not yet effective. The following relates to one or more of PSP Investments' material accounting policies or disclosures:

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB completed its project to replace IAS 1 *Presentation of Financial Statements* with IFRS 18 *Presentation and Disclosure in Financial Statements*. The standard includes requirements for the statements of net income, the statements of cash flows and the statements of financial position, that are designed mainly to enhance consistency and comparability. It also involves new disclosure requirements, including disclosing management-defined performance measures. IFRS 18 is effective and applicable to PSP Investments for annual periods beginning on or after April 1, 2027, with early adoption permitted. The standard is to be applied retrospectively. Management is currently assessing the impact of adopting this standard.

4. Financial Assets and Financial Liabilities

4.1. Classes of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are aggregated, in the following table, in classes that reflect their respective exposure as well as investment sectors. Their fair values were as follows, as at:

(Canadian $ thousands)	March 31, 2025	March 31, 2024
Public markets		
Canadian equity	**12,873**	11,416
Foreign equity	**261,001**	171,188
Private markets		
Real estate	**154,178**	151,627
Private equity	**161,626**	161,419
Infrastructure	**164,478**	166,314
Natural resources	**106,921**	88,629
Fixed income		
Money market securities[C]	**24,806**	38,962
Government and corporate bonds	**146,081**	109,882
Inflation-linked bonds	**77,097**	73,216
Private debt securities	**136,903**	121,498
Alternative investments	**115,450**	105,413
Investments before investment-related assets[B]	**1,361,414**	1,199,564
Investment-related assets		
Amounts receivable from pending trades	**6,180**	5,190
Interest receivable	**3,016**	2,571
Dividends receivable	**1,374**	1,101
Securities purchased under reverse repurchase agreements	**10,340**	9,333
Derivative-related assets	**8,631**	5,523
Investment-related assets	**29,541**	23,718
Investments representing financial assets at FVTPL[A, B]	**1,390,955**	1,223,282
Cash and cash equivalents[B, C]	**10,279**	10,244
Investment-related liabilities		
Amounts payable from pending trades	**(9,840)**	(2,203)
Interest payable	**(985)**	(673)
Securities sold short	**(10,693)**	(13,087)
Collateral payable	**(6,941)**	(2,725)
Securities sold under repurchase agreements	**(11,616)**	(21,361)
Derivative-related liabilities	**(5,929)**	(3,987)
Investment-related liabilities representing financial liabilities at FVTPL	**(46,004)**	(44,036)
Borrowings		
Capital market debt financing	**(139,500)**	(110,053)
Borrowings representing financial liabilities at FVTPL	**(139,500)**	(110,053)
Net investments[B]	**1,215,730**	1,079,437

[A] As at March 31, 2025, $32,295 thousand out of $1,390,955 thousand were investments pledged as described in Note 5 (March 31, 2024 – $41,376 thousand out of $1,223,282 thousand).

[B] Amounts of $9,995 thousand and $250 thousand which were previously included in Investments and Other assets, respectively, on the Statements of Financial Position as at March 31, 2024, have now been reclassified to Cash and cash equivalents to better reflect their unique nature and characteristics. Consequently, the comparative figures were reclassified within this note: Investments before investment-related assets from $1,209,559 thousand to $1,119,564 thousand, Investments representing financial assets at FVTPL from $1,233,276 thousand to $1,223,282 thousand, Net investments from $1,079,187 thousand to $1,079,437 thousand, and Other assets on the Statements of Financial Position from $792 thousand to $542 thousand.

[C] Additionally, as of March 31, 2025, PSP Investments changed its accounting policy to classify instruments with maturities of three months or less from acquisition date as Cash and cash equivalents. The change was made to better reflect the nature of cash equivalents as highly liquid instruments with an insignificant risk of changes in value. As a result, $4,457 thousand was reclassified from Cash and cash equivalents to Money market securities as at March 31, 2024 ($8,603 thousand as at March 31, 2023). Consequently, the comparative figures for the Statements of Cash Flows were also reclassified: Net cash flows used in operating activities increased from $(25,028) thousand to $(20,882) thousand, Net changes in cash and cash equivalents increased from $(14,430) thousand to $(10,824) thousand, and Cash and cash equivalents at the beginning and end of the year decreased from $29,072 thousand to $20,469 thousand, and $14,702 thousand to $10,245 thousand, respectively.

4. Financial Assets and Financial Liabilities
(continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.1. Public Markets

Public markets consist of Canadian and foreign investments in the following securities: common shares, American depository receipts, global depository receipts, participation notes, preferred shares, income trust units, exchange traded funds units, pooled funds units, and securities convertible into common shares of publicly listed issuers.

Direct investments in Canadian and foreign equities are measured at fair value using quoted prices in active markets and are based on the most representative price within the bid-ask spread.

In the case of investments in pooled funds, fair value is measured using unit values obtained from each of the funds' administrators, which are derived from the fair value of the underlying investments in each pooled fund. Management reviews the fair value received and, where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration.

4.1.2. Private Markets

Private markets consist of investments in real estate, private equity, infrastructure and natural resources.

Real estate investments are comprised of direct equity positions in various private entities, fund investments, as well as properties in the real estate sector. Real estate investments focus on partnerships, companies and properties operating mainly in the retirement and residential, office, retail, and industrial sectors, as well as private funds invested in real estate assets. Real estate investments are presented net of all third-party financing.

Private equity investments are comprised of fund investments with similar objectives, co-investments in private entities as well as direct equity positions.

Infrastructure investments are comprised of direct equity positions, fund investments and co-investments in various private entities. Infrastructure investments focus on entities engaged in the management, ownership or operation of assets in energy, transportation and other regulated businesses. Infrastructure investments are presented net of all third-party financing.

Natural resources investments are comprised of direct equity positions, fund investments and co-investments in various private entities. Natural resources investments focus on entities engaged in the management, ownership or operation of assets in timberlands, agriculture, upstream oil and gas, and metal and mining. Natural resources investments are presented net of all third-party financing.

The process for fair value measurement of private markets investments is described in Note 4.2.2 and the valuation techniques together with the significant inputs used are described in Note 4.2.3.

4.1.3. Fixed Income and Cash and Cash Equivalents

4.1.3.1. Cash and Cash Equivalents

Cash includes demand deposits with financial institutions.

Cash equivalents include treasury bills, certificates of deposit, bankers' acceptances and other fixed-income securities with maturities of 90 days or less from the acquisition date that are held to meet short-term financial commitments. Such instruments are readily convertible into known amounts of cash and have an insignificant risk of change in value.

4.1.3.2. Money Market Securities, Bonds and Private Debt Securities

Fixed income consists of money market securities, government and corporate bonds, inflation-linked bonds and private debt securities. Money market securities include instruments having a maximum term to maturity of one year, such as treasury bills, certificates of deposit and bankers' acceptances.

Treasury bills are valued based on prices obtained from third-party pricing sources. Such prices are determined using the most representative price within a spread of dealer quotations. Certificates of deposit and bankers' acceptances are recorded at cost plus accrued interest, which approximates their fair value given their short-term nature.

Government and corporate bonds include Canadian and foreign, federal, provincial, territorial and municipal bonds, floating rate notes, asset-backed term notes and mortgage-backed securities. Inflation-linked bonds are fixed income securities that earn inflation-adjusted returns.

Private debt securities are fixed income securities of private companies held directly or through private funds. Such debt securities take the form of senior debt, mezzanine and distressed debt and primary and secondary investments in leveraged loans. Private debt securities also include third-party loans such as junior and senior debts, construction loans, bridge loans, income-participating loans, as well as other structured finance products in the real estate sector.

4. Financial Assets and Financial Liabilities (continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.3. Fixed Income and Cash and Cash Equivalents (continued)

4.1.3.2. Money Market Securities, Bonds and Private Debt Securities (continued)

Fair values of government and most corporate bonds, inflation-linked bonds and mortgage-backed securities are based on prices obtained from third-party pricing sources. Such prices are determined using either an appropriate interest rate curve with a spread associated with the credit quality of the issuer or other generally accepted pricing methodologies.

The fair values of certain corporate bonds, private debt securities and asset-backed term notes are determined using valuation techniques. Such techniques, together with the significant inputs used, are described in Note 4.2.3.

The fair value measurement of fund investments included as part of private debt securities is described in Note 4.2.2.

4.1.4. Alternative Investments

Alternative investments consist mainly of units of funds that hold a mix of equity, fixed income and derivative instruments as well as hedge funds. The fair value of these investments is determined based on the fair values reported by the funds' administrators or general partners and reflects the fair value of the underlying equity, fixed income or derivative instruments, as applicable. Management reviews the fair value received and, where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration.

4.1.5. Amounts Receivable and Payable from Pending Trades

Amounts receivable from pending trades consist of proceeds on sales of investments, excluding derivative financial instruments, which have been traded but remain unsettled at the end of the reporting period.

Amounts payable from pending trades consist of the cost of purchases of investments, excluding derivative financial instruments, which have been traded but remain unsettled at the end of the reporting period.

The fair value of amounts receivable and payable from pending trades reflects the value at which their underlying original sale or purchase transactions were undertaken.

4.1.6. Interest and Dividends Receivable

Interest and dividends are recorded at the amounts expected to be received at the end of the reporting period, which due to their short-term maturity, approximates fair value.

4.1.7. Interest Payable

With respect to the borrowings described in Note 4.1.11, interest is accrued at the amount expected to be paid at the end of the reporting period, which approximates fair value.

4.1.8. Securities Sold Short

Securities sold short reflect PSP Investments' obligation to purchase securities pursuant to short selling transactions. In such transactions, PSP Investments sells securities it does not own with an obligation to purchase similar securities on the market to cover its position.

Using quoted market prices that are based on the most representative price within the bid-ask spread, the fair value of securities sold short is measured using the same method as the similar long positions presented within public markets and fixed income.

4.1.9. Collateral Payable

As part of securities lending and certain OTC derivative transactions, when cash is received, it is recognized as collateral payable. The payable balance reflects the obligation of the transferee to return the amount to the transferor at the end of the transaction in the absence of an event of default by the transferor.

4.1.10. Securities Sold under Repurchase Agreements and Purchased under Reverse Repurchase Agreements

As described in Note 2.3.6, PSP Investments is party to repurchase and reverse repurchase agreements. Obligations to repurchase or resell the securities sold or purchased under such agreements are recorded at cost plus accrued interest, which due to their short-term maturity, approximates fair value.

4. Financial Assets and Financial Liabilities

(continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.11. Borrowings under the Capital Market Debt Program

PSP Investments' capital market debt program is described in Note 8.2. Short-term promissory notes are recorded at cost plus accrued interest, which due to their short-term maturity, approximates fair value. The fair value of PSP Investments' medium-term notes is based on prices that are obtained from third-party pricing sources. Such prices are determined using an interest rate curve with a spread consistent with PSP Investments' credit quality.

4.1.12. Derivative-Related Assets and Liabilities

Derivative financial instruments are financial contracts that are settled at a future date. The value of such instruments is derived from changes in the value of the underlying assets, interest or exchange rates. Derivative financial instruments do not, typically, require an initial net investment. In certain cases, they require an initial net investment that is less than what would be required to hold the underlying position directly. Derivative financial instruments can be listed or traded OTC. OTC instruments consist of those that are bilaterally negotiated and settled, and those that are cleared (OTC-cleared) by a central clearing party (CCP).

PSP Investments uses derivative financial instruments to enhance returns or to replicate investments synthetically. Derivatives are also used to reduce the risk associated with existing investments.

PSP Investments uses the following types of derivative financial instruments:

Swaps
Swaps are transactions whereby two counterparties exchange cash flow streams with each other based on predetermined conditions that include a notional amount and a term. Swaps are used to increase returns or to adjust exposures of certain assets without directly purchasing or selling the underlying assets.

Futures
Futures are standardized contracts to take or make delivery of an asset (buy or sell) at a predefined price and predefined future date. Futures are used to adjust exposures to specified assets without directly purchasing or selling the underlying assets.

Forwards
Forwards are contracts involving the sale by one party and the purchase by another party of a predefined amount of an underlying instrument, at a predefined price and at a predefined date in the future. Forwards are used to adjust exposures to specified assets without directly purchasing or selling the underlying assets.

Options
Options are contracts where the seller gives the purchaser the right, but not the obligation, to buy or sell a given amount of an underlying security, index, commodity, currency, interest rate, credit or other financial instrument, at an agreed-upon price stipulated in advance, either at a determined date or at any time before the predefined maturity date.

Warrants and Rights
Warrants are options to purchase an underlying asset which is in the form of a transferable security, and which can be listed on an exchange or traded OTC.

Rights are securities giving shareholders entitlement to purchase new shares issued by a corporation at a predetermined price (normally less than the current market price) in proportion to the number of shares already owned. Rights are issued only for a short period of time, after which they expire.

Determination of Fair Value of Derivative Financial Instruments
Listed derivative financial instruments are recorded at fair value using quoted market prices that are based on the most representative price within the bid-ask spread. OTC-cleared derivatives are recorded at fair value using prices obtained from the CCP. OTC derivatives are valued using appropriate valuation techniques such as discounted cash flows. These techniques use significant inputs that are observable in the market such as current market yields.

Notional Values and Fair Values of Derivative-Related Assets and Liabilities
Notional values of derivative financial instruments are not recorded as assets or liabilities as they represent the face amount of the contract. Except for credit derivatives, notional values do not represent the potential gain or loss associated with the market or credit risk of such transactions disclosed below. Rather, they serve as the basis upon which the cash flows and the fair value of the contracts are determined.

4. Financial Assets and Financial Liabilities (continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.12. Derivative-Related Assets and Liabilities (continued)

The following table summarizes the derivatives portfolio as at:

	March 31, 2025			March 31, 2024		
		Fair Value			Fair Value	
(Canadian $ thousands)	**Notional Value**	**Assets**	**Liabilities**	Notional Value	Assets	Liabilities
Equity and commodity derivatives						
Listed						
Futures	**20,031**	**–**	**–**	22,860	–	–
Warrants and rights	**–**	**2**	**–**	–	4	–
Options: Purchased	**776**	**3**	**–**	648	–	–
Written	**75**	**–**	**(2)**	–	–	–
OTC						
Swaps	**162,291**	**3,038**	**(2,955)**	90,816	2,013	(865)
Currency derivatives						
Listed						
Futures	**2,096**	**–**	**–**	1,542	–	–
OTC						
Forwards	**264,599**	**2,136**	**(992)**	238,805	888	(1,398)
Swaps	**13,094**	**14**	**(107)**	5,032	–	(138)
Options: Purchased	**11,515**	**27**	**–**	3,721	22	–
Written	**7,184**	**–**	**(26)**	4,315	–	(17)
Interest rate derivatives						
Listed						
Futures	**34,432**	**–**	**–**	44,384	–	–
Options: Purchased	**111,626**	**216**	**–**	169,516	73	–
Written	**113,644**	**–**	**(158)**	176,129	–	(67)
OTC						
Forwards	**4,505**	**33**	**–**	3,264	–	(15)
Swaps	**8,798**	**141**	**(19)**	9,966	22	(88)
Options: Purchased	**283,888**	**2,944**	**–**	218,645	2,435	–
Written	**390,833**	**–**	**(1,615)**	284,094	–	(1,330)
OTC-cleared						
Swaps	**270,167**	**–**	**–**	268,651	–	–
Credit derivatives						
OTC						
Credit default swaps: Purchased	**2,203**	**–**	**(55)**	2,539	–	(69)
Written[A]	**8,510**	**77**	**–**	8,154	66	–
OTC-cleared						
Credit default swaps: Purchased	**5,655**	**–**	**–**	12,063	–	–
Total		**8,631**	**(5,929)**		5,523	(3,987)

[A] PSP Investments, through written credit default swaps, indirectly guarantees the underlying reference obligations. The maximum potential exposure is the notional amount of the written credit default swaps as shown in the table above.

4. Financial Assets and Financial Liabilities (continued)

4.1. Classes of Financial Assets and Financial Liabilities (continued)

4.1.12. Derivative-Related Assets and Liabilities (continued)

Total derivative-related assets and liabilities are comprised of:

	March 31, 2025			March 31, 2024		
		Fair Value			Fair Value	
(Canadian $ thousands)	**Notional Value**	**Assets**	**Liabilities**	Notional Value	Assets	Liabilities
Listed derivatives	**282,680**	**221**	**(160)**	415,079	77	(67)
OTC derivatives	**1,157,420**	**8,410**	**(5,769)**	869,351	5,446	(3,920)
OTC – cleared derivatives	**275,822**	**–**	**–**	280,714	–	–
Total		**8,631**	**(5,929)**		5,523	(3,987)

The terms to maturity based on notional value for the derivatives were as follows as at:

(Canadian $ thousands)	**March 31, 2025**	March 31, 2024
Less than 3 months	**519,279**	702,791
3 to 12 months	**759,254**	460,007
Over 1 year	**437,389**	402,346

4.2. Fair Value Hierarchy

4.2.1. Classification

Financial assets and financial liabilities described under Note 4.1 are classified within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that PSP Investments can access at the end of the reporting period.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or the liability, either directly or indirectly. Level 2 inputs include:
  - (i) Quoted prices for similar assets or liabilities in active markets.
  - (ii) Quoted prices for identical or similar assets or liabilities in markets that are not active.
  - (iii) Inputs other than quoted prices that are observable for the asset or liability.
  - (iv) Market-corroborated inputs.
- Level 3 inputs are unobservable inputs for the asset or liability that are used within model-based techniques. They reflect management's assessment of the assumptions that market participants would use in pricing the assets or liabilities.

The classification within the levels of the hierarchy is established at the time of the initial determination of fair value of the asset or liability and reviewed at the end of each reporting period. PSP Investments determines whether a transfer between levels has occurred and recognizes such transfer at the beginning of the reporting period.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

The following table shows the fair value of financial assets and financial liabilities as at March 31, 2025, classified within the fair value hierarchy:

(Canadian $ thousands)	Level 1	Level 2	Level 3	Total Fair Value
Public markets				
Canadian equity	2,778	10,095	–	12,873
Foreign equity	252,548	13	8,440	261,001
Private markets				
Real estate	–	–	154,178	154,178
Private equity	–	–	161,626	161,626
Infrastructure	–	–	164,478	164,478
Natural resources	–	–	106,921	106,921
Fixed income				
Money market securities	21,635	3,171	–	24,806
Government and corporate bonds	45,869	100,212	–	146,081
Inflation-linked bonds	76,785	312	–	77,097
Private debt securities	–	–	136,903	136,903
Alternative investments	–	70,849	44,601	115,450
Investments before investment-related assets	399,615	184,652	777,147	1,361,414
Investment-related assets				
Amounts receivable from pending trades	–	6,180	–	6,180
Interest receivable	–	3,016	–	3,016
Dividends receivable	–	1,374	–	1,374
Securities purchased under reverse repurchase agreements	–	10,340	–	10,340
Derivative-related assets	221	8,410	–	8,631
Investment-related assets	221	29,320	–	29,541
Investments representing financial assets at FVTPL	399,836	213,972	777,147	1,390,955
Cash and cash equivalents	2,424	7,855	–	10,279
Investment-related liabilities				
Amounts payable from pending trades	–	(9,840)	–	(9,840)
Interest payable	–	(985)	–	(985)
Securities sold short	(10,693)	–	–	(10,693)
Collateral payable	–	(6,941)	–	(6,941)
Securities sold under repurchase agreements	–	(11,616)	–	(11,616)
Derivative-related liabilities	(160)	(5,769)	–	(5,929)
Investment-related liabilities representing financial liabilities at FVTPL	(10,853)	(35,151)	–	(46,004)
Borrowings				
Capital market debt financing	–	(139,500)	–	(139,500)
Borrowings representing financial liabilities at FVTPL	–	(139,500)	–	(139,500)
Net investments	391,407	47,176	777,147	1,215,730

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

The following table shows the fair value of financial assets and financial liabilities as at March 31, 2024, classified within the fair value hierarchy:

(Canadian $ thousands)	Level 1[A]	Level 2[A]	Level 3[A]	Total Fair Value[A]
Public markets				
Canadian equity	3,941	7,475	–	11,416
Foreign equity	159,566	2,084	9,538	171,188
Private markets				
Real estate	–	–	151,627	151,627
Private equity	–	–	161,419	161,419
Infrastructure	–	–	166,314	166,314
Natural resources	–	–	88,629	88,629
Fixed income				
Money market securities	35,371	3,591	–	38,962
Government and corporate bonds	28,354	81,517	11	109,882
Inflation-linked bonds	72,771	445	–	73,216
Private debt securities	–	–	121,498	121,498
Alternative investments	–	64,660	40,753	105,413
Investments before investment-related assets[A]	300,003	159,772	739,789	1,199,564
Investment-related assets				
Amounts receivable from pending trades	–	5,190	–	5,190
Interest receivable	–	2,571	–	2,571
Dividends receivable	–	1,101	–	1,101
Securities purchased under reverse repurchase agreements	–	9,333	–	9,333
Derivative-related assets	77	5,446	–	5,523
Investment-related assets[A]	77	23,641	–	23,718
Investments representing financial assets at FVTPL	300,080	183,413	739,789	1,223,282
Cash and cash equivalents[A]	1,829	8,415	–	10,244
Investment-related liabilities				
Amounts payable from pending trades	–	(2,203)	–	(2,203)
Interest payable	–	(673)	–	(673)
Securities sold short	(13,087)	–	–	(13,087)
Collateral payable	–	(2,725)	–	(2,725)
Securities sold under repurchase agreements	–	(21,361)	–	(21,361)
Derivative-related liabilities	(67)	(3,920)	–	(3,987)
Investment-related liabilities representing financial liabilities at FVTPL	(13,154)	(30,882)	–	(44,036)
Borrowings				
Capital market debt financing	–	(110,053)	–	(110,053)
Borrowings representing financial liabilities at FVTPL	–	(110,053)	–	(110,053)
Net investments[A]	288,755	50,893	739,789	1,079,437

[A] As at March 31, 2025, cash and cash equivalents were disclosed separately on the Statements of Financial Position in order to better reflect their unique nature and characteristics (see Note 4.1).

4. Financial Assets and Financial Liabilities
(continued)

4.2. Fair Value Hierarchy (continued)

4.2.1. Classification (continued)

As at March 31, 2024, foreign equity securities with a fair value of $1,394 thousand were indirectly held and classified as Level 2. During the year ended March 31, 2025, these securities were transferred to Level 1 as they became directly held by PSP Investments.

As at March 31, 2023, foreign equity securities with a fair value of $138 thousand were indirectly held and classified as Level 2. During the year ended March 31, 2024, these securities were transferred to Level 1 as they became directly held by PSP Investments.

4.2.2. Process for Level 3 Fair Value Determination

The valuation process is monitored and governed by an internal valuation committee ("VC"). This committee is responsible for overseeing all aspects of fair value determination. This includes valuation methodologies and procedures for each type of investment and ensuring they are complied with. Valuation methodologies established are based on widely recognized practices that are consistent with professional appraisal standards. Such standards include, among others, the *International Private Equity and Venture Capital Valuation Guidelines*, the *Canadian Uniform Standards of Professional Appraisal Practice* and the *Uniform Standards of Professional Appraisal Practice* in the United States of America.

The fair value of investments classified as Level 3 in Private Markets is determined quarterly and adjusted to reflect the impact of any significant market or investment-specific events or circumstances. For each investment, the relevant valuation methodology is applied consistently over time as appropriate in the prevailing circumstances. The appropriateness of significant changes in valuation methodologies is reviewed by the VC.

In cases where the services of third-party appraisers are used, management ensures their independence and that valuation methods used are consistent with the professional appraisal standards outlined above. In validating the work performed by appraisers, management ensures that the assumptions used correspond to financial information and forecasts of the underlying investment.

With respect to fund investments classified as Level 3, the annual fair value is generally determined based on most recent audited financial statements received from the fund's general partner. For interim reporting periods, fair value is obtained from information provided by the fund's administrators and is reviewed by Management to ensure reasonableness and adherence to acceptable industry valuation methods. Where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration in determining fair value.

To reflect the impact, where applicable, of significant market movements or other events occurring up to the end of the reporting period, adjustments to Private Markets and fund investments are made as appropriate. Such adjustments are based on a number of factors including public market trading comparables, investment specific characteristics as well as market conditions and uncertainties at that time.

While the impact of trade tariffs on the broader global economy continues to remain uncertain, the determination of fair value for investments classified as level 3 reflected, where applicable, the effect of tariffs that were imposed on or before March 31, 2025. Although trade tariffs announced or imposed after this reporting date were not reflected in such valuations, related uncertainties present at March 31, 2025, and their impact on the fair value of investments were taken into consideration as applicable.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.3. Level 3 Significant Inputs

The following table outlines key information with respect to significant inputs related to financial assets categorized within Level 3 as at March 31, 2025:

Financial Assets	Type of Investment	Fair Value (Canadian $ thousands)	Significant Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Public markets					
Foreign equity	Direct investments	**8,440**	NAV[A]	N/A	N/A
Private markets					
Real estate	Direct and co-investments	**140,037**	Discounted cash flow (DCF)	Discount rate[B, C]	2.90% – 18.00% (7.88%)
				Terminal capitalization rate[B, C]	3.20% – 12.50% (6.01%)
			Direct capitalization	Capitalization rate[B, D]	3.15% – 10.00% (5.62%)
				Stabilized occupancy rate[D, E]	98.00% – 100.00% (99.62%)
			Sales comparison approach	Price per square foot[D, E]	$2.71 – $68.63 ($62.50)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**14,141**	NAV[A]	N/A	N/A
Other private markets	Direct and co-investments	**325,233**	DCF	Discount rate[B]	4.70% – 19.00% (9.55%)
			Market comparables	N/A	N/A
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**107,792**	NAV[A]	N/A	N/A
Fixed income					
Private debt securities	Direct and co-investments	**106,860**	DCF	Discount rate[B]	2.59% – 38.69% (11.23%)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	**30,043**	NAV[A]	N/A	N/A
Alternative investments	Fund investments	**44,601**	NAV[A]	N/A	N/A
Total		**777,147**			

[A] In certain cases, when investments are held through funds, partnerships or similar structures, fair value is determined by third parties where valuation information is not available to PSP Investments.
[B] An increase (decrease) in this unobservable input, taken individually, generally results in a decrease (increase) in fair value.
[C] An increase (decrease) in the discount rate is generally accompanied by an increase (decrease) of the terminal capitalization rate.
[D] There is no predictable direct relationship between this input and any other significant unobservable input.
[E] An increase (decrease) in this unobservable input, taken individually, generally results in an increase (decrease) in fair value.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.3. Level 3 Significant Inputs (continued)

The following table outlines key information with respect to significant inputs related to financial assets categorized within Level 3 as at March 31, 2024:

Financial Assets	Type of Investment	Fair Value (Canadian $ thousands)	Significant Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Public markets					
Foreign equity	Direct investments	9,538	NAV[A]	N/A	N/A
Private markets					
Real estate	Direct and co-investments	137,404	Discounted cash flow (DCF)	Discount rate[B, C]	2.90% – 18.00% (7.80%)
				Terminal capitalization rate[B, C]	3.20% – 12.25% (6.08%)
			Direct capitalization	Capitalization rate[B, D]	2.51% – 10.00% (4.85%)
				Stabilized occupancy rate[D, E]	98.00% – 100.00% (99.57%)
			Sales comparison approach	Price per square foot[D, E]	$4.28 – $1,827.48 ($165.83)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	14,223	NAV[A]	N/A	N/A
Other private markets	Direct and co-investments	305,654	DCF	Discount rate[B]	5.19% – 18.50% (9.58%)
			Market comparables	N/A	N/A
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	110,708	NAV[A]	N/A	N/A
Fixed income					
Corporate bonds	Asset-backed term notes	11	Third-party pricing[A]	N/A	N/A
Private debt securities	Direct and co-investments	91,976	DCF	Discount rate[B]	7.02% – 30.09% (12.24%)
			NAV[A]	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	29,522	NAV[A]	N/A	N/A
Alternative investments	Fund investments	40,753	NAV[A]	N/A	N/A
Total		739,789			

[A] In certain cases, when investments are held through funds, partnerships or similar structures, fair value is determined by third parties where valuation information is not available to PSP Investments.

[B] An increase (decrease) in this unobservable input, taken individually, generally results in a decrease (increase) in fair value.

[C] An increase (decrease) in the discount rate is generally accompanied by an increase (decrease) of the terminal capitalization rate.

[D] There is no predictable direct relationship between this input and any other significant unobservable input.

[E] An increase (decrease) in this unobservable input, taken individually, generally results in an increase (decrease) in fair value.

4. Financial Assets and Financial Liabilities (continued)

4.2. Fair Value Hierarchy (continued)

4.2.4. Level 3 Reconciliation

The following table shows a reconciliation of all movements related to financial assets categorized within Level 3 for the year ended March 31, 2025:

(Canadian $ thousands)	Opening Balance	Purchases	Sales	Settlements	Realized Gains	Unrealized Gains[A]	Transfers	Closing Balance
Public markets	**9,538**	**8**	**(3,727)**	**–**	**1,873**	**748**	**–**	**8,440**
Private markets	**567,989**	**51,067**	**(77,021)**	**–**	**28,849**	**16,319**	**–**	**587,203**
Fixed income	**121,509**	**54,067**	**(43,801)**	**(5)**	**1,509**	**3,624**	**–**	**136,903**
Alternative investments	**40,753**	**6,234**	**(7,908)**	**–**	**2,552**	**2,970**	**–**	**44,601**
Total	**739,789**	**111,376**	**(132,457)**	**(5)**	**34,783**	**23,661**	**–**	**777,147**

[A] Includes Plan Account allocation adjustments.

There were no transfers into or out of Level 3 during the year ended March 31, 2025.

The following table shows a reconciliation of all movements related to financial assets categorized within Level 3 for the year ended March 31, 2024:

(Canadian $ thousands)	Opening Balance	Purchases	Sales	Settlements	Realized Gains	Unrealized Gains (Losses)[A]	Transfers	Closing Balance
Public markets	4,052	1,862	(550)	–	326	3,848	–	9,538
Private markets	543,927	57,763	(38,021)	–	9,039	(4,977)	258	567,989
Fixed income	125,444	24,918	(30,048)	–	1,186	9	–	121,509
Alternative investments	39,217	2,288	(4,491)	–	1,043	2,696	–	40,753
Total	712,640	86,831	(73,110)	–	11,594	1,576	258	739,789

[A] Includes Plan Account allocation adjustments.

As at March 31, 2023, listed foreign equity securities with a fair value of $258 thousand were classified under Level 1. During the year ended March 31, 2024, those securities were transferred to Level 3 as the investment became privately held and its fair value was determined based on significant unobservable inputs.

4.2.5. Level 3 Sensitivity Analysis

In the course of measuring fair value of financial instruments classified as Level 3, valuation techniques used incorporate assumptions that are based on non-observable data. Significant assumptions used for each asset class are described in Note 4.2.3. Although such assumptions reflect management's best judgment, with all other variables held constant, the use of reasonably possible alternative assumptions could yield different fair value measures representing, at a minimum, a 3% increase and 3% decrease as at March 31, 2025 (March 31, 2024 – 3% increase and 3% decrease) in the fair value of financial instruments categorized as Level 3. This excludes fund investments where a sensitivity analysis is not possible given the underlying assumptions used are not available to PSP Investments. In the case of fund investments, the fair value is determined as indicated in Note 4.2.2.

5. Collateral Pledged and Received

PSP Investments is party to agreements that involve pledging and holding collateral, as outlined in Notes 2.3.5, 2.3.6 and 7.2.1. The following table illustrates the fair values of the Plan Account's allocated collateral, as well as the securities under the lending and borrowing programs and the securities under the repurchase and reverse repurchase agreements, as at:

(Canadian $ thousands)	**March 31, 2025**	March 31, 2024
Securities lending and borrowing		
Securities lent	**24,486**	16,775
Collateral held[A]	**25,425**	17,391
Securities borrowed	**10,693**	10,697
Collateral pledged[B, E]	**11,057**	11,002
Securities repurchase and reverse repurchase agreements		
Securities sold under repurchase agreements	**11,767**	21,392
Collateral pledged[E]	**11,641**	21,404
Securities purchased under reverse repurchase agreements	**10,352**	9,355
Collateral held[C]	**10,356**	9,337
Derivative contracts		
Collateral pledged[E]	**9,597**	8,970
Collateral held[D]	**9,043**	8,192

[A] The minimum fair value of securities collateral denominated in the same currency required is equal to 102%, and in the case of securities denominated in different currencies 105%. In exchange for securities lent, cash and securities received as at March 31, 2025, were $6,005 thousand and $19,420 thousand, respectively (March 31, 2024 – $2,233 thousand and $15,158 thousand, respectively). All cash amounts are reinvested.

[B] The minimum fair value of collateral required is equal to 100% of the fair value of the securities borrowed.

[C] The collateral received is in the form of securities of which nil has been used in connection with short selling transactions as at March 31, 2025 (March 31, 2024 – $2,391 thousand).

[D] As part of collateral held, cash amounted to $942 thousand as at March 31, 2025 (March 31, 2024 – $495 thousand) and securities amounted to $8,101 thousand as at March 31, 2025 (March 31, 2024 – $7,697 thousand). All cash collateral is reinvested.

[E] The total of $32,295 thousand of collateral pledged was recognized as financial assets as disclosed in Note 4.1 (March 31, 2024 – $41,376 thousand).

6. Interests in Other Entities

6.1. Subsidiaries, Joint Ventures and Associates

As an investment entity, PSP Investments does not consolidate its subsidiaries other than those that solely provide services that relate to its investment activities. PSP Investments measures its investments in its subsidiaries, joint ventures and associates at FVTPL as described in Note 2.1.

For purposes of preparing this note, management assesses control, joint control and significant influence as follows:

(i) Control and significant influence

A subsidiary is an entity which is controlled by PSP Investments. PSP Investments determines that it controls an investee when it has power over the investee, is exposed, or has rights, to variable returns from its investment in the investee, and has the ability to affect those returns through its power over the investee.

An associate is an entity over which PSP Investments has significant influence, as in certain cases, PSP Investments does not have control over an investee but has the power to participate in the financial and operating policy decisions of the investee. In such cases, PSP Investments determines that it has significant influence over the investee.

In the context of control or significant influence, power over an investee is obtained through voting rights conveyed by PSP Investments' ownership interest, other contractual arrangements, or a combination thereof.

(ii) Joint control

PSP Investments determines that it is party to a joint venture arrangement when it has joint control over an investee and has rights to the net assets of the investee. Such investees are reported as jointly controlled. Joint control is established through a contractual arrangement which requires the unanimous consent of the parties sharing control for the activities that significantly affect the returns of the arrangement.

Generally, decision making regarding such activities is governed through voting rights conveyed by the ownership interest of each party. In certain cases, it is governed solely through contractual arrangements or in conjunction with the ownership interest of each party.

6. Interests in Other Entities (continued)

6.1. Subsidiaries, Joint Ventures and Associates (continued)

In the normal course of business, investments in private markets are commonly held through investment entity subsidiaries formed by PSP Investments. As at March 31, 2025, 147 investment entity subsidiaries were incorporated in North America, 37 in Europe, 21 in Oceania, 7 in Central and South America, 2 in Asia and 1 in Africa (March 31, 2024 – 145 in North America, 28 in Europe, 19 in Oceania, 8 in Central and South America, 2 in Asia and 1 in Africa).

In addition, PSP Investments controlled 89 investees directly or through its investment entity subsidiaries as at March 31, 2025 (March 31, 2024 – 92 investees).

The following tables present, in descending order, the most significant investees held directly or indirectly by PSP Investments where it has control, joint control or significant influence.

		March 31, 2025		
Entity's Name	**Financial Asset Class**	**Principal Place of Business**	**Ownership Interest Held by PSP Investments (%)**	**Relationship to PSP Investments**
AviAlliance GmbH	**Infrastructure**	**Europe**	**100**	**Controlled**
Roadis Transportation Holding, S.L.U.	**Infrastructure**	**Global**	**100**	**Controlled**
American Wholesale Insurance Holding Company, LLC	**Private Equity**	**North America**	**17**	**Associate**
SEGRO European Logistics Partnership S.à r.l.	**Real Estate**	**Europe**	**50**	**Jointly controlled**
Kaingaroa Timberlands Limited	**Natural Resources**	**Oceania**	**56**	**Jointly controlled**
Willow Topco Limited	**Infrastructure**	**Europe**	**63**	**Controlled**
Forth Ports Limited	**Infrastructure**	**Europe**	**51**	**Jointly controlled**
TDF S.A.S.	**Infrastructure**	**Europe**	**22**	**Associate**
Australian Food and Fibre Limited	**Natural Resources**	**Oceania**	**83**	**Jointly controlled**
Revera inc.	**Real Estate**	**North America**	**100**	**Controlled**
Cubico Sustainable Investments Limited	**Infrastructure**	**Global**	**50**	**Jointly controlled**

		March 31, 2024		
Entity's Name	Financial Asset Class	Principal Place of Business	Ownership Interest Held by PSP Investments (%)	Relationship to PSP Investments
AviAlliance GmbH	Infrastructure	Europe	100	Controlled
Roadis Transportation Holding, S.L.U.	Infrastructure	Global	100	Controlled
American Wholesale Insurance Holding Company, LLC	Private Equity	North America	17	Associate
SEGRO European Logistics Partnership S.à r.l.	Real Estate	Europe	50	Jointly controlled
Kaingaroa Timberlands Limited	Natural Resources	Oceania	56	Jointly controlled
Andante InvesteeCo Inc.	Infrastructure	Oceania	30	Jointly controlled
Willow Topco Limited	Infrastructure	Europe	63	Jointly controlled
TDF S.A.S.	Infrastructure	Europe	22	Associate
Forth Ports Limited	Infrastructure	Europe	51	Jointly controlled
Cubico Sustainable Investments Limited	Infrastructure	Global	50	Jointly controlled

In addition to the above, PSP Investments consolidates wholly owned subsidiaries that solely provide services that relate to its investment activities. Such services consist of investment management, as well as, financing of private market investments within the context of PSP Investments' capital market debt program described in Note 8.2.

6. Interests in Other Entities (continued)

6.2. Structured Entities

PSP Investments holds interests in partnerships and funds mainly in the context of its investments in private markets. Given their nature, such entities commonly have the characteristics of a structured entity, that is, an entity where contractual arrangements matter more than voting rights in determining control and directing relevant activities. These entities are held as investments and do not expose PSP Investments to additional risks or returns compared to interests held in non-structured entities.

Information regarding structured entities is included, as applicable, within disclosures of investment risk management under Note 7, guarantees and indemnities under Note 16 and commitments under Note 17.

7. Investment Risk Management

PSP Investments is required to act in the best interests of the contributors and beneficiaries under the Plans and for maximizing returns without undue risk of loss. In pursuit of this objective, PSP Investments established an Enterprise Risk Management Policy (ERM Policy). The ERM Policy provides a framework for identifying, evaluating, managing, mitigating, monitoring and reporting the investment and non-investment risks to which PSP Investments is exposed.

As part of the overall ERM policy, the objective of the Investment Risk Management Policy (IRM Policy) is to support the management of risk inherent to the investment decision making process. The IRM Policy outlines a framework detailing how investment activities should comply with PSP Investments' risk philosophy and align with the tolerance and limits of its risk appetite. The IRM Policy also supplements the Statement of Investment Policies, Standards and Procedures (SIP&P), whose objective is to effectively manage investment risks related to the implementation of PSP Investments' various investment strategies. Investment risks include market, credit and liquidity risks.

7.1. Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of an adverse financial outcome due to changes in the factors that drive that value, such as changes in market prices, changes caused by factors specific to the individual investment, volatility in share and commodity prices, interest rate, foreign exchange or other factors affecting similar securities traded in the market.

7.1.1. Measurement of Market Risk

As at March 31, 2025, the active annualized Value at Risk ("Active VaR") was used as a primary measure of total portfolio market risk, to supplement the absolute annualized VaR ("Absolute VaR") and monitor more closely the market risk directly attributable to PSP Investments' active investment management decisions. Active and Absolute VaR are used as key measures of total portfolio market risk.

The Absolute VaR quantifies, with a given confidence level, the loss in value of the total portfolio that one can expect, due to fluctuations in market prices, not to be exceeded over a given period. The VaR is also evaluated on an active basis by measuring the Active VaR. This measurement helps determine if the total portfolio deviates significantly from the Policy Portfolio, established with the SIP&P in mind.

For both Active VaR and Absolute VaR, PSP Investments uses a historical VaR incorporating ten years' worth of market returns scaled to a twelve-month holding period at a 95% confidence level. That is, statistically PSP Investments would expect to see its total portfolio underperformance relative to the Policy Portfolio exceed the Active VaR and its total portfolio losses exceed the Absolute VaR only 5% of the time over a one-year period. For investments that are not actively traded, the calculation of the VaR uses securities with similar risk attributes as a proxy.

The VaR is statistically valid under normal market conditions. Although it includes potential losses derived from observed historical returns, it also assumes that the future will behave in a pattern similar to the past. Consequently, if future market conditions differ significantly from those of the past, potential losses may differ from those originally estimated.

The following table shows the Active VaR and the Absolute VaR expressed as a percentage of net investments as at the end of the period:

	March 31, 2025 (%)	March 31, 2024 (%)
Active VaR	**3.5**	5.0
Absolute VaR	**18.4**	19.2

7. Investment Risk Management (continued)

7.1. Market Risk (continued)

7.1.1. Measurement of Market Risk (continued)

Stress Testing
Although the VaR is a widely accepted risk measure, it is complemented by other risk measurement methodologies that provide greater insight on market risk. PSP Investments uses stress testing and scenario analysis, such as scenarios in connection with the United States trade policies, to examine the impact on financial results of abnormally large movements in risk factors. Such techniques are used to test a portfolio's sensitivity to various risk factors and key model assumptions. These methods also use historically stressed periods to evaluate how a current portfolio reacts under such circumstances. Stress testing and scenario analysis are also deployed to assess new product performance.

7.1.2. Interest Rate Risk

Interest rate risk refers to the risk that fluctuations in interest rates will directly affect the fair value of the Plan Account's net asset values.

The terms to maturity of the classes of financial instruments, outlined in Note 4.1, with the most significant exposure to interest rate risk were as follows as at:

	March 31, 2025					
(Canadian $ thousands)	Less than 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years	Other	Total
Cash and cash equivalents	–	–	–	–	10,279[A]	10,279
Money market securities	–	–	–	–	24,806[A]	24,806
Government and corporate bonds	2,288	52,160	47,988	36,425	7,220[B]	146,081
Inflation-linked bonds	–	39,766	21,105	16,226	–	77,097
Private debt securities	184	48,867	37,846	19,276	30,730[C]	136,903
Total	2,472	140,793	106,939	71,927	73,035	395,166

	March 31, 2024					
(Canadian $ thousands)	Less than 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years	Other[D]	Total
Cash and cash equivalents	–	–	–	–	10,244[A]	10,244
Money market securities	–	–	–	–	38,962[A]	38,962
Government and corporate bonds	1,873	41,288	38,968	26,761	992[B]	109,882
Inflation-linked bonds	–	37,340	20,891	14,985	–	73,216
Private debt securities	153	45,444	29,566	15,927	30,408[C]	121,498
Total	2,026	124,072	89,425	57,673	80,606	353,802

[A] Due to their short-term maturity, these investments are not significantly exposed to interest rate risk.
[B] Certain fixed income securities are not significantly exposed to fair value changes arising from interest rate risk as their prescribed interest rates are variable.
[C] Information in connection with the terms to maturity of fund and certain directly held investments included as part of private debt securities is not available.
[D] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

All equity investments within Canadian equity, foreign equity, real estate, private equity, infrastructure and natural resources amounting to $861,077 thousand as at March 31, 2025 ($750,593 thousand as at March 31, 2024) do not have specified terms to maturity nor are they significantly exposed to interest rate risk.

Alternative investments described in Note 4.1.4, which amounted to $115,450 thousand as at March 31, 2025 ($105,413 thousand as at March 31, 2024), also have no specified terms to maturity. Certain of these investments, as well as reverse repurchase agreements and derivative contracts described in Notes 4.1.10 and 4.1.12, respectively, are subject to interest rate risk exposures. These exposures are reflected in the VaR calculation described in Note 7.1.1.

The terms to maturity of PSP Investments' capital market debt financing are disclosed in Note 8.2.

Interest Rate Benchmark Reform
As at March 31, 2025, PSP Investments no longer held financial instruments that had yet to transition to alternative reference rates.

7. Investment Risk Management (continued)

7.1. Market Risk (continued)

7.1.3. Foreign Currency Risk

PSP Investments is exposed to currency risk through holding of investments (i.e. direct and indirect holdings of securities, units in pooled funds and units in limited partnerships) or investment-related liabilities in various currencies.

Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of the investments. To mitigate this risk, PSP Investments may take, through foreign forward contracts or cross currency swaps, positions in foreign currencies.

The underlying foreign currency exposures of net investments for the Plan Account were as follows as at:

	March 31, 2025	
Currency	**Fair Value (Canadian $ thousands)**	**% of Total**
US Dollar	**789,484**	**67.7**
Euro	**115,305**	**9.9**
Japanese Yen	**57,930**	**5.0**
British Pound	**54,177**	**4.6**
Indian Rupee	**28,791**	**2.5**
Australian Dollar	**18,604**	**1.6**
Mexican Peso	**13,621**	**1.2**
Swiss Franc	**12,749**	**1.1**
Hong Kong Dollar	**10,886**	**0.9**
Brazilian Real	**10,576**	**0.9**
Others	**53,212**	**4.6**
Total	**1,165,335**	**100.0**

As at March 31, 2025, PSP Investments and its investment entity subsidiaries also had commitments, denominated in foreign currencies of $132,545 thousand for the Plan Account (US $79,089 thousand, €9,838 thousand, £1,681 thousand, 222 thousand Mexican pesos, 121 thousand Australian dollars, 3,679 thousand Indian rupees and 11,582 thousand Japanese yen) which were not included in the foreign currency exposure table above.

	March 31, 2024	
Currency	Fair Value (Canadian $ thousands)	% of Total
US Dollar	696,488	67.2
Euro	109,593	10.6
Japanese Yen	40,403	3.9
British Pound	38,568	3.7
Indian Rupee	23,399	2.3
Australian Dollar	17,753	1.7
Mexican Peso	16,906	1.6
Brazilian Real	12,772	1.2
Swiss Franc	9,877	1.0
Singapore Dollar	7,148	0.7
Hong Kong Dollar	6,833	0.7
New Taiwan Dollar	6,386	0.6
Others	49,918	4.8
Total	1,036,044	100.0

As at March 31, 2024, PSP Investments and its investment entity subsidiaries also had commitments, denominated in foreign currencies of $118,805 thousand for the Plan Account (US $71,312 thousand, €12,569 thousand, £1,693 thousand, 4,525 thousand Mexican pesos, 553 thousand Australian dollars, 4,190 thousand Indian rupees and 12,820 thousand Japanese yen) which were not included in the foreign currency exposure table above.

7. Investment Risk Management (continued)

7.2. Credit Risk

PSP Investments is exposed to credit risk, which is the risk of non-performance of a debtor on whom PSP Investments relies to fulfill contractual or financial obligations. That is, the risk that the issuer of a debt security or that the counterparty to a derivative contract, to a securities lending and borrowing transaction or to securities purchased under reverse repurchase agreements, is unable to meet its financial obligations.

Credit risk encompasses the risk of a deterioration of creditworthiness and the relevant concentration risk. Credit risk monitoring entails an evaluation of the credit quality of each issuer and counterparty that transacts with PSP Investments. To perform this evaluation for public issuers and counterparties, PSP Investments relies on four recognized credit rating agencies. A minimum of two credit ratings are used to classify each security. If the agencies disagree as to a security's credit quality, PSP Investments uses the lowest of the available ratings. For private issuers, PSP Investments assigns internal credit ratings to issuers and measures the combined risk profile against set targets. To assign risk ratings to issuers, PSP Investments uses methodologies comparable to those used by recognized rating agencies.

As at March 31, 2025, the Plan Account's maximum exposure to credit risk amounted to $412 million (March 31, 2024 – $367 million). This amount is presented before collateral held and netting arrangements that do not qualify for offsetting under IFRS Accounting Standards. The maximum credit exposure excludes guarantees disclosed in Note 16 as well as investments in funds classified as alternative investments in Note 4.1. Such funds hold fixed income securities among other types of instruments.

To monitor the evolution of credit risk, PSP Investments periodically produces a concentration report by credit rating for credit-sensitive securities. The concentration of credit risk by credit rating was as follows as at:

	March 31, 2025							
(Canadian $ thousands)	**Government and corporate bonds[A]**	**Inflation-linked bonds[A]**	**Cash equivalents[A]**	**Money market securities[A]**	**Reverse repurchase agreements**	**OTC derivatives[B]**	**Private debt securities[A]**	**Total[A]**
AAA-AA	**118,971**	**77,345**	**6,964**	**22,378**	**3,447**	**1,495**	**–**	**230,600**
A	**19,989**	**–**	**634**	**71**	**4,695**	**6,915**	**1,784**	**34,088**
BBB	**5,358**	**–**	**–**	**–**	**2,198**	**–**	**3,578**	**11,134**
BB or below	**1,787**	**–**	**–**	**–**	**–**	**–**	**132,232**	**134,019**
No rating[C]	**1,111**	**–**	**445**	**–**	**–**	**–**	**940**	**2,496**
Total	**147,216**	**77,345**	**8,043**	**22,449**	**10,340**	**8,410**	**138,534**	**412,337**

	March 31, 2024							
(Canadian $ thousands)	Government and corporate bonds[A]	Inflation-linked bonds[A]	Cash equivalents[A, D]	Money market securities[A, D]	Reverse repurchase agreements	OTC derivatives[B]	Private debt securities[A]	Total[A]
AAA-AA	70,769	72,973	5,860	36,186	4,253	154	–	190,195
A	31,669	–	1,987	551	4,260	5,292	–	43,759
BBB	5,136	448	–	–	820	–	309	6,713
BB or below	2,965	–	–	–	–	–	122,298	125,263
No rating[C]	331	–	–	–	–	–	270	601
Total	110,870	73,421	7,847	36,737	9,333	5,446	122,877	366,531

[A] Includes interest receivable.
[B] As disclosed in Note 4.1.12.
[C] Includes securities for public issuers and counterparties, that are either not rated by credit rating agencies or rated by a single credit rating agency.
[D] Certain comparative figures have been reclassified to conform to the current year's presentation, refer to Note 4.1 for additional information.

7. Investment Risk Management (continued)

7.2. Credit Risk (continued)

7.2.1. Counterparty Risk

Counterparty risk represents the credit risk from current and potential exposure related to transactions involving derivative contracts, securities lending and borrowing as well as securities repurchase and reverse repurchase agreements. In order to minimize counterparty risk, PSP Investments requires that counterparties provide adequate collateral and meet its credit rating requirements. PSP Investments frequently monitors the credit rating of its counterparties as determined by recognized credit rating agencies. With respect to derivative contracts, PSP Investments has the ability to terminate all trades with most counterparties whose credit rating is downgraded below its requirements.

For OTC derivatives, PSP Investments' policy also requires the use of the International Swaps and Derivatives Association ("ISDA") Master Agreement with all counterparties to derivative contracts. The ISDA Master Agreement provides the contractual framework within which dealing activities across a full range of OTC products are conducted. In the case of OTC-cleared derivatives, trading activities are regulated between parties under terms that are customary to such transactions.

As a credit mitigation technique, the ISDA Master Agreement contractually binds counterparties to close-out netting provisions in the case of default by one of the counterparties. Additionally, the Credit Support Annex (CSA) to the ISDA Master Agreement enables PSP Investments to realize any collateral placed with it in the case of default of the counterparty. The CSA also requires PSP Investments to contribute further collateral when requested. All collateral transactions under the CSA are in cash, high-quality debt instruments or securities. The CSA also regulates the exchange of collateral when the credit exposure to a counterparty exceeds a predetermined threshold. Counterparties are generally authorized to sell, repledge or otherwise use collateral held. Similarly, in the case of OTC-cleared derivatives, collateral is required in cash, high quality debt instruments or securities and can be sold, repledged or otherwise used. PSP Investments does not sell, repledge or otherwise use any collateral held in the form of securities but does reinvest all cash collateral, with respect to derivative contracts.

With respect to transactions involving securities lending and borrowing agreements as well as securities repurchase and reverse repurchase agreements, collateral requirements are in place to mitigate counterparty risk. Notes 2.3.5 and 2.3.6 describe collateral requirements in securities lending and borrowing programs as well as securities repurchase and reverse repurchase agreements.

Information in connection with collateral pledged by PSP Investments and its counterparties is disclosed in Note 5.

In the case of the securities lending program, PSP Investments' exposure to counterparty risk is further mitigated as the custodian of the securities lent assumes the risk that a counterparty will be unable to meet its obligations associated with the collateral requirements.

Management is responsible for counterparty risk monitoring and mitigation as well as maintaining a comprehensive, disciplined, and enterprise-wide process for tracking and managing counterparty risk. As such, management measures counterparty risk on an ongoing basis, evaluates and tracks the creditworthiness of current counterparties and mitigates counterparty risk through collateral management.

7. Investment Risk Management (continued)

7.2. Credit Risk (continued)

7.2.2. Offsetting

PSP Investments is subject to ISDA Master Agreements in relation to its OTC derivative financial instruments as described. Such agreements contain close-out netting provisions applicable only in the case of default. In certain cases, such agreements also allow for offsetting. In cases where the conditions for offsetting were met, financial instruments have been presented net in the Statements of Financial Position. Securities repurchase and reverse repurchase agreements described in Notes 2.3.6 and 5 are subject to similar arrangements however they are not offset as the conditions for offsetting are not met.

The following tables present the financial assets and liabilities described above:

Financial Assets

				Less: Related Amounts Not Offset in the Statements of Financial Position		
(Canadian $ thousands)	Gross Amount of Recognized Financial Assets	Less: Gross Amount of Recognized Financial Liabilities Offset	Net Amount of Financial Assets Presented in the Statements of Financial Position	Recognized Financial Liabilities	Collateral Held and Not Recognized	Net
March 31, 2025						
Reverse repurchase agreements	**10,340**	**–**	**10,340**[A]	**234**	**10,106**	**–**
OTC-derivatives	**8,414**	**4**	**8,410**[B]	**5,651**	**1,903**	**856**
Total	**18,754**	**4**	**18,750**	**5,885**	**12,009**	**856**
March 31, 2024						
Reverse repurchase agreements	9,333	–	9,333[A]	3,184	6,147	2
OTC-derivatives	5,446	–	5,446[B]	3,579	1,789	78
Total	14,779	–	14,779	6,763	7,936	80

Financial Liabilities

				Less: Related Amounts Not Offset in the Statements of Financial Position		
(Canadian $ thousands)	Gross Amount of Recognized Financial Liabilities	Less: Gross Amount of Recognized Financial Assets Offset	Net Amount of Financial Liabilities Presented in the Statements of Financial Position	Recognized Financial Assets	Collateral Pledged and Not Derecognized	Net
March 31, 2025						
Repurchase agreements	**11,616**	**–**	**11,616**[A]	**234**	**11,382**	**–**
OTC-derivatives	**5,773**	**4**	**5,769**[B]	**4,918**	**593**	**258**
Collateral payable	**942**	**–**	**942**[C]	**733**	**–**	**209**
Total	**18,331**	**4**	**18,327**	**5,885**	**11,975**	**467**
March 31, 2024						
Repurchase agreements	21,361	–	21,361[A]	3,184	18,177	–
OTC-derivatives	3,920	–	3,920[B]	3,133	685	102
Collateral payable	495	–	495[C]	446	–	49
Total	25,776	–	25,776	6,763	18,862	151

[A] As described in Note 4.1.10.

[B] As described in Note 4.1.12.

[C] As described in Note 4.1.9. The balance consists of cash collateral received with respect to certain OTC derivative transactions and is included in Note 4.1 as part of collateral payable.

7. Investment Risk Management (continued)

7.3. Liquidity Risk

Liquidity risk corresponds to the risk that PSP Investments will not be able to meet its financial obligations on a timely basis, with sufficient and readily available cash resources. PSP Investments' cash position is monitored on a daily basis. In general, investments in cash, money market securities, floating rate notes, bonds and public equities are expected to be highly liquid as they will be invested in securities that are actively traded. Management utilizes appropriate measures and controls to monitor liquidity risk in order to ensure that there is sufficient liquidity to meet financial obligations as they come due. A liquidity report taking into consideration future forecasted cash flows is prepared and presented to senior management on a weekly basis. This ensures that sufficient cash reserves are available to meet forecasted cash outflows. Additionally, base levels of liquidity are maintained for deployment in case of market disruption. Further, see Note 2.3.8 for liquidity related to PSP Investments' net assets.

PSP Investments has the ability to raise additional capital through the use of its capital market debt program. This program allows PSP Investments to issue short-term promissory notes and medium-term notes. Note 8.2 provides additional information on the usage of the capital market debt program. Furthermore, PSP Investments maintains credit facilities for general corporate purposes. Note 8.1 provides additional information with respect to such credit facilities.

The terms to maturity of the notional amount of derivatives are disclosed in Note 4.1.12.

Financial Liabilities

The following tables present the fair value of non-derivative-related financial liabilities as well as derivative-related financial instruments, aggregated according to their maturities as at March 31, 2025, and excluding the impact of guarantees and indemnities disclosed in Note 16:

(Canadian $ thousands)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Non-derivative-related financial liabilities[A]				
Amounts payable from pending trades	(9,840)	–	–	(9,840)
Interest payable	(689)	(296)	–	(985)
Securities sold short	(10,693)	–	–	(10,693)
Collateral payable	(6,941)	–	–	(6,941)
Securities sold under repurchase agreements	(8,660)	(2,956)	–	(11,616)
Capital market debt financing[B]	(28,176)	(18,072)	(93,252)	(139,500)
Trade payable and other liabilities	(1,716)	(22)	(622)	(2,360)
Total	**(66,715)**	**(21,346)**	**(98,874)**	**(181,935)**

(Canadian $ thousands)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Derivative-related financial instruments				
Derivative-related assets	4,287	3,127	1,217	8,631
Derivative-related liabilities[A]	(2,517)	(2,839)	(573)	(5,929)
Total	**1,770**	**288**	**644**	**2,702**

[A] Liabilities are presented in the earliest period in which the counterparty can request payment.

[B] The total undiscounted cash flows amounted to $163,571 thousand as at March 31, 2025.

7. Investment Risk Management (continued)

7.3. Liquidity Risk (continued)

The following tables present the fair value of non-derivative-related financial liabilities as well as derivative-related financial instruments, aggregated according to their maturities as at March 31, 2024, and excluding the impact of guarantees and indemnities disclosed in Note 16:

(Canadian $ thousands)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Non-derivative-related financial liabilities[A]				
Amounts payable from pending trades	(2,203)	–	–	(2,203)
Interest payable	(577)	(96)	–	(673)
Securities sold short	(13,087)	–	–	(13,087)
Collateral payable	(2,725)	–	–	(2,725)
Securities sold under repurchase agreements	(19,982)	(1,379)	–	(21,361)
Capital market debt financing[B]	(25,647)	(19,114)	(65,292)	(110,053)
Trade payable and other liabilities	(1,440)	(22)	(579)	(2,041)
Total	(65,661)	(20,611)	(65,871)	(152,143)

(Canadian $ thousands)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Derivative-related financial instruments				
Derivative-related assets	2,450	1,187	1,886	5,523
Derivative-related liabilities[A]	(2,079)	(964)	(944)	(3,987)
Total	371	223	942	1,536

[A] Liabilities are presented in the earliest period in which the counterparty can request payment.
[B] The total undiscounted cash flows amounted to $126,168 thousand as at March 31, 2024.

8. Borrowings

8.1. Credit Facilities

PSP Investments maintains a revolving credit facility in the amount of $2 billion and a demand line of credit in the amount of $1 billion (together "the Credit Facilities").

The Credit Facilities are for general corporate purposes and are available in either Canadian or US currencies. Subject to customary terms and conditions, these Credit Facilities are available at variable interest rates such as the prime rate and the US base rate.

These Credit Facilities were not drawn upon as at March 31, 2025, and 2024.

8.2. Capital Market Debt Financing

PSP Investments' capital market debt program consists of the private placement of short-term promissory notes as well as medium-term notes issued by PSP Capital Inc., a wholly-owned subsidiary of PSP Investments. The capital raised is primarily used to finance private market investments. It is unconditionally and irrevocably guaranteed by PSP Investments in accordance with its corporate leverage policy.

The maximum amount authorized by the Board of Directors for the capital market debt program is limited to $12 billion for all aggregate short-term note programs, 6 billion Australian dollars for the Australian dollar-denominated medium-term note program and $20 billion for the medium-term note program.

PSP Investments' capital market debt financing was in compliance with the limits authorized by the Board of Directors during the years ended March 31, 2025, and 2024.

8. Borrowings (continued)

8.2. Capital Market Debt Financing (continued)

The following outlines the terms as well as the fair value of the short-term notes issued under the capital market debt program allocated to the Plan Account as at:

(Canadian $ thousands)		March 31, 2025			March 31, 2024		
Currency	Term at Issuance	Interest Rate (%)	Capital Amounts Payable at Maturity	Fair Value	Interest Rate (%)	Capital Amounts Payable at Maturity	Fair Value
AUD	364 days or less	**3.97 – 4.53**	**253**	**249**	4.28	540	537
EUR	215 days or less	**2.41 – 2.70**	**3,972**	**3,960**	3.85 – 3.93	2,917	2,893
GBP	245 days or less	**4.49 – 4.74**	**1,919**	**1,901**	5.18 – 5.24	2,138	2,123
USD	365 days or less	**4.17 – 5.33**	**35,720**	**35,362**	4.73 – 5.49	22,421	22,117
Total short-term notes			**41,864**	**41,472**		28,016	27,670

The following outlines the terms as well as the fair value of the medium-term notes issued under the capital market debt program allocated to the Plan Account as at:

(Canadian $ thousands)				March 31, 2025		March 31, 2024	
Maturity	Series	Currency	Interest Rate (%)	Capital Amounts Payable at Maturity	Fair Value	Capital Amounts Payable at Maturity	Fair Value
April 2024	7	CAD	3.29	**–**	**–**	4,835	4,835
September 2024	G2	USD	0.50	**–**	**–**	6,892	6,742
March 2025	G5	USD	SOFR[B]+24 bps	**–**	**–**	5,514	5,514
November 2025	11	CAD	3.00	**4,765**	**4,776**	4,727	4,623
June 2026	13	CAD	0.90	**6,083**	**5,965**	5,798	5,395
June 2026	G1	USD	1.00	**5,836**	**5,615**	5,514	5,076
June 2027	G6	USD	3.50	**5,836**	**5,757**	5,514	5,332
March 2028	14	CAD	1.50	**4,055**	**3,923**	3,973	3,625
October 2028	G3	USD	1.63	**5,836**	**5,356**	5,514	4,866
February 2029	A1	AUD	4.60	**5,455**	**5,523**	5,396	5,441
June 2029	G8	CAD	3.75	**8,110**	**8,410**	5,704	5,669
October 2029	G15	USD	3.75	**7,295**	**7,150**	–	–
January 2030	12	CAD	2.05	**5,069**	**4,874**	5,093	4,605
December 2030	G13[A]	CAD	4.40	**4,055**	**4,343**	4,075	4,178
September 2031	A2[A]	AUD	4.50	**3,637**	**3,614**	–	–
March 2032	G4[A]	CAD	2.60	**4,055**	**3,889**	4,075	3,660
August 2032	G7	AUD	4.57	**836**	**816**	827	815
January 2033	G9	AUD	4.82	**727**	**716**	719	719
June 2033	G11	CAD	4.15	**10,142**	**10,649**	10,186	10,187
July 2034	G14	EUR	3.25	**6,935**	**6,901**	–	–
February 2035	A3	AUD	5.25	**4,546**	**4,600**	–	–
March 2038	G10	EUR	3.68	**630**	**624**	596	626
July 2043	G12	EUR	3.68	**473**	**452**	447	475
December 2055	G16	CAD	4.25	**4,055**	**4,075**	–	–
Total medium-term notes				**98,431**	**98,028**	85,399	82,383
Total capital market debt financing				**140,295**	**139,500**	113,415	110,053

[A] Green bonds
[B] Secured Overnight Financing Rate

Unrealized losses in connection with borrowings amounted to $4,892 thousand for the year ended March 31, 2025 (unrealized losses of $166 thousand for the year ended March 31, 2024).

8. Borrowings (continued)

8.2. Capital Market Debt Financing (continued)

Interest expense, for the years ended March 31, was as follows:

(Canadian $ thousands)	**2025**	2024
Short-term promissory notes	**1,729**	1,484
Medium-term notes	**2,819**	2,097
Total	**4,548**	3,581

8.3. Reconciliation of Liabilities Arising from Financing Activities

The following provides a reconciliation of liabilities arising from financing activities, including both changes arising from cash and non-cash changes for the year ended March 31, 2025.

				Non-cash changes		
(Canadian $ thousands)	**Opening balance**	**Proceeds from borrowings**	**Repayment of borrowings**	**Foreign exchange losses**	**Fair value[A] losses**	**Closing balance**
Capital market debt financing	**110,053**	**158,849**	**(134,294)**	**1,958**	**2,934**	**139,500**
Borrowings	**110,053**	**158,849**	**(134,294)**	**1,958**	**2,934**	**139,500**

The following provides a reconciliation of liabilities arising from financing activities, including both changes arising from cash and non-cash changes for the year ended March 31, 2024.

				Non-cash changes		
(Canadian $ thousands)	Opening balance	Proceeds from borrowings	Repayment of borrowings	Foreign exchange gains	Fair value[A] losses	Closing balance
Capital market debt financing	99,322	129,047	(118,442)	(403)	529	110,053
Borrowings	99,322	129,047	(118,442)	(403)	529	110,053

[A] Includes interest on short-term promissory notes, which added to cost approximates their fair value.

9. Equity

9.1. Statutory Rights Held by the Government of Canada

Pursuant to the *Superannuation Acts*, the Government of Canada is entitled to PSP Investments' net assets allocated to each of the Plan Accounts for the purposes set out in the *Superannuation Acts*. The allocation of PSP Investments' net assets and net income to each of the Plan Accounts at a point in time is based on the allocation policy outlined in Note 13.

9.2. Fund Transfers

PSP Investments did not receive any fund transfers from the Government of Canada for the year ended March 31, 2025 (no transfers for the year ended March 31, 2024) for the Fund.

10. Segment Information

In order to fulfil its mandate, PSP Investments manages a diversified global portfolio composed of investments in various asset classes and has implemented an investment approach that focuses on the total fund approach rather than only on individual asset classes. The total fund approach guides the long-term investment strategy and focuses on managing total fund allocations and exposures in terms of asset classes, sectors and risk factors.

Accordingly, PSP Investments' investment segments are presented below to reflect the way in which asset classes are managed and how results are reviewed by the entity's senior management for purposes of performance management and decision making. These investment segments include their respective share of investment-related assets and investment-related liabilities as well as borrowings, which are reported separately by nature of the underlying investments as disclosed in Note 4.1. Further, to support PSP Investments' investment approach, a Complementary Portfolio is managed in addition to the individual asset classes' portfolios, which enables PSP Investments to capture investment opportunities that fit the mandate but that are outside the scope of the individual asset classes' investment framework.

Investment segments consist of investments held through direct and co-ownership positions as well as through fund managers and include:

- Capital Markets – invests in public market equities, government and corporate fixed income securities.
- Private Equity – invests in private entities with similar objectives.
- Credit Investments – invests in non-investment grade primary and secondary credit investments.
- Real Estate – invests in real estate assets mainly in retirement and residential, office, retail and other industrial sectors.
- Infrastructure – invests in private entities with a focus on assets in transportation, power generation, telecommunications and other regulated businesses.
- Natural Resources – invests in real assets with a focus on assets in timberlands and agriculture.
- Complementary Portfolio – focuses on investments that are not within the mandate of existing asset classes but are deemed beneficial for the total fund.

The following table presents net investments by investment segment as at:

(Canadian $ thousands)	**March 31, 2025**	March 31, 2024[B]
Capital Markets	**591,422**	455,889
Private Equity	**165,080**	164,580
Credit Investments	**122,813**	106,843
Real Estate	**108,063**	110,946
Infrastructure	**129,702**	140,647
Natural Resources	**72,748**	61,918
Complementary Portfolio	**5,924**	9,579
Other[A]	**19,651**	28,785
Total	**1,215,403**	1,079,187

[A] Includes cash and money market securities not managed within the investment segments, except administrative purpose cash and cash equivalents amounting to $328 thousand (March 31, 2024 – $251 thousand).

[B] During the year, PSP investments updated its segment reporting presentation to align with how the Capital Market segment is currently organized. Accordingly, comparative figures were reclassified to conform to the current year's presentation. Net investments of $226,708 thousand from Public Equity and $229,181 thousand from Fixed Income are now grouped under Capital Markets.

10. Segment Information (continued)

The following table presents net income (loss) by investment segment for the years ended March 31:

(Canadian $ thousands)	**2025** Investment income[A]	**2025** Expenses[B, C]	**2025** Net income	2024 Investment income (loss)[A, E]	2024 Expenses[B, C, E]	2024 Net income (loss)[E]
Capital Markets	**62,374**	**(4,258)**	**58,116**	41,473	(3,499)	37,974
Private Equity	**26,179**	**(557)**	**25,622**	18,373	(466)	17,907
Credit Investments	**16,379**	**(587)**	**15,792**	14,270	(498)	13,772
Real Estate	**2,051**	**(1,689)**	**362**	(18,247)	(1,830)	(20,077)
Infrastructure	**24,125**	**(1,280)**	**22,845**	19,656	(1,322)	18,334
Natural Resources	**7,289**	**(1,267)**	**6,022**	4,301	(1,074)	3,227
Complementary Portfolio	**1,950**	**(41)**	**1,909**	1,750	(43)	1,707
Other[D]	**6,012**	**(628)**	**5,384**	1,255	(1,348)	(93)
Total	**146,359**	**(10,307)**	**136,052**	82,831	(10,080)	72,751

[A] As described in Note 11, embedded within investment income are other fees paid by certain pooled fund investments and management fees not paid directly by PSP Investments.

[B] Includes all investment-related and operating expenses as disclosed in Notes 11 and 12, respectively.

[C] Total expenses exclude all investment-related and operating expenses associated with management services rendered to CGF.

[D] Includes income (loss) and expenses relating to cash and cash equivalents, as well as, to money market securities not managed within the investment segments.

[E] During the year, PSP investments updated its segment reporting presentation to align with how the Capital Markets segment is currently organized. Accordingly, Comparative figures were reclassified to conform to the current year's presentation. Investment income of $35,307 thousand, expenses of $(2,627) thousand, and net income of $32,680 thousand from Public Equity, and investment income of $6,166 thousand, expenses of $(872) thousand and net income of $5,294 thousand from Fixed Income are now grouped under Capital Markets.

The following table presents investment income (loss) by financial assets and financial liabilities by their classification for the year ended March 31:

(Canadian $ thousands)	**2025**	2024
Financial assets		
Mandatorily at FVTPL[A]	**157,323**	86,307
Financial liabilities		
Mandatorily at FVTPL	**(3,679)**	(3,285)
Designated at FVTPL	**(7,285)**	(191)
Total	**146,359**	82,831

[A] Includes income (loss) on derivative-related assets and derivative-related liabilities.

11. Investment-Related Expenses

Investment-related expenses allocated to the Plan Account are comprised of the following for the years ended March 31:

(Canadian $ thousands)	**2025**	2024
Interest expense	**5,939**	5,527
Transaction costs	**834**	652
External investment management and performance fees[A]	**310**	223
Other (net)	**87**	791
Total	**7,170**	7,193

[A] Consists of amounts incurred for investments in public markets that are paid directly by PSP Investments.

Certain management and performance fees are not paid directly by PSP Investments, but rather by investment structures such as funds and other investment vehicles held by PSP Investments. Such fees are embedded in the fair value of investments. Management fees amounted to $2,932 thousand for the year ended March 31, 2025 ($2,860 thousand for the year ended March 31, 2024). Performance fees amounted to $2,477 thousand for the year ended March 31, 2025 ($2,350 thousand for the year ended March 31, 2024).

12. Operating Expenses

Operating expenses allocated to the Plan Account consisted of the following for the years ended March 31:

(Canadian $ thousands)	**2025**	2024
Salaries and employee benefits	**2,175**	1,936
Professional and consulting fees	**504**	494
Premises and equipment	**86**	79
Market data and business applications	**340**	287
Depreciation of property and equipment	**82**	99
Custodial fees	**21**	19
Other operating expenses	**130**	95
Total	**3,338**	3,009

13. Allocation of Net Income

PSP Investments' net income is allocated to each Plan Account as follows:

13.1. Investment Income

The investment income is allocated proportionately based upon the net investments of each Plan Account at the time the income was earned.

13.2. Expenses

The Act requires that the costs of operation of PSP Investments be charged to the Plan Accounts. Under section 4(3) of the Act, the President of the Treasury Board shall determine to which Plan Account these costs will be charged, in consultation with the Minister of National Defence and the Minister of Public Safety and Emergency Preparedness. An allocation policy was developed which allocates the direct costs of investment activities, such as external investment management fees and custodial fees, to each Plan Account, based upon the net investments of each Plan Account at the time the expense was incurred.

Operating expenses excluding the direct cost of investment activities listed above, for the years ended March 31, were allocated in proportion to the annual amount of net investments of each Plan Account as follows:

(%)	**2025**	2024
Public Service Pension Plan Account	**73.3**	73.2
Canadian Forces Pension Plan Account	**19.1**	19.2
Royal Canadian Mounted Police Pension Plan Account	**7.2**	7.2
Reserve Force Pension Plan Account	**0.4**	0.4
Total	**100.0**	100.0

14. Related Party Transactions

14.1. Certain Investees

As outlined in Note 2.1, investments in unconsolidated subsidiaries, jointly controlled investees and associates are measured at FVTPL. Transactions between PSP Investments and such entities or subsidiaries of such entities are related party transactions. PSP Investments enters into investment transactions with such related parties in the normal course of its business, more specifically, as part of private markets and certain fixed income investments described under Note 4.1 as well as guarantees, indemnities and commitments described under Notes 16 and 17, respectively. Since balances in connection with all investment transactions are measured at FVTPL, those transactions undertaken with related parties have the same impact on net assets and net income as those with unrelated parties.

Transactions between PSP Investments and its consolidated subsidiaries as well as related balances are eliminated upon consolidation and, therefore, are not disclosed in this note.

14. Related Party Transactions (continued)

14.2. The Government of Canada and Government-Related Entities

Since PSP Investments is a Crown corporation as described in Note 1, it is considered to be related to the Government of Canada as well as other entities that are controlled, jointly controlled or significantly influenced by the Government of Canada (together "government-related entities").

(i) The Government of Canada
The only transactions undertaken between PSP Investments and the Government of Canada consist of the fund transfers outlined in Note 9.2.

(ii) Government-Related Entities
PSP Investments may enter into investment transactions with government-related entities in the normal course of its business, more specifically, as part of private markets and certain fixed income investments described under Note 4.1. Such investment transactions are carried out on terms that are equivalent to those that may prevail in transactions with unrelated parties and are subject to the same internal processes. In this respect, transactions with such related parties have the same impact on net assets and net income as those with unrelated parties. Consequently, PSP Investments is availing itself of the exemption under IAS 24 *Related Parties* from making specific disclosures on transactions and balances with such government-related entities.

As disclosed in Note 1 and Note 2.1, PSP Investments provides investment services to CGF, a government-related entity. The only transactions undertaken between PSP Investments and CGF consist of investment management services, which are rendered in the normal course of operations.

14.3. Compensation of Key Management Personnel

Members of key management personnel are related parties of PSP Investments. Key management personnel are those persons having authority and responsibility for planning, directing and controlling PSP Investments' activities, directly or indirectly and consist of members of the Board of Directors, PSP Investments' senior management team and officers. Compensation earned by key management personnel allocated to the Plan Account for the years ended March 31 was recorded in the Statements of Net Income and was as follows:

(Canadian $ thousands)	**2025**	2024
Short-term compensation and other benefits	**96**	77
Long-term compensation and other benefits	**62**	36
Total	**158**	113

As disclosed in Note 16, PSP Investments may also be required to indemnify certain members of key management personnel for costs incurred, such as claims, actions or litigations in connection with the exercise of specific aspects of their duties.

15. Capital Management

As an investment company, PSP Investments' objectives in managing its capital are:

- To invest fund transfers, outlined in Note 9.2, in the best interests of the beneficiaries and contributors under the *Superannuation Acts*. The funds received are invested with a view of achieving a maximum rate of return, without undue risk of loss, having regard to the funding, policies and requirements of the Plans established under the *Superannuation Acts* and the ability of the Plans to meet their financial obligations. The funds are also invested in accordance with the Investment Risk Management policies which are outlined in Note 7.
- To maintain an appropriate credit rating to achieve access to the capital markets at the lowest cost of capital. Through PSP Capital Inc. and its leverage policies, PSP Investments has the ability to raise capital by issuing short-term promissory notes and medium-term notes. Note 8.2 provides information on the capital market debt financing and Note 7.3 provides information on PSP Investments' liquidity.

The capital structure of PSP Investments consists of fund transfers and capital market debt financing. PSP Investments has no externally imposed restrictions on capital.

16. Guarantees and Indemnities

PSP Investments provides indemnification to its directors, its officers, its employees and to certain PSP Investments representatives asked to serve as directors or officers of entities in which PSP Investments or its investment entity subsidiaries have made an investment or have a financial interest. As a result, but subject to the Act, PSP Investments may be required to indemnify these representatives for costs incurred, such as claims, actions or litigation in connection with the exercise of their duties, unless the liability of such a representative relates to a failure to act honestly and in good faith. To date, PSP Investments has not received any material claims or made any material payment for such indemnities.

In certain cases, PSP Investments also provides indemnification to third parties in the normal course of business. As a result, PSP Investments may be required to indemnify such third parties in connection with the performance of their contractual obligations. To date, PSP Investments has not received any material claims nor made any material payments for such indemnities.

PSP Investments unconditionally and irrevocably guarantees all credit facilities, as well as short-term promissory notes and medium-term notes issued by PSP Capital Inc., as described in Note 8.

In certain investment transactions, PSP Investments and its investment entity subsidiaries provided guarantees, indemnifications or issued letters of credit to third parties, the most significant of which are as follows:

- As at March 31, 2025 and 2024, PSP Investments and its investment entity subsidiaries agreed to guarantee and, in some cases, provide indemnification for the performance of certain investees under contractual agreements. The majority of these agreements are borrowing arrangements. In the event a default occurs under such agreements, which is of limited recourse in certain cases, PSP Investments or its investment entity subsidiaries could assume obligations of up to $3,023 million as at March 31, 2025 (March 31, 2024 – $2,717 million), of which $12,259 thousand has been allocated to the Plan Account (March 31, 2024 – $11,069 thousand) plus applicable interest and other related costs. The arrangements mature between July 2025 and June 2042 as of March 31, 2025 (March 31, 2024 – between May 2024 and June 2042).
- As of March 2025, PSP Investments maintained stand-by letter of credit facilities totaling $312 million (March 31, 2024 – $3 million). These facilities can be utilized in various currencies as needed. PSP Investments and its investment entity subsidiaries issued letters of credit totalling $165 million as at March 31, 2025 (March 31, 2024 – $1 million), of which $671 thousand has been allocated to the Plan Account (March 31, 2024 – $4 thousand) in relation to investment transactions.

17. Commitments

PSP Investments and its investment entity subsidiaries have committed to enter into investment transactions, which will be funded over the next several years in accordance with agreed terms and conditions. The portion of PSP Investments' commitments that would be assumed by the Plan Account was as follows as at:

(Canadian $ thousands)	**March 31, 2025**	March 31, 2024
Foreign equity	**6**	12
Real estate	**13,507**	15,716
Private equity	**41,093**	46,344
Infrastructure	**38,708**	16,256
Natural resources	**1,501**	1,957
Private debt securities	**46,928**	35,221
Alternative investments	**8,156**	6,345
Total	**149,899**	121,851

Funding in connection with the above commitments can be called upon at various dates extending until 2041 as at March 31, 2025 (March 31, 2024 – 2041).

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