



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, 2026 and March 31, 2025, 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.



Deborah K. Orida
President and Chief Executive Officer
May 15, 2026

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.



Caroline Vermette
Senior Vice President and Chief Financial Officer
May 15, 2026

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, 2026, were in accordance with the Act and PSP Investments’ Statement of Investment Policies, Standards and Procedures”.

A handwritten signature in black ink, reading "Maryse Bertrand". The signature is written in a cursive, flowing style.

Maryse Bertrand

Chair of the Board

May 15, 2026

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, 2026 and 2025, 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, 2026 and 2025, 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.



Riowen Yves Abgrall, CPA auditor

Principal
for the Auditor General of Canada
Montréal, Canada
May 15, 2026

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.



¹ CPA auditor, public accountancy permit No. A125494

Montréal, Canada
May 15, 2026

Consolidated Statements of Financial Position

As at

(Canadian \$ millions)	Notes	March 31, 2026	March 31, 2025
Assets			
Cash and cash equivalents	4.1	1,666	2,535
Investments	4.1	370,353	343,008
Other assets		114	153
Total assets		372,133	345,696
Liabilities			
Trade payable and other liabilities		532	583
Investment-related liabilities	4.1	13,768	11,344
Borrowings	4.1, 8.2	37,629	34,401
Total liabilities		51,929	46,328
Net assets		320,204	299,368
Equity			
Statutory rights held by the Government of Canada with respect to:	9.1		
Public Service Pension Plan Account		234,968	219,436
Canadian Forces Pension Plan Account		60,822	57,095
Royal Canadian Mounted Police Pension Plan Account		23,121	21,623
Reserve Force Pension Plan Account		1,293	1,214
Total equity		320,204	299,368
Total liabilities and equity		372,133	345,696

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	2026	2025
Investment income	10	22,254	36,078
Investment-related expenses	11, 14.2	(1,927)	(1,769)
Net investment income		20,327	34,309
Operating expenses	12, 14.2	(780)	(820)
Recoveries of costs	2.1, 14.2	54	49
Net income	10	19,601	33,538

Consolidated Statements of Changes in Equity

For the years ended March 31

(Canadian \$ millions)	Notes	2026	2025
Fund transfers			
Balance at beginning of year		94,508	93,229
Fund transfers received during the year	9.3	2,139	3,222
Fund transfers paid out during the year	9.3	(904)	(1,943)
Balance at end of year		95,743	94,508
Retained earnings			
Balance at beginning of year		204,860	171,322
Net income	10	19,601	33,538
Balance at end of year		224,461	204,860
Total equity		320,204	299,368

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	2026	2025
Cash flows from operating activities			
Net income	10	19,601	33,538
Adjustments for non-cash items:			
Depreciation of property and equipment	12	16	20
Effect of exchange rate changes on cash and cash equivalents		(18)	(29)
Unrealized (gains) losses on borrowings		(112)	1,205
		19,487	34,734
Net changes in operating assets and liabilities			
Increase in investments		(27,345)	(42,787)
Decrease (increase) in other assets		26	(36)
(Decrease) increase in trade payables and other liabilities		(51)	83
Increase in investment-related liabilities		2,390	537
Net cash flows used in operating activities		(5,493)	(7,469)
Cash flows from financing activities			
Proceeds from borrowings		34,644	39,190
Repayment of borrowings		(31,270)	(33,004)
Fund transfers received	9.3	2,139	3,222
Fund transfers paid out	9.3	(904)	(1,943)
Net cash flows provided by financing activities		4,609	7,465
Cash flows from investing activities			
Acquisitions of equipment		(3)	(4)
Net cash flows used in investing activities		(3)	(4)
Net decrease in cash and cash equivalents		(887)	(8)
Effect of exchange rate changes on cash and cash equivalents		18	29
Cash and cash equivalents at the beginning of the year		2,535	2,514
Cash and cash equivalents at the end of the year^A	4.1	1,666	2,535
Supplementary disclosure of cash flow information			
Dividends received		4,589	3,581
Interest received		3,765	4,496
Interest paid		(1,452)	(1,363)

^A As at March 31, 2026, cash included in Cash and cash equivalents amounted to \$595 million (March 31, 2025 – \$552 million).

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

Notes to the Consolidated Financial Statements

For the years ended March 31, 2026 and 2025

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, 2026.

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 meets the mandatory requirements of the definition of an investment entity under IFRS 10 on the basis of the facts and circumstances. 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, in accordance with PSP Investments' business model to maximize the rate of return. PSP Investments operates solely under a business model in which financial assets are managed and evaluated on a fair value basis rather than to collect contractual cash flows. The performance of such financial instruments is evaluated on a fair value basis, and these instruments therefore 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 at initial recognition and subsequently measured at fair value, as they finance the portfolios of investments that are managed and 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 and unobservable 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, 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 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, tax expenses 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.

Tax expenses are current and deferred income taxes attributable to investments directly held by PSP Investments. This excludes amounts not paid directly by PSP Investments related to investments held through unconsolidated subsidiaries, as these are reflected in the fair value of those subsidiaries.

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 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 the measurement of financial instruments are outlined in Note 4.2.3 and those regarding risk assessment are outlined in Note 7.

Sources of estimation uncertainty related to macroeconomic unpredictability and volatility include the current geopolitical context, including the military conflicts in the Middle East, as well as tariffs, inflation and interest rates. These factors could continue to impact financial results, due to uncertainties including their extent and duration. The Consolidated Financial Statements of PSP Investments reflect the impacts of these 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 these Consolidated Financial Statements arising from new standards, amendments and interpretations that have been issued by the IASB, effective for the year ended March 31, 2026.

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 presentation and disclosure requirements for the consolidated statement of net income, the consolidated statement of cash flows and the consolidated statement 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.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* clarifying the timing of derecognition of financial assets and financial liabilities and introducing an accounting policy election for the derecognition of liabilities settled through electronic payment systems. The amendments are effective for annual periods beginning on or after April 1, 2026. The adoption of these amendments is not expected to have a significant impact on PSP Investments Consolidated Financial Statements.

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, 2026	March 31, 2025
Public markets		
Canadian equity	7,782	3,175
Foreign equity	75,091	64,362
Private markets		
Real estate	35,845	38,020
Private equity	38,312	39,857
Infrastructure	44,316	40,560
Natural resources	28,559	26,367
Fixed income		
Money market securities	4,813	6,117
Government and corporate bonds	38,611	36,023
Inflation-linked bonds	20,616	19,012
Private debt securities	37,972	33,760
Alternative investments	31,756	28,470
Investments before investment-related assets	363,673	335,723
Investment-related assets		
Amounts receivable from pending trades	834	1,524
Interest receivable	801	744
Dividends receivable	417	339
Securities purchased under reverse repurchase agreements	1,773	2,550
Derivative-related assets	2,855	2,128
Investment-related assets	6,680	7,285
Investments representing financial assets at FVTPL^A	370,353	343,008
Cash and cash equivalents	1,666	2,535
Investment-related liabilities		
Amounts payable from pending trades and other	(734)	(2,426)
Interest payable	(315)	(243)
Securities sold short	(2,903)	(2,637)
Collateral payable	(2,265)	(1,712)
Securities sold under repurchase agreements	(5,548)	(2,864)
Derivative-related liabilities	(2,003)	(1,462)
Investment-related liabilities representing financial liabilities at FVTPL	(13,768)	(11,344)
Borrowings		
Capital market debt financing	(37,629)	(34,401)
Borrowings representing financial liabilities at FVTPL	(37,629)	(34,401)
Net investments	320,622	299,798

^A As at March 31, 2026, \$11,536 million out of \$370,353 million were investments pledged as described in Note 5 (March 31, 2025 – \$7,965 million out of \$343,008 million).

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, metals and mining, and upstream oil and gas. 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 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 and certificates of deposit.

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 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 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 and infrastructure sectors.

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 and private debt securities 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 consists 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 consists 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 receivable 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:

(Canadian \$ millions)	March 31, 2026			March 31, 2025		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Equity and commodity derivatives						
Listed						
Futures	3,012	-	-	4,940	-	-
Warrants and rights	-	1	-	-	1	-
Options: Purchased	-	-	-	191	1	-
Written	23	-	(1)	18	-	(1)
OTC						
Swaps	54,045	1,338	(976)	40,021	748	(729)
Options: Purchased	4	-	-	-	-	-
Written	3	-	-	-	-	-
Currency derivatives						
Listed						
Futures	495	-	-	517	-	-
OTC						
Forwards	58,547	783	(510)	65,250	527	(245)
Swaps	5,353	39	(29)	3,229	3	(26)
Options: Purchased	574	1	-	2,840	7	-
Written	927	-	(1)	1,772	-	(6)
Interest rate derivatives						
Listed						
Futures	4,243	-	-	8,491	-	-
Options: Purchased	69,217	64	-	27,527	53	-
Written	74,451	-	(39)	28,025	-	(38)
OTC						
Forwards	2,151	-	(10)	1,111	8	-
Swaps	2,317	-	(17)	2,170	35	(5)
Options: Purchased	69,404	614	-	70,007	726	-
Written	86,039	-	(414)	96,377	-	(398)
OTC-cleared						
Swaps	83,210	-	-	66,623	-	-
Credit derivatives						
OTC						
Credit default swaps: Purchased	181	-	(6)	543	-	(14)
Written ^A	1,595	15	-	2,098	19	-
OTC-cleared						
Credit default swaps: Purchased	761	-	-	1,395	-	-
Total		2,855	(2,003)		2,128	(1,462)

^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:

(Canadian \$ millions)	March 31, 2026			March 31, 2025		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Listed derivatives	151,441	65	(40)	69,709	55	(39)
OTC derivatives	281,140	2,790	(1,963)	285,418	2,073	(1,423)
OTC - cleared derivatives	83,971	-	-	68,018	-	-
Total		2,855	(2,003)		2,128	(1,462)

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

(Canadian \$ millions)	March 31, 2026	March 31, 2025
Less than 3 months	211,697	128,054
3 to 12 months	155,448	187,231
Over 1 year	149,407	107,860

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, 2026, classified within the fair value hierarchy:

(Canadian \$ millions)	Level 1	Level 2	Level 3	Total Fair Value
Public markets				
Canadian equity	3,975	3,807	–	7,782
Foreign equity	73,861	335	895	75,091
Private markets				
Real estate	–	–	35,845	35,845
Private equity	–	–	38,312	38,312
Infrastructure	–	–	44,316	44,316
Natural resources	–	–	28,559	28,559
Fixed income				
Money market securities	3,479	1,334	–	4,813
Government and corporate bonds	13,416	25,195	–	38,611
Inflation-linked bonds	20,616	–	–	20,616
Private debt securities	–	–	37,972	37,972
Alternative investments	–	19,600	12,156	31,756
Investments before investment-related assets	115,347	50,271	198,055	363,673
Investment-related assets				
Amounts receivable from pending trades	–	834	–	834
Interest receivable	–	801	–	801
Dividends receivable	–	417	–	417
Securities purchased under reverse repurchase agreements	–	1,773	–	1,773
Derivative-related assets	65	2,790	–	2,855
Investment-related assets	65	6,615	–	6,680
Investments representing financial assets at FVTPL	115,412	56,886	198,055	370,353
Cash and cash equivalents	–	1,666	–	1,666
Investment-related liabilities				
Amounts payable from pending trades and other	–	(734)	–	(734)
Interest payable	–	(315)	–	(315)
Securities sold short	(2,903)	–	–	(2,903)
Collateral payable	–	(2,265)	–	(2,265)
Securities sold under repurchase agreements	–	(5,548)	–	(5,548)
Derivative-related liabilities	(40)	(1,963)	–	(2,003)
Investment-related liabilities representing financial liabilities at FVTPL	(2,943)	(10,825)	–	(13,768)
Borrowings				
Capital market debt financing	–	(37,629)	–	(37,629)
Borrowings representing financial liabilities at FVTPL	–	(37,629)	–	(37,629)
Net investments	112,469	10,098	198,055	320,622

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)

There were no transfers between Level 1 and Level 2 during the year ended March 31, 2026.

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.

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 the 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.

Globally, international military conflicts and trade-tariffs tensions remain uncertain and contribute to volatility in financial markets, exerting pressure on the broader economic environment. The determination of fair value for investments classified as Level 3 reflected, where applicable, the effect of market volatility and price sensitivities brought on by the escalation of recent international military conflicts as well as of tariffs that were imposed on or before March 31, 2026. Although any military progress announcements and trade tariffs announced or imposed after the reporting date were not reflected in such valuations, related macroeconomic uncertainties and volatility present at March 31, 2026, 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, 2026:

Financial Assets	Type of Investment	Fair Value (Canadian \$ millions)	Significant Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Public markets					
Foreign equity	Direct investments	895	NAV ^A	N/A	N/A
Private markets					
Real estate	Direct and co-investments	32,701	Discounted cash flow (DCF)	Discount rate ^{B, C}	2.90% – 20.00% (7.48%)
				Terminal capitalization rate ^{B, C}	3.20% – 12.75% (6.02%)
			Direct capitalization	Capitalization rate ^{B, D}	3.50% – 8.50% (5.15%)
				Stabilized occupancy rate ^{D, E}	97.00% – 100.00% (99.69%)
			Sales comparison approach	Price per square foot ^{D, E}	\$3.02 – \$75.46 (\$46.40)
			NAV ^A	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	3,144	NAV ^A	N/A	N/A
Other private markets	Direct and co-investments	85,046	DCF	Discount rate ^B	5.33% – 16.00% (9.50%)
			Market comparables	N/A	N/A
			NAV ^A	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	26,141	NAV ^A	N/A	N/A
Fixed income					
Private debt securities	Direct and co-investments	29,420	DCF	Discount rate ^B	2.56% – 30.51% (10.46%)
			NAV ^A	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	8,552	NAV ^A	N/A	N/A
Alternative investments	Fund investments	12,156	NAV ^A	N/A	N/A
Total		198,055			

^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, 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)

4.2.4. 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, 2026:

(Canadian \$ millions)	Opening Balance	Purchases	Sales	Settlements	Realized Gains	Unrealized Gains (Losses)	Transfers in (out)	Closing Balance
Public markets	2,081	234	(1,871)	–	1,466	(1,015)	–	895
Private markets	144,804	16,916	(15,549)	–	5,114	(4,151)	(102)	147,032
Fixed income	33,760	13,525	(7,039)	(175)	409	(2,550)	42	37,972
Alternative investments	10,999	2,650	(2,067)	–	409	165	–	12,156
Total	191,644	33,325	(26,526)	(175)	7,398	(7,551)	(60)	198,055

During the year ended March 31, 2026, \$102 million was transferred from Level 3 to Level 2 and \$42 million was transferred from Level 2 to Level 3. Transfers in and out of Level 3 were primarily due to changes in the availability of observable market inputs used for fair value measurement.

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.

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 4% increase and 3% decrease as at March 31, 2026 (March 31, 2025 – 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, 2026	March 31, 2025
Securities lending and borrowing		
Securities lent	8,748	6,038
Collateral held ^A	9,137	6,270
Securities borrowed	2,877	2,637
Collateral pledged ^{B, E}	3,056	2,727
Securities repurchase and reverse repurchase agreements		
Securities sold under repurchase agreements	5,521	2,902
Collateral pledged ^E	5,555	2,871
Securities purchased under reverse repurchase agreements	1,775	2,553
Collateral held ^C	1,775	2,554
Derivative contracts		
Collateral pledged ^E	2,925	2,367
Collateral held ^D	3,028	2,230

^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, 2026, were \$1,786 million and \$7,351 million, respectively (March 31, 2025 – \$1,481 million and \$4,789 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 \$28 million has been used in connection with short selling transactions as at March 31, 2026 (March 31, 2025 – nil).

^D As part of collateral held, cash amounted to \$479 million as at March 31, 2026 (March 31, 2025 – \$232 million) and securities amounted to \$2,549 million as at March 31, 2026 (March 31, 2025 – \$1,998 million). All cash collateral is reinvested.

^E The total of \$11,536 million of collateral pledged was recognized as financial assets as disclosed in Note 4.1 (March 31, 2025 – \$7,965 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, 2026, 136 investment entity subsidiaries were incorporated in North America, 27 in Europe, 16 in Oceania, 12 in Central and South America, 2 in Asia and 1 in Africa (March 31, 2025 – 147 in North America, 37 in Europe, 21 in Oceania, 7 in Central and South America, 2 in Asia and 1 in Africa).

In addition, PSP Investments controlled 87 investees directly or through its investment entity subsidiaries as at March 31, 2026 (March 31, 2025 – 89 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, 2026				
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
407 International Inc.	Infrastructure	North America	8	Associate
American Wholesale Insurance Holding Company, LLC	Private Equity	North America	16	Associate
SEGRO European Logistics Partnership S.à r.l.	Real Estate	Europe	50	Jointly controlled
Australian Sunfield Cropping Trust ^A	Natural Resources	Oceania	100	Controlled
Kaingaroa Timberlands Limited	Natural Resources	Oceania	56	Jointly controlled
Stahmann Property Trust	Natural Resources	Oceania	100	Controlled
Willow Topco Limited	Infrastructure	Europe	63	Controlled
Forth Ports Limited	Infrastructure	Europe	51	Jointly controlled
Revera Inc.	Real Estate	North America	100	Controlled
TDF S.A.S.	Infrastructure	Europe	22	Associate
Mahi Pono Holdings, LLC	Natural Resources	North America	100	Controlled
Pika Holdco Pty Ltd	Infrastructure	Oceania	33	Associate

^A Formerly Australian Food and Fibre Limited.

6. Interests in Other Entities (continued)

6.1. Subsidiaries, Joint Ventures and Associates (continued)

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

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.

6.2. 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 with a view of achieving a maximum rate of return, without undue risk of loss. In pursuit of this objective, PSP Investments maintains 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 in 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, 2026, 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’ overall investment approach decisions. Active and Absolute VaR are used as key measures of total portfolio market risk. As at March 31, 2026, Active VaR was used to determine whether the total portfolio deviated significantly from the Reference Portfolio. As at March 31, 2025, Active VaR was used to determine whether the total portfolio deviated significantly from the Policy Portfolio established in accordance with the SIP&P.

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 Active VaR measurement helps determine whether the total portfolio deviates significantly from the Reference Portfolio which represents the funding risk tolerance communicated by the Treasury Board of Canada.

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 Reference Portfolio exceed the Active VaR and its total portfolio losses exceed 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 proxies.

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 market behaviour will follow 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, 2026 (%)	March 31, 2025 (%)
Active VaR ^A	5.9	6.6
Absolute VaR	17.5	18.4

^A Active VaR as at March 31, 2025 has been measured to determine whether the total portfolio deviated significantly from the Reference Portfolio and updated in the above table for comparability purposes. Active VaR measured using the Policy Portfolio as at March 31, 2025 was 3.5%. This change aligns with how total portfolio market risk is managed.

7. Investment Risk Management (continued)

7.1. Market Risk (continued)

7.1.1. Measurement of Market Risk (continued)

Stress Testing

Although VaR is a widely accepted risk measure, it is complemented by other risk measurement methodologies that provide greater insight into market risk. PSP Investments uses stress testing and scenario analysis, including scenarios in connection with international conflicts with macroeconomic effects, to examine the impact on financial results of abnormally large movements in risk factors. Such techniques 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. In addition, stress testing and scenario analysis are also deployed to assess the potential performance of new types of investments, as required.

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, 2026					
(Canadian \$ millions)	Less than 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years	Other	Total
Cash and cash equivalents	–	–	–	–	1,666 ^A	1,666
Money market securities	–	–	–	–	4,813 ^A	4,813
Government and corporate bonds	1,613	14,119	12,253	9,076	1,550 ^B	38,611
Inflation-linked bonds	–	10,485	6,003	4,128	–	20,616
Private debt securities	104	11,187	12,616	5,130	8,935 ^C	37,972
Total	1,717	35,791	30,872	18,334	16,964	103,678

	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

^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.

All equity investments within Canadian equity, foreign equity, real estate, private equity, infrastructure and natural resources amounting to \$229,905 million as at March 31, 2026 (\$212,341 million as at March 31, 2025) 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 \$31,756 million as at March 31, 2026 (\$28,470 million as at March 31, 2025), 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.

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:

Currency	March 31, 2026	
	Fair Value (Canadian \$ millions)	% of Total
US Dollar	193,544	67.9
Euro	32,000	11.2
Japanese Yen	14,950	5.2
British Pound	11,582	4.1
Indian Rupee	6,287	2.2
Mexican Peso	3,398	1.2
Hong Kong Dollar	3,178	1.1
Brazilian Real	3,151	1.1
Swiss Franc	2,815	1.0
New Taiwan Dollar	2,761	1.0
Others	11,424	4.0
Total	285,090	100.0

As at March 31, 2026, PSP Investments and its investment entity subsidiaries also had commitments, denominated in foreign currencies of \$31,807 million (US \$18,646 million, €2,089 million, £757 million, 3,422 million Brazilian reals, 55 million Mexican pesos, 108 million Australian dollars, and 888 million Indian rupees) which were not included in the foreign currency exposure table above.

Currency	March 31, 2025	
	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.

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, 2026, PSP Investments' maximum exposure to credit risk amounted to \$108 billion (March 31, 2025 – \$102 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, as their credit exposures are 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, 2026							
(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	26,157	20,691	731	3,691	935	454	–	52,659
A	10,998	–	290	492	663	2,336	489	15,268
BBB	1,157	–	–	–	175	–	3,500	4,832
BB or below	421	–	–	–	–	–	33,730	34,151
No rating ^C	200	–	50	–	–	–	655	905
Total	38,933	20,691	1,071	4,183	1,773	2,790	38,374	107,815

	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

^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.

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. To minimize counterparty risk, PSP Investments requires that counterparties provide adequate collateral and meet its credit rating requirements. PSP Investments frequently monitors the credit ratings 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 in Note 7.2.1. Such agreements contain close-out netting provisions applicable only in the case of default. In certain cases, such agreements also allow for offsetting. Where the conditions for offsetting were met, the related financial instruments are presented on a net basis 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

(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	Less: Related Amounts Not Offset in the Consolidated Statements of Financial Position		Net
				Recognized Financial Liabilities	Collateral Held and Not Recognized	
March 31, 2026						
Reverse repurchase agreements	1,773	–	1,773 ^A	710	1,063	–
OTC-derivatives	2,791	1	2,790 ^B	1,912	513	365
Total	4,564	1	4,563	2,622	1,576	365
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

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 Consolidated Statements of Financial Position	Less: Related Amounts Not Offset in the Consolidated Statements of Financial Position		Net
				Recognized Financial Assets	Collateral Pledged and Not Derecognized	
March 31, 2026						
Repurchase agreements	5,548	–	5,548 ^A	710	4,838	–
OTC-derivatives	1,964	1	1,963 ^B	1,589	178	196
Collateral payable	479	–	479 ^C	323	–	156
Total	7,991	1	7,990	2,622	5,016	352
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

^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 is 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. Investments in cash, money market securities, floating rate notes, bonds and public equities are generally considered highly liquid as they 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.

Furthermore, PSP Investments has the ability to raise additional capital through 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 on these 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 and derivative-related financial instruments, aggregated according to their maturities as at March 31, 2026, and excluding the impact of guarantees and indemnities, which are 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 and other	(685)	–	(49)	(734)
Interest payable	(167)	(148)	–	(315)
Securities sold short	(2,903)	–	–	(2,903)
Collateral payable	(2,265)	–	–	(2,265)
Securities sold under repurchase agreements	(4,052)	(1,496)	–	(5,548)
Capital market debt financing ^B	(6,621)	(3,977)	(27,031)	(37,629)
Trade payable and other liabilities	(391)	(7)	(134)	(532)
Total	(17,084)	(5,628)	(27,214)	(49,926)

(Canadian \$ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Derivative-related financial instruments				
Derivative-related assets	1,807	768	280	2,855
Derivative-related liabilities ^A	(1,124)	(741)	(138)	(2,003)
Total	683	27	142	852

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

^B The total undiscounted cash flows amounted to \$45,091 million as at March 31, 2026.

7. Investment Risk Management (continued)

7.3. Liquidity Risk (continued)

The following tables present the fair value of non-derivative-related financial liabilities and derivative-related financial instruments, aggregated according to their maturities as at March 31, 2025, and excluding the impact of guarantees and indemnities, which are 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.

8. Borrowings

8.1. Credit Facilities

PSP Investments terminated its \$2 billion revolving credit facility on March 31, 2026, which remained undrawn up to the time of termination. PSP Investments continues to maintain a \$1 billion demand line of credit (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.

As at March 31, 2026, the demand line of credit was undrawn (March 31, 2025, the Credit Facilities were undrawn).

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.

As at March 31, 2026, the maximum amount authorized by the Board of Directors for the capital market debt program is limited to \$15 billion (March 31, 2025 – \$12 billion) for all aggregate short-term note programs, \$6 billion Australian dollars (March 31, 2025 – \$6 billion Australian dollars) for the Australian dollar-denominated medium-term note program and \$30 billion (March 31, 2025 – \$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, 2026 and 2025.

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, 2026			March 31, 2025		
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
EUR	154 days or less	1.97 – 2.11	105	104	2.41– 2.70	979	976
GBP	183 days or less	3.69 – 4.10	383	381	4.49– 4.74	473	469
USD	364 days or less	3.68 – 4.80	7,535	7,456	4.17– 5.33	8,810	8,721
Total short-term notes			8,023	7,941		10,324	10,227

8. Borrowings (continued)

8.2. Capital Market Debt Financing (continued)

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, 2026		March 31, 2025	
Maturity	Series	Currency	Interest Rate (%)	Capital Amounts Payable at Maturity	Fair Value	Capital Amounts Payable at Maturity	Fair Value
November 2025	11	CAD	3.00	–	–	1,175	1,178
June 2026	13	CAD	0.90	1,275	1,271	1,500	1,471
June 2026	G1	USD	1.00	1,396	1,386	1,439	1,385
June 2027	G6	USD	3.50	1,396	1,389	1,439	1,420
December 2027	G17	USD	SOFR ^B +35 bps	977	979	–	–
March 2028	14	CAD	1.50	1,000	973	1,000	967
October 2028	G3	USD	1.63	1,396	1,318	1,439	1,321
February 2029	A1	AUD	4.60	1,434	1,419	1,345	1,362
June 2029	G8	CAD	3.75	1,975	2,013	2,000	2,074
October 2029	G15	USD	3.75	1,744	1,732	1,799	1,763
January 2030	12	CAD	2.05	1,250	1,200	1,250	1,202
August 2030	A4	AUD	4.10	1,434	1,379	–	–
October 2030	G20	GBP	4.25	1,104	1,087	–	–
December 2030	G13 ^A	CAD	4.40	1,000	1,048	1,000	1,071
September 2031	A2 ^A	AUD	4.50	956	923	897	891
March 2032	G4 ^A	CAD	2.60	1,000	956	1,000	959
July 2032	G18	EUR	2.88	2,007	1,968	–	–
August 2032	G7	AUD	4.57	220	208	206	201
January 2033	G9	AUD	4.82	191	181	179	177
January 2033	G21	CAD	CORRA ^C +51 bps	1,000	997	–	–
June 2033	G11	CAD	4.15	2,450	2,529	2,500	2,626
July 2034	G14	EUR	3.25	1,769	1,751	1,712	1,702
February 2035	A3	AUD	5.25	1,195	1,172	1,121	1,134
March 2038	G10	EUR	3.68	161	157	155	154
July 2043	G12	EUR	3.68	121	117	117	111
August 2045	G19	EUR	3.77	161	146	–	–
December 2055	G16	CAD	4.25	1,500	1,389	1,000	1,005
Total medium-term notes				30,112	29,688	24,273	24,174
Total capital market debt financing				38,135	37,629	34,597	34,401

^A Green bonds

^B Secured Overnight Financing Rate

^C Canadian Overnight Repo Rate Average

Unrealized gains in connection with borrowings amounted to \$112 million for the year ended March 31, 2026 (unrealized losses of \$1,205 million for the year ended March 31, 2025).

8. Borrowings (continued)

8.2. Capital Market Debt Financing (continued)

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

(Canadian \$ millions)	2026	2025
Short-term promissory notes	330	427
Medium-term notes	928	695
Total	1,258	1,122

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, 2026.

(Canadian \$ millions)	Opening balance	Proceeds from borrowings	Repayment of borrowings	Non-cash changes		Closing balance
				Foreign exchange losses	Fair value ^A gains	
Capital market debt financing	34,401	34,644	(31,270)	174	(320)	37,629
Borrowings	34,401	34,644	(31,270)	174	(320)	37,629

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.

(Canadian \$ millions)	Opening balance	Proceeds from borrowings	Repayment of borrowings	Non-cash changes		Closing balance
				Foreign exchange gains	Fair value ^A losses	
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

^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)	2026	2025
Public Service Pension Fund	2,055	2,822
Canadian Forces Pension Fund	–	190
Royal Canadian Mounted Police Pension Fund	84	210
Reserve Force Pension Fund	–	–
Total	2,139	3,222

During the year ended March 31, 2026, PSP Investments transferred \$904 million (\$1,943 million during the year ended March 31, 2025) to the Government of Canada as instructed by the Treasury Board of Canada Secretariat, to eliminate a non-permitted surplus in the Public Service Pension Fund, pursuant to 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, cash and cash equivalents, and investment-related liabilities as well as borrowings, which are reported separately by nature of the underlying investments as disclosed in Note 4.1.

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, agriculture, metals and mining, and upstream oil and gas.

10. Segment Information (continued)

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

(Canadian \$ millions)	March 31, 2026	March 31, 2025
Capital Markets	164,592	145,844
Private Equity ^A	39,063	42,170
Credit Investments	35,067	30,286
Real Estate	27,767	26,648
Infrastructure	31,952	31,984
Natural Resources	19,702	17,939
Other	2,411	4,846
Total^B	320,554	299,717

^A During the year ended March 31, 2026, PSP Investments updated its segment reporting presentation to align with how the Private Equity segment is currently organized. The Complementary Portfolio was merged into Private Equity to better align portfolios with similar investments and strategies. Accordingly, the comparative figures were reclassified to conform to the current year's presentation. For the year ended March 31, 2025, net investments of \$1,461 million from the Complementary Portfolio are now included within the Private Equity segment.

^B Excludes administrative purpose cash and cash equivalents amounting to \$68 million (March 31, 2025 – \$81 million).

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

(Canadian \$ millions)	2026			2025		
	Investment income (loss) ^A	Expenses ^{B,C}	Net income (loss)	Investment income ^A	Expenses ^{B,C}	Net income
Capital Markets	17,696	(1,048)	16,648	15,375	(1,049)	14,326
Private Equity ^D	2,068	(115)	1,953	6,934	(147)	6,787
Credit Investments	966	(139)	827	4,037	(143)	3,894
Real Estate	(1,598)	(484)	(2,082)	506	(416)	90
Infrastructure	3,559	(413)	3,146	5,947	(315)	5,632
Natural Resources	884	(379)	505	1,797	(312)	1,485
Other	(1,321)	(75)	(1,396)	1,482	(158)	1,324
Total	22,254	(2,653)	19,601	36,078	(2,540)	33,538

^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 During the year ended March 31, 2026, PSP Investments updated its segment reporting presentation to align with how the Private Equity segment is currently organized. The Complementary Portfolio was merged into Private Equity to better align portfolios with similar investments and strategies. Accordingly, the comparative figures were reclassified to conform to the current year's presentation. For the year ended March 31, 2025, \$481 million in investment income, \$10 million in expenses, and \$471 million in net income from the Complementary Portfolio are now included within the Private Equity segment.

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

(Canadian \$ millions)	2026	2025
Financial assets		
Mandatorily at FVTPL ^A	22,179	38,781
Financial liabilities		
Mandatorily at FVTPL ^A	(251)	(907)
Designated at FVTPL	326	(1,796)
Total	22,254	36,078

^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)	2026	2025
Interest expense	1,490	1,465
Transaction costs	191	179
External investment management and performance fees ^A	93	77
Tax expenses ^B	79	2
Other (net)	74	46
Total	1,927	1,769

^A Consists of amounts incurred for investments in public markets that are paid directly by PSP Investments. In addition to these amounts, certain management and performance fees are embedded in the fair value of investments as they are not paid directly by PSP Investments, but rather by investment structures such as funds and other investment vehicles held by PSP Investments. For the year ended March 31, 2026, management fees amounted to \$714 million (\$723 million for the year ended March 31, 2025) and performance fees amounted to \$552 million (\$611 million for the year ended March 31, 2025), which are embedded in the fair value of investments.

^B During the year ended March 31, 2026, PSP Investments updated its presentation of investment-related expenses to include current and deferred tax expenses as a separate line item. Comparative figures were reclassified to conform to the current year's presentation, with \$27 million and \$(25) million of current tax expenses reclassified from Transaction costs and Other (net) to Tax expenses, respectively.

12. Operating Expenses

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

(Canadian \$ millions)	2026	2025
Salaries and employee benefits	508	534
Professional and consulting fees	128	124
Premises and equipment	21	21
Market data and business applications	81	83
Depreciation of property and equipment	16	20
Custodial fees	7	5
Other operating expenses	19	33
Total	780	820

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:

(%)	2026	2025
Public Service Pension Plan Account	73.3	73.3
Canadian Forces Pension Plan Account	19.1	19.1
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)	2026	2025
Short-term compensation and other benefits	28	24
Long-term compensation and other benefits	16	15
Total	44	39

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 entity, 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, 2026 and 2025, 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 \$2,043 million as of March 31, 2026 (March 31, 2025 – \$3,023 million) plus applicable interest and other related costs. The arrangements mature between May 2026 and June 2042 as of March 31, 2026 (March 31, 2025 – between July 2025 and June 2042).
- As of March 31, 2026 and 2025, PSP Investments maintained stand-by letter of credit facilities totaling \$303 million (March 31, 2025 – \$312 million). These facilities can be utilized in various currencies as needed. PSP Investments and its investment entity subsidiaries issued letters of credit totaling \$177 million as at March 31, 2026 (March 31, 2025 – \$165 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, 2026	March 31, 2025
Private debt securities	11,710	11,573
Private equity	9,504	10,134
Infrastructure	5,031	9,545
Real estate	2,961	3,331
Alternative investments	1,836	2,011
Natural resources	1,737	370
Foreign equity	1	1
Total	32,780	36,965

Funding in connection with the above commitments can be called upon at various dates extending until 2041 as at March 31, 2026 (March 31, 2025 – 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, 2026 and 2025, 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, 2026 and 2025, 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.



Riowen Yves Abgrall, CPA auditor

Principal
for the Auditor General of Canada
Montréal, Canada
May 15, 2026

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.



¹ CPA auditor, public accountancy permit No. A125494

Montréal, Canada
May 15, 2026

Statements of Financial Position

As at

(Canadian \$ millions)	Notes	March 31, 2026	March 31, 2025
Assets			
Cash and cash equivalents	4.1	317	483
Investments	4.1	70,348	65,419
Other assets		21	29
Total assets		70,686	65,931
Liabilities			
Trade payable and other liabilities		101	111
Investment-related liabilities	4.1	2,615	2,164
Borrowings	4.1, 8.2	7,148	6,561
Total liabilities		9,864	8,836
Net assets		60,822	57,095
Equity	9	60,822	57,095
Total liabilities and equity		70,686	65,931

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

Statements of Net Income

For the years ended March 31

(Canadian \$ millions)	Notes	2026	2025
Investment income	10	4,233	6,873
Investment-related expenses	11, 14.2	(367)	(337)
Net investment income		3,866	6,536
Operating expenses	12, 14.2	(149)	(157)
Recoveries of costs	2.1, 14.2	10	9
Net income	10	3,727	6,388

Statements of Changes in Equity

For the years ended March 31

(Canadian \$ millions)	Notes	2026	2025
Fund transfers			
Balance at beginning of year		17,145	16,955
Fund transfers received during the year	9.2	–	190
Balance at end of year		17,145	17,145
Retained earnings			
Balance at beginning of year		39,950	33,562
Net income	10	3,727	6,388
Balance at end of year		43,677	39,950
Total equity		60,822	57,095

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

Statements of Cash Flows

For the years ended March 31

(Canadian \$ millions)	Notes	2026	2025
Cash flows from operating activities			
Net income	10	3,727	6,388
Adjustments for non-cash items:			
Depreciation of property and equipment	12	3	4
Effect of exchange rate changes on cash and cash equivalents		(3)	(5)
Unrealized (gains) losses on borrowings		(22)	230
		3,705	6,617
Net changes in operating assets and liabilities			
Increase in investments		(4,929)	(8,089)
Decrease (increase) in other assets		6	(9)
(Decrease) increase in trade payables and other liabilities		(10)	16
Increase in investment-related liabilities		445	100
Net cash flows used in operating activities		(783)	(1,365)
Cash flows from financing activities			
Proceeds from borrowings		6,594	7,458
Repayment of borrowings		(5,979)	(6,284)
Fund transfers received	9.2	-	190
Net cash flows provided by financing activities		615	1,364
Cash flows from investing activities			
Acquisitions of equipment		(1)	(1)
Net cash flows used in investing activities		(1)	(1)
Net decrease in cash and cash equivalents		(169)	(2)
Effect of exchange rate changes on cash and cash equivalents		3	5
Cash and cash equivalents at the beginning of the year		483	480
Cash and cash equivalents at the end of the year^A	4.1	317	483
Supplementary disclosure of cash flow information			
Dividends received		872	683
Interest received		715	857
Interest paid		(277)	(259)

^A As at March 31, 2026, cash included in Cash and cash equivalents amounted to \$114 million (March 31, 2025 - \$105 million).

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

Notes to the Financial Statements

For the years ended March 31, 2026 and 2025

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 in respect of Post-2000 Service, 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, 2026.

2.2. Investment Entity Status

PSP Investments meets the mandatory requirements of the definition of an investment entity under IFRS 10 on the basis of the facts and circumstances. 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, in accordance with PSP Investments' business model to maximize the rate of return. PSP Investments operates solely under a business model in which financial assets are managed and evaluated on a fair value basis rather than to collect contractual cash flows. The performance of such financial instruments is evaluated on a fair value basis, and these instruments therefore 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 at initial recognition and subsequently measured at fair value, as they finance the portfolios of investments that are managed and 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 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 and unobservable 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, 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 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, tax expenses 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.

Tax expenses are current and deferred income taxes attributable to investments directly held by PSP Investments. This excludes amounts not paid directly by PSP Investments related to investments held through unconsolidated subsidiaries, as these are reflected in the fair value of those subsidiaries.

2.3.11. Fund Transfers

Amounts are recorded for the Fund when received from 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 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 the measurement of financial instruments are outlined in Note 4.2.3 and those regarding risk assessment are outlined in Note 7.

Sources of estimation uncertainty related to macroeconomic unpredictability and volatility include the current geopolitical context, including the military conflicts in the Middle East, as well as tariffs, inflation and interest rates. These factors could continue to impact financial results, due to uncertainties including their extent and duration. The Financial Statements reflect the impacts of these 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, 2026.

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 presentation and disclosure requirements for the statement of net income, the statement of cash flows and the statement 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.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* clarifying the timing of derecognition of financial assets and financial liabilities and introducing an accounting policy election for the derecognition of liabilities settled through electronic payment systems. The amendments are effective for annual periods beginning on or after April 1, 2026. The adoption of these amendments is not expected to have a significant impact on PSP Investments Consolidated Financial Statements.

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, 2026	March 31, 2025
Public markets		
Canadian equity	1,478	605
Foreign equity	14,263	12,275
Private markets		
Real estate	6,809	7,251
Private equity	7,277	7,601
Infrastructure	8,418	7,736
Natural resources	5,425	5,029
Fixed income		
Money market securities	914	1,167
Government and corporate bonds	7,334	6,870
Inflation-linked bonds	3,916	3,626
Private debt securities	7,213	6,439
Alternative investments	6,032	5,430
Investments before investment-related assets	69,079	64,029
Investment-related assets		
Amounts receivable from pending trades	159	291
Interest receivable	152	142
Dividends receivable	79	65
Securities purchased under reverse repurchase agreements	337	486
Derivative-related assets	542	406
Investment-related assets	1,269	1,390
Investments representing financial assets at FVTPL^A	70,348	65,419
Cash and cash equivalents	317	483
Investment-related liabilities		
Amounts payable from pending trades and other	(139)	(464)
Interest payable	(60)	(46)
Securities sold short	(551)	(503)
Collateral payable	(430)	(326)
Securities sold under repurchase agreements	(1,054)	(546)
Derivative-related liabilities	(381)	(279)
Investment-related liabilities representing financial liabilities at FVTPL	(2,615)	(2,164)
Borrowings		
Capital market debt financing	(7,148)	(6,561)
Borrowings representing financial liabilities at FVTPL	(7,148)	(6,561)
Net investments	60,902	57,177

^A As at March 31, 2026, \$2,191 million out of \$70,348 million were investments pledged as described in Note 5 (March 31, 2025 – \$1,518 million out of \$65,419 million).

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, metals and mining, and upstream oil and gas. 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 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 and certificates of deposit.

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 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 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 and infrastructure sectors.

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 and private debt securities 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 consists 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 consists 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 receivable 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:

(Canadian \$ millions)	March 31, 2026			March 31, 2025		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Equity and commodity derivatives						
Listed						
Futures	572	-	-	942	-	-
Options: Purchased	-	-	-	37	-	-
Written	4	-	-	4	-	-
OTC						
Swaps	10,266	254	(186)	7,633	143	(138)
Options: Purchased	1	-	-	-	-	-
Written	1	-	-	-	-	-
Currency derivatives						
Listed						
Futures	94	-	-	99	-	-
OTC						
Forwards	11,121	149	(97)	12,444	100	(47)
Swaps	1,017	7	(5)	616	1	(5)
Options: Purchased	109	-	-	542	1	-
Written	176	-	-	338	-	(1)
Interest rate derivatives						
Listed						
Futures	806	-	-	1,619	-	-
Options: Purchased	13,148	12	-	5,250	10	-
Written	14,142	-	(8)	5,344	-	(8)
OTC						
Forwards	409	-	(2)	212	2	-
Swaps	440	-	(3)	414	7	(1)
Options: Purchased	13,183	117	-	13,352	138	-
Written	16,342	-	(79)	18,380	-	(76)
OTC-cleared						
Swaps	15,806	-	-	12,706	-	-
Credit derivatives						
OTC						
Credit default swaps: Purchased	34	-	(1)	104	-	(3)
Written ^A	303	3	-	400	4	-
OTC-cleared						
Credit default swaps: Purchased	144	-	-	266	-	-
Total		542	(381)		406	(279)

^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:

(Canadian \$ millions)	March 31, 2026			March 31, 2025		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Listed derivatives	28,766	12	(8)	13,295	10	(8)
OTC derivatives	53,402	530	(373)	54,435	396	(271)
OTC - cleared derivatives	15,950	-	-	12,972	-	-
Total		542	(381)		406	(279)

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

(Canadian \$ millions)	March 31, 2026	March 31, 2025
Less than 3 months	40,211	24,422
3 to 12 months	29,527	35,709
Over 1 year	28,380	20,571

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, 2026, classified within the fair value hierarchy:

(Canadian \$ millions)	Level 1	Level 2	Level 3	Total Fair Value
Public markets				
Canadian equity	755	723	–	1,478
Foreign equity	14,030	64	169	14,263
Private markets				
Real estate	–	–	6,809	6,809
Private equity	–	–	7,277	7,277
Infrastructure	–	–	8,418	8,418
Natural resources	–	–	5,425	5,425
Fixed income				
Money market securities	661	253	–	914
Government and corporate bonds	2,548	4,786	–	7,334
Inflation-linked bonds	3,916	–	–	3,916
Private debt securities	–	–	7,213	7,213
Alternative investments	–	3,723	2,309	6,032
Investments before investment-related assets	21,910	9,549	37,620	69,079
Investment-related assets				
Amounts receivable from pending trades	–	159	–	159
Interest receivable	–	152	–	152
Dividends receivable	–	79	–	79
Securities purchased under reverse repurchase agreements	–	337	–	337
Derivative-related assets	12	530	–	542
Investment-related assets	12	1,257	–	1,269
Investments representing financial assets at FVTPL	21,922	10,806	37,620	70,348
Cash and cash equivalents	–	317	–	317
Investment-related liabilities				
Amounts payable from pending trades and other	–	(139)	–	(139)
Interest payable	–	(60)	–	(60)
Securities sold short	(551)	–	–	(551)
Collateral payable	–	(430)	–	(430)
Securities sold under repurchase agreements	–	(1,054)	–	(1,054)
Derivative-related liabilities	(8)	(373)	–	(381)
Investment-related liabilities representing financial liabilities at FVTPL	(559)	(2,056)	–	(2,615)
Borrowings				
Capital market debt financing	–	(7,148)	–	(7,148)
Borrowings representing financial liabilities at FVTPL	–	(7,148)	–	(7,148)
Net investments	21,363	1,919	37,620	60,902

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)

There were no transfers between Level 1 and Level 2 during the year ended March 31, 2026.

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.

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 the 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.

Globally, international military conflicts and trade-tariffs tensions remain uncertain and contribute to volatility in financial markets, exerting pressure on the broader economic environment. The determination of fair value for investments classified as Level 3 reflected, where applicable, the effect of market volatility and price sensitivities brought on by the escalation of recent international military conflicts as well as of tariffs that were imposed on or before March 31, 2026. Although any military progress announcements and trade tariffs announced or imposed after the reporting date were not reflected in such valuations, related macroeconomic uncertainties and volatility present at March 31, 2026, 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, 2026:

Financial Assets	Type of Investment	Fair Value (Canadian \$ millions)	Significant Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Public markets					
Foreign equity	Direct investments	169	NAV ^A	N/A	N/A
Private markets					
Real estate	Direct and co-investments	6,212	Discounted cash flow (DCF)	Discount rate ^{B, C}	2.90% – 20.00% (7.48%)
				Terminal capitalization rate ^{B, C}	3.20% – 12.75% (6.02%)
			Direct capitalization	Capitalization rate ^{B, D}	3.50% – 8.50% (5.15%)
				Stabilized occupancy rate ^{D, E}	97.00% – 100.00% (99.69%)
			Sales comparison approach	Price per square foot ^{D, E}	\$3.02 – \$75.46 (\$46.40)
			NAV ^A	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	597	NAV ^A	N/A	N/A
Other private markets	Direct and co-investments	16,155	DCF	Discount rate ^B	5.33% – 16.00% (9.50%)
			Market comparables	N/A	N/A
			NAV ^A	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	4,965	NAV ^A	N/A	N/A
Fixed income					
Private debt securities	Direct and co-investments	5,589	DCF	Discount rate ^B	2.56% – 30.51% (10.46%)
			NAV ^A	N/A	N/A
			Transaction price	N/A	N/A
	Fund investments	1,624	NAV ^A	N/A	N/A
Alternative investments	Fund investments	2,309	NAV ^A	N/A	N/A
Total		37,620			

^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, 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)

4.2.4. 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, 2026:

(Canadian \$ millions)	Opening Balance	Purchases	Sales	Settlements	Realized Gains	Unrealized Gains (Losses) ^A	Transfers in (out)	Closing Balance
Public markets	396	45	(357)	–	279	(194)	–	169
Private markets	27,617	3,219	(2,957)	–	972	(903)	(19)	27,929
Fixed income	6,439	2,573	(1,340)	(33)	78	(512)	8	7,213
Alternative investments	2,098	504	(393)	–	78	22	–	2,309
Total	36,550	6,341	(5,047)	(33)	1,407	(1,587)	(11)	37,620

^A Includes Plan Account allocation adjustments.

During the year ended March 31, 2026, \$19 million was transferred from Level 3 to Level 2 and \$8 million was transferred from Level 2 to Level 3. Transfers in and out of Level 3 were primarily due to changes in the availability of observable market inputs used for fair value measurement.

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.

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 4% increase and 3% decrease as at March 31, 2026 (March 31, 2025 – 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, 2026	March 31, 2025
Securities lending and borrowing		
Securities lent	1,662	1,152
Collateral held ^A	1,736	1,196
Securities borrowed	546	503
Collateral pledged ^{B, E}	580	520
Securities repurchase and reverse repurchase agreements		
Securities sold under repurchase agreements	1,049	553
Collateral pledged ^E	1,055	547
Securities purchased under reverse repurchase agreements	337	487
Collateral held ^C	337	487
Derivative contracts		
Collateral pledged ^E	556	451
Collateral held ^D	575	425

^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, 2026, were \$339 million and \$1,396 million, respectively (March 31, 2025 – \$282 million and \$913 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 \$5 million has been used in connection with short selling transactions as at March 31, 2026 (March 31, 2025 – nil).

^D As part of collateral held, cash amounted to \$91 million as at March 31, 2026 (March 31, 2025 – \$44 million) and securities amounted to \$484 million as at March 31, 2026 (March 31, 2025 – \$381 million). All cash collateral is reinvested.

^E The total of \$2,191 million of collateral pledged was recognized as financial assets as disclosed in Note 4.1 (March 31, 2025 – \$1,518 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, 2026, 136 investment entity subsidiaries were incorporated in North America, 27 in Europe, 16 in Oceania, 12 in Central and South America, 2 in Asia and 1 in Africa (March 31, 2025 – 147 in North America, 37 in Europe, 21 in Oceania, 7 in Central and South America, 2 in Asia and 1 in Africa).

In addition, PSP Investments controlled 87 investees directly or through its investment entity subsidiaries as at March 31, 2026 (March 31, 2025 – 89 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, 2026				
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
407 International Inc.	Infrastructure	North America	8	Associate
American Wholesale Insurance Holding Company, LLC	Private Equity	North America	16	Associate
SEGRO European Logistics Partnership S.à r.l.	Real Estate	Europe	50	Jointly controlled
Australian Sunfield Cropping Trust ^A	Natural Resources	Oceania	100	Controlled
Kaingaroa Timberlands Limited	Natural Resources	Oceania	56	Jointly controlled
Stahmann Property Trust	Natural Resources	Oceania	100	Controlled
Willow Topco Limited	Infrastructure	Europe	63	Controlled
Forth Ports Limited	Infrastructure	Europe	51	Jointly controlled
Revera Inc.	Real Estate	North America	100	Controlled
TDF S.A.S.	Infrastructure	Europe	22	Associate
Mahi Pono Holdings, LLC	Natural Resources	North America	100	Controlled
Pika Holdco Pty Ltd	Infrastructure	Oceania	33	Associate

^A Formerly Australian Food and Fibre Limited.

6. Interests in Other Entities (continued)

6.1. Subsidiaries, Joint Ventures and Associates (continued)

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

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.

6.2. 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 with a view of achieving a maximum rate of return, without undue risk of loss. In pursuit of this objective, PSP Investments maintains 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 in 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, 2026, 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’ overall investment approach decisions. Active and Absolute VaR are used as key measures of total portfolio market risk. As at March 31, 2026, Active VaR was used to determine whether the total portfolio deviated significantly from the Reference Portfolio. As at March 31, 2025, Active VaR was used to determine whether the total portfolio deviated significantly from the Policy Portfolio established in accordance with the SIP&P.

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 Active VaR measurement helps determine whether the total portfolio deviates significantly from the Reference Portfolio which represents the funding risk tolerance communicated by the Treasury Board of Canada.

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 Reference Portfolio exceed the Active VaR and its total portfolio losses exceed 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 proxies.

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 market behaviour will follow 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, 2026 (%)	March 31, 2025 (%)
Active VaR ^A	5.9	6.6
Absolute VaR	17.5	18.4

^A Active VaR as at March 31, 2025 has been measured to determine whether the total portfolio deviated significantly from the Reference Portfolio and updated in the above table for comparability purposes. Active VaR measured using the Policy Portfolio as at March 31, 2025 was 3.5%. This change aligns with how total portfolio market risk is managed.

7. Investment Risk Management (continued)

7.1. Market Risk (continued)

7.1.1. Measurement of Market Risk (continued)

Stress Testing

Although VaR is a widely accepted risk measure, it is complemented by other risk measurement methodologies that provide greater insight into market risk. PSP Investments uses stress testing and scenario analysis, including scenarios in connection with international conflicts with macroeconomic effects, to examine the impact on financial results of abnormally large movements in risk factors. Such techniques 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. In addition, stress testing and scenario analysis are also deployed to assess the potential performance of new types of investments, as required.

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, 2026					
(Canadian \$ millions)	Less than 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years	Other	Total
Cash and cash equivalents	–	–	–	–	317 ^A	317
Money market securities	–	–	–	–	914 ^A	914
Government and corporate bonds	306	2,683	2,327	1,724	294 ^B	7,334
Inflation-linked bonds	–	1,992	1,140	784	–	3,916
Private debt securities	20	2,125	2,397	974	1,697 ^C	7,213
Total	326	6,800	5,864	3,482	3,222	19,694

	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

^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.

All equity investments within Canadian equity, foreign equity, real estate, private equity, infrastructure and natural resources amounting to \$43,670 million as at March 31, 2026 (\$40,497 million as at March 31, 2025) 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 \$6,032 million as at March 31, 2026 (\$5,430 million as at March 31, 2025), 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.

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:

Currency	March 31, 2026	
	Fair Value (Canadian \$ millions)	% of Total
US Dollar	36,763	67.9
Euro	6,078	11.2
Japanese Yen	2,840	5.2
British Pound	2,200	4.1
Indian Rupee	1,194	2.2
Mexican Peso	645	1.2
Hong Kong Dollar	604	1.1
Brazilian Real	599	1.1
Swiss Franc	535	1.0
New Taiwan Dollar	525	1.0
Others	2,170	4.0
Total	54,153	100.0

As at March 31, 2026, PSP Investments and its investment entity subsidiaries also had commitments, denominated in foreign currencies of \$6,042 million for the Plan Account (US \$3,542 million, €397 million, £144 million, 650 million Brazilian reals, 10 million Mexican pesos, 20 million Australian dollars, and 169 million Indian rupees) which were not included in the foreign currency exposure table above.

Currency	March 31, 2025	
	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.

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, 2026, the Plan Account's maximum exposure to credit risk amounted to \$20 billion (March 31, 2025 – \$19 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, as their credit exposures are 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, 2026							
(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	4,968	3,930	139	702	178	86	–	10,003
A	2,089	–	55	93	126	444	93	2,900
BBB	220	–	–	–	33	–	665	918
BB or below	80	–	–	–	–	–	6,407	6,487
No rating ^C	38	–	9	–	–	–	124	171
Total	7,395	3,930	203	795	337	530	7,289	20,479

	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

^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.

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. To minimize counterparty risk, PSP Investments requires that counterparties provide adequate collateral and meet its credit rating requirements. PSP Investments frequently monitors the credit ratings 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 in Note 7.2.1. Such agreements contain close-out netting provisions applicable only in the case of default. In certain cases, such agreements also allow for offsetting. Where the conditions for offsetting were met, the related financial instruments are presented on a net basis 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, 2026						
Reverse repurchase agreements	337	–	337 ^A	135	202	–
OTC-derivatives	530	–	530 ^B	363	98	69
Total	867	–	867	498	300	69
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

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, 2026						
Repurchase agreements	1,054	–	1,054 ^A	135	919	–
OTC-derivatives	373	–	373 ^B	302	34	37
Collateral payable	91	–	91 ^C	61	–	30
Total	1,518	–	1,518	498	953	67
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

^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 is 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. Investments in cash, money market securities, floating rate notes, bonds and public equities are generally considered highly liquid as they 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.

Furthermore, PSP Investments has the ability to raise additional capital through 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 on these 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 and derivative-related financial instruments, aggregated according to their maturities as at March 31, 2026, and excluding the impact of guarantees and indemnities, which are 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 and other	(130)	–	(9)	(139)
Interest payable	(32)	(28)	–	(60)
Securities sold short	(551)	–	–	(551)
Collateral payable	(430)	–	–	(430)
Securities sold under repurchase agreements	(770)	(284)	–	(1,054)
Capital market debt financing ^B	(1,258)	(755)	(5,135)	(7,148)
Trade payable and other liabilities	(75)	(1)	(25)	(101)
Total	(3,246)	(1,068)	(5,169)	(9,483)

(Canadian \$ millions)	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Derivative-related financial instruments				
Derivative-related assets	343	146	53	542
Derivative-related liabilities ^A	(214)	(141)	(26)	(381)
Total	129	5	27	161

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

^B The total undiscounted cash flows amounted to \$8,565 million as at March 31, 2026.

7. Investment Risk Management (continued)

7.3. Liquidity Risk (continued)

The following tables present the fair value of non-derivative-related financial liabilities and derivative-related financial instruments, aggregated according to their maturities as at March 31, 2025, and excluding the impact of guarantees and indemnities, which are 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.

8. Borrowings

8.1. Credit Facilities

PSP Investments terminated its \$2 billion revolving credit facility on March 31, 2026, which remained undrawn up to the time of termination. PSP Investments continues to maintain a \$1 billion demand line of credit (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.

As at March 31, 2026, the demand line of credit was undrawn (March 31, 2025, the Credit Facilities were undrawn).

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.

As at March 31, 2026, the maximum amount authorized by the Board of Directors for the capital market debt program is limited to \$15 billion (March 31, 2025 – \$12 billion) for all aggregate short-term note programs, \$6 billion Australian dollars (March 31, 2025 – \$6 billion Australian dollars) for the Australian dollar-denominated medium-term note program and \$30 billion (March 31, 2025 – \$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, 2026 and 2025.

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, 2026			March 31, 2025		
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
EUR	154 days or less	1.97 – 2.11	20	20	2.41 – 2.70	187	186
GBP	183 days or less	3.69 – 4.10	73	72	4.49 – 4.74	90	89
USD	364 days or less	3.68 – 4.80	1,431	1,417	4.17 – 5.33	1,680	1,663
Total short-term notes			1,524	1,509		1,969	1,950

8. Borrowings (continued)

8.2. Capital Market Debt Financing (continued)

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, 2026		March 31, 2025	
Maturity	Series	Currency	Interest Rate (%)	Capital Amounts Payable at Maturity	Fair Value	Capital Amounts Payable at Maturity	Fair Value
November 2025	11	CAD	3.00	–	–	224	225
June 2026	13	CAD	0.90	242	241	286	281
June 2026	G1	USD	1.00	265	263	274	264
June 2027	G6	USD	3.50	265	264	274	271
December 2027	G17	USD	SOFR ^B +35 bps	186	186	–	–
March 2028	14	CAD	1.50	190	185	191	184
October 2028	G3	USD	1.63	265	250	274	252
February 2029	A1	AUD	4.60	272	270	257	260
June 2029	G8	CAD	3.75	375	382	381	396
October 2029	G15	USD	3.75	331	329	343	336
January 2030	12	CAD	2.05	237	228	238	229
August 2030	A4	AUD	4.10	272	262	–	–
October 2030	G20	GBP	4.25	210	206	–	–
December 2030	G13 ^A	CAD	4.40	190	199	191	204
September 2031	A2 ^A	AUD	4.50	182	175	171	170
March 2032	G4 ^A	CAD	2.60	190	182	191	183
July 2032	G18	EUR	2.88	382	375	–	–
August 2032	G7	AUD	4.57	42	39	39	38
January 2033	G9	AUD	4.82	36	34	34	34
January 2033	G21	CAD	CORRA ^C +51 bps	190	189	–	–
June 2033	G11	CAD	4.15	465	480	478	501
July 2034	G14	EUR	3.25	336	333	326	325
February 2035	A3	AUD	5.25	227	223	214	216
March 2038	G10	EUR	3.68	31	30	30	29
July 2043	G12	EUR	3.68	23	22	22	21
August 2045	G19	EUR	3.77	31	28	–	–
December 2055	G16	CAD	4.25	285	264	191	192
Total medium-term notes				5,720	5,639	4,629	4,611
Total capital market debt financing				7,244	7,148	6,598	6,561

^A Green bonds

^B Secured Overnight Financing Rate

^C Canadian Overnight Repo Rate Average

Unrealized gains in connection with borrowings amounted to \$22 million for the year ended March 31, 2026 (unrealized losses of \$230 million for the year ended March 31, 2025).

8. Borrowings (continued)

8.2. Capital Market Debt Financing (continued)

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

(Canadian \$ millions)	2026	2025
Short-term promissory notes	63	81
Medium-term notes	176	133
Total	239	214

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, 2026.

(Canadian \$ millions)	Opening balance	Proceeds from borrowings	Repayment of borrowings	Non-cash changes		Closing balance
				Foreign exchange losses	Fair value ^A gains	
Capital market debt financing	6,561	6,594	(5,979)	33	(61)	7,148
Borrowings	6,561	6,594	(5,979)	33	(61)	7,148

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.

(Canadian \$ millions)	Opening balance	Proceeds from borrowings	Repayment of borrowings	Non-cash changes		Closing balance
				Foreign exchange gains	Fair value ^A losses	
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

^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, 2026 (\$190 million for the year ended March 31, 2025) 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, cash and cash equivalents, and investment-related liabilities as well as borrowings, which are reported separately by nature of the underlying investments as disclosed in Note 4.1.

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, agriculture, metals and mining, and upstream oil and gas.

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

(Canadian \$ millions)	March 31, 2026	March 31, 2025
Capital Markets	31,266	27,816
Private Equity ^A	7,420	8,043
Credit Investments	6,660	5,776
Real Estate	5,274	5,082
Infrastructure	6,069	6,100
Natural Resources	3,742	3,421
Other	458	924
Total^B	60,889	57,162

^A During the year ended March 31, 2026, PSP Investments updated its segment reporting presentation to align with how the Private Equity segment is currently organized. The Complementary Portfolio was merged into Private Equity to better align portfolios with similar investments and strategies. Accordingly, the comparative figures were reclassified to conform to the current year's presentation. For the year ended March 31, 2025, net investments of \$279 million from the Complementary Portfolio are now included within the Private Equity segment.

^B Excludes administrative purpose cash and cash equivalents amounting to \$13 million (March 31, 2025 - \$15 million).

10. Segment Information (continued)

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

	2026			2025		
	Investment income (loss) ^A	Expenses ^{B,C}	Net income (loss)	Investment income ^A	Expenses ^{B,C}	Net income
(Canadian \$ millions)						
Capital Markets	3,366	(200)	3,166	2,929	(200)	2,729
Private Equity ^D	393	(21)	372	1,321	(28)	1,293
Credit Investments	184	(27)	157	769	(27)	742
Real Estate	(304)	(92)	(396)	96	(79)	17
Infrastructure	677	(79)	598	1,133	(60)	1,073
Natural Resources	168	(72)	96	342	(59)	283
Other	(251)	(15)	(266)	283	(32)	251
Total	4,233	(506)	3,727	6,873	(485)	6,388

^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 During the year ended March 31, 2026, PSP Investments updated its segment reporting presentation to align with how the Private Equity segment is currently organized. The Complementary Portfolio was merged into Private Equity to better align portfolios with similar investments and strategies. Accordingly, the comparative figures were reclassified to conform to the current year's presentation. For the year ended March 31, 2025, \$92 million in investment income, \$2 million in expenses, and \$90 million in net income from the Complementary Portfolio are now included within the Private Equity segment.

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

(Canadian \$ millions)	2026	2025
Financial assets		
Mandatorily at FVTPL ^A	4,219	7,388
Financial liabilities		
Mandatorily at FVTPL ^A	(48)	(173)
Designated at FVTPL	62	(342)
Total	4,233	6,873

^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)	2026	2025
Interest expense	284	279
Transaction costs	36	34
External investment management and performance fees ^A	18	15
Tax expenses ^B	15	–
Other (net)	14	9
Total	367	337

^A Consists of amounts incurred for investments in public markets that are paid directly by PSP Investments. In addition to these amounts, certain management and performance fees are embedded in the fair value of investments as they are not paid directly by PSP Investments, but rather by investment structures such as funds and other investment vehicles held by PSP Investments. For the year ended March 31, 2026, management fees amounted to \$136 million (\$138 million for the year ended March 31, 2025) and performance fees amounted to \$105 million (\$116 million for the year ended March 31, 2025), which are embedded in the fair value of investments.

^B During the year ended March 31, 2026, PSP Investments updated its presentation of investment-related expenses to include current and deferred tax expenses as a separate line item. Comparative figures were reclassified to conform to the current year's presentation, with \$5 million and \$(5) million of current tax expenses reclassified from Transaction costs and Other (net) to Tax expenses, respectively.

12. Operating Expenses

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

(Canadian \$ millions)	2026	2025
Salaries and employee benefits	99	102
Professional and consulting fees	24	24
Premises and equipment	4	4
Market data and business applications	15	16
Depreciation of property and equipment	3	4
Custodial fees	1	1
Other operating expenses	3	6
Total	149	157

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:

(%)	2026	2025
Public Service Pension Plan Account	73.3	73.3
Canadian Forces Pension Plan Account	19.1	19.1
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 21, 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)	2026	2025
Short-term compensation and other benefits	5,430	4,479
Long-term compensation and other benefits	2,989	2,913
Total	8,419	7,392

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 entity, 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, 2026 and 2025, 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 \$2,043 million as of March 31, 2026 (March 31, 2025 – \$3,023 million), of which \$388 million has been allocated to the Plan Account (March 31, 2025 – \$577 million) plus applicable interest and other related costs. The arrangements mature between May 2026 and June 2042 as of March 31, 2026 (March 31, 2025 – between July 2025 and June 2042).

- As of March 31, 2026 and 2025, PSP Investments maintained stand-by letter of credit facilities totaling \$303 million (March 31, 2025 – \$312 million), of which \$58 million has been allocated to the Plan Account (March 31, 2025 – \$60 million). These facilities can be utilized in various currencies as needed. PSP Investments and its investment entity subsidiaries issued letters of credit totaling \$177 million as at March 31, 2026 (March 31, 2025 – \$165 million), of which \$34 million has been allocated to the Plan Account (March 31, 2025 – \$32 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, 2026	March 31, 2025
Private debt securities	2,225	2,207
Private equity	1,805	1,933
Infrastructure	956	1,820
Real estate	562	635
Alternative investments	349	384
Natural resources	330	71
Total	6,227	7,050

Funding in connection with the above commitments can be called upon at various dates extending until 2041 as at March 31, 2026 (March 31, 2025 – 2041).

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