With assets under management exceeding $5 billion, the OPSEU Pension Trust manages one of Canada’s largest pension funds and administers the OPSEU Pension Plan, a defined benefit pension plan covering almost 70,000 plan members and pensioners across Ontario.

Vision

We officially commenced operations on January 1, 1995 with a vision that we believe will, today and in future years, serve all of our stakeholders — our plan members and pensioners, our employees, the communities in which we invest and those with whom we interact.

Our Vision is this:

• to provide the finest service to, and communications with, our members and pensioners;
• to ensure a rate of return on our investments which finances liabilities of the OPSEU Pension Plan, moderates contributions and contributes to enhanced benefits; and,
• to recognize in all our undertakings the OPSEU Pension Plan’s joint trusteeship by providing members and pensioners — through the Board of Trustee appointees of the Ontario Public Service Employees’ Union and the Government of Ontario — with a voice in the administration of the Plan and the management of the Fund.
Financial Highlights

[in thousands of dollars]

As at December 31, 1995
Total Assets $ 5,687,094
Total Liabilities 3,926
Net Assets Available for Benefits 5,683,168
Accrued Pension Benefits 6,305,566
Actuarial Value of Net Assets Available for Benefits 5,546,763
Deficiency $ 758,803

For the period ended December 31, 1995
Increase in Net Assets $5,785,860
Decrease in Net Assets 102,692
Total Increase for the Period and Net Assets at End of Period $ 5,683,168

Total Portfolio Return for the Fund 21.7%
Return on marketable portion of the Fund, excluding
Special Ontario Government debentures (non-marketable) 19.3%

Tracing the Development of the OPSEU Pension Trust:

- **April 1994** Sponsorship Agreement signed by the Government of Ontario and the Ontario Public Service Employees’ Union to split the Public Service Pension Plan and establish the new OPSEU Pension Plan.


- **May 1994** Members of the Ontario Public Service Employees’ Union ratify the pension agreement to create the new jointly-managed pension plan. Four additional groups of government employees (employees of the Liquor Licence Board of Ontario, Liquor Control Board of Ontario, Go Transit, and certain employees of the Ontario Housing Corporation) vote to join the OPSEU Pension Plan.

- **May 1994** OPSEU Pension Plan text adopted, effective as of January 1, 1993.

- **June 1994** Legislation passed in provincial legislature establishing the new OPSEU Pension Plan.

- **October 1994** Appointments commence to the Board of Trustees.

- **October 1994** Trust Agreement signed between the Government of Ontario and the Ontario Public Service Employees’ Union for the OPSEU Pension Plan.

- **November 1994** OPSEU Pension Trust office established on Adelaide Street in Toronto and employees begin to move in.

- **December 1994 and January 1995** Assets transferred to the OPSEU Pension Plan Fund.

- **January 1995** The OPSEU Pension Trust officially commences operations.
### Active Members

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>64,300</td>
</tr>
<tr>
<td>Percentage of Female members</td>
<td>52%</td>
</tr>
<tr>
<td>Percentage of Male members</td>
<td>48%</td>
</tr>
<tr>
<td>Average Years Credited Service</td>
<td>11.1</td>
</tr>
<tr>
<td>Average Age</td>
<td>41.9</td>
</tr>
<tr>
<td>Average Salary</td>
<td>$39,809</td>
</tr>
</tbody>
</table>

- Number of members enrolled during 1995: 1,726
- Number of members terminated during 1995: 1,944
- Net increase(decrease) in active membership during 1995: (218)

### Pensioners

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>4,836</td>
</tr>
<tr>
<td>Average Age</td>
<td>59.9</td>
</tr>
<tr>
<td>Average Annual Pension</td>
<td>$17,953</td>
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</tbody>
</table>

### Deferred Pensioners

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>45</td>
</tr>
<tr>
<td>Average Age</td>
<td>43.7</td>
</tr>
<tr>
<td>Average Annual Pension</td>
<td>$3,430</td>
</tr>
</tbody>
</table>

### Number of Pensioners by type of pension

- Normal and Early Unreduced: 4,360
- Reduced: 307
- Eligible Survivors: 167
- Disability: 2
- Total: 4,836

### Total Membership

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (including active and retired)</td>
<td>69,136</td>
</tr>
</tbody>
</table>

### Member Information:

Members* of the OPSEU Pension Plan come from a number of provincial government ministries, agencies, boards and commissions, including:

- GO Transit
- Liquor Control Board of Ontario
- Liquor Licence Board of Ontario
- Ministry of Agriculture, Food and Rural Affairs
- Ministry of the Attorney General
- Management Board Secretariat
- Ministry of Citizenship, Culture and Recreation
- Ministry of Community and Social Services
- Ministry of Consumer and Commercial Relations
- Ministry of Economic Development, Trade and Tourism
- Ministry of Education and Training
- Ministry of Environment and Energy
- Ministry of Finance
- Ministry of Health
- Ministry of Intergovernmental Affairs
- Ministry of Labour
- Ministry of Municipal Affairs and Housing
- Ministry of Natural Resources
- Ministry of Northern Development and Mines
- Ministry of the Solicitor General and Correctional Services
- Ministry of Transportation
- Niagara Parks Commission
- Office of the Legislative Assembly
- Ontario Housing Authorities
- Ontario Pension Board
- Ontario Realty Corporation
- Ontario Teachers’ Pension Plan Board
- Ontario Training and Adjustment Board
- Ontario Women’s Directorate
- OPSEU Pension Trust

*Civil servants, Crown employees and employees of any agency, board, commission, foundation or other organization under an Act of the Ontario legislature who are in bargaining units represented by the Ontario Public Service Employees’ Union are required to be members of the OPSEU Pension Plan. Plan members also include employees of certain agencies and members of bargaining units represented by unions — other than the Ontario Public Service Employees’ Union (including the Ontario Liquor Board Employees’ Union, the Amalgamated Transit Union, and the Canadian Union of Public Employees) — who have elected to be covered by the OPSEU Pension Plan.

▲ Data based on Actuarial Valuation as of January 1, 1994 (Ruck Consultants, June 1995) and OPSEU Pension Trust records as at December 31, 1995.
We are proud to present the first Annual Report of the OPSEU Pension Trust, reviewing our mandate, discussing our goals and reflecting on the concrete results which came from putting the partnership of union and employer Trustees to work for the benefit of our plan members and pensioners.

Message from the Chair and Vice-Chair

The OPSEU Pension Trust was created to ensure good service to plan members and pensioners; to ensure a solid rate of return on investments; and, to provide an equal voice for plan members with their employers in the administration of the OPSEU Pension Plan and management of the Fund.

In order to build a new organization that would implement these goals, Trustees had very specific tasks to perform. Indeed, to have the right organization and investment capacity in place in the short time available, involved cooperation, creativity and commitment.

In late 1994, we began the investment of pension plan assets transferred to the OPSEU Pension Trust from the Ontario Pension Board. We completed the bulk of transferred asset investment in early 1995. The OPSEU Pension Trust had a thoughtful investment policy to implement and proceeded in a prudent way to move its assets toward that policy. This included Trustee selection of each investment manager, following a rigorous selection process.

While the OPSEU Pension Trust investment policy is a long-term policy, the decision to move to equity investment and retain long-term Ontario government debentures as part of the Fund’s portfolio was an investment decision that reaped immediate reward in 1995. At year end, the total portfolio return for the Fund was 21.7 per cent while the marketable portion of the Fund earned 19.3 per cent, in each case exceeding established benchmarks. These results place the OPSEU Pension Trust in the top group of pension plans in Canada in terms of investment performance.

In late 1994 and early 1995, the OPSEU Pension Trust brought on board key management staff and also benefited from the transfer of experienced pension administration staff from the Ontario Pension Board. By year end, the OPSEU Pension Trust was fully staffed by an excellent team.

In 1995, the Trustees were determined to have an effective infrastructure in place for Board decision-making and supervision. The establishment of an Audit Committee and Adjudication Committee ensured that the OPSEU Pension Trust had the tools for prudent supervision of the Board’s financial affairs and a fair mechanism for dispute resolution in respect to benefits and other pension plan entitlements.

The Trustees of the OPSEU Pension Trust serve in a volunteer capacity, appointed to their positions by the plan sponsors — the Government of Ontario and the Ontario Public Service Employees’ Union. The duty of the pension plan trustee to a pension plan is the highest duty the law can impose — the fiduciary obligation. That means that Trustees must work cooperatively to safeguard and advance the interests of the pension plan and its members.
The OPSEU Pension Trust has benefited from the experience and perspective that each Trustee has brought to the decision-making process and, more importantly, by the collective wisdom of the Trustees working together. As the Chair and Vice-Chair, we would like to acknowledge the efforts of our colleagues on the 1995 Board: (appointed by the Government of Ontario) Jennifer Brown, Bruce Curwood, Graham Hills, and Qaid Silk; and (appointed by the Ontario Public Service Employees’ Union) Heather Gavin, Stephen Huff, Pauline Lai, and Grant MacGillivray. We also take this opportunity to thank one of our first Board members, Katherine Braun, for her contributions in 1995 and wish her well in her academic endeavors.

Our first year as a pension plan has given us much to be thankful for and many people to thank. We appreciate the guidance and assistance provided by our plan sponsors — the Government of Ontario and the Ontario Public Service Employees’ Union. We are grateful for the support and cooperation of our plan members and pensioners. We are particularly indebted to our staff and our professional advisors for their commitment and hard work throughout 1995.

Our second year of operation, 1996, will consolidate our organizational and investment gains. With an established team, we can work on service delivery improvements, a strong education and outreach focus and a solid and reliable information base.

With a good year of investment return behind us, we can look to additional diversification opportunities and thoughtful monitoring of Fund performance in order to provide for the long-term security of the benefits promised our plan members and pensioners.

This Plan represents the future of thousands of working men and women. The Board of Trustees of the OPSEU Pension Trust will work for that future every day.

Len Hupet, Chair

Colleen Parrish, Vice-Chair
Message from the Plan Manager

Although 1995 marks our first complete year in operation, we took a number of steps in 1994 that contributed toward our first year success. Just prior to commencing operations in 1995, we positioned ourselves to receive our share of the assets of the Public Service Pension Plan by having our asset custodian secured as well as our investment managers ready to move quickly and effectively in the marketplace. The role played by our Board of Trustees in achieving this objective was a major factor and one which we acknowledge.

The year 1995 was indeed filled with challenges and achievements.

One significant challenge for the OPSEU Pension Trust in 1995 was obtaining the necessary staffing. The pension area is a specialized field, so this proved to be a considerable undertaking.

We want to provide excellent service to our members. For this reason, we are moving as quickly as possible to establish service levels that not only meet the expectations of plan membership but also exceed that provided by other large pension administrations in Canada. We have, to date, received positive feedback from our active and retired members regarding service provided. We have been organizing focus groups to draw together additional feedback, which we will use to plan and implement future improvements to our service.

The OPSEU Pension Trust acquired its own computer equipment in 1995 and is currently in the process of transferring both information and the responsibility for computer processing to its own mainframe. The OPSEU Pension Trust worked cooperatively with the Ontario Pension Board in this particular venture and in the continued development of the Pension and Retirement Information System (PRISM).

Another significant undertaking for our organization is the purification of membership data. This project, undertaken by the Management Board Secretariat, will continue into 1998. We are pleased to assist the Management Board Secretariat in the thorough investigation of computerized records to ensure that error-free data is contained on our plan membership database. At this point in time, the membership data is not sufficiently reliable and data purification is required when transactions are processed. The data is not accurate enough for an unqualified actuarial valuation and it is, for this reason, that we have received qualified audit and actuarial reports on our financial statements. However, the Fund remains secure and pension benefits to our members will be met.

At year end 1995, net assets available for benefits stood at $5.7 billion. Net investment income totalled $379 million and the unrealized increase in market value of investments amounted to $600 million. Contributions in 1995 were $218 million; pensions paid, $74 million. As at December 31, 1995, the actuarial value of net assets available for benefits was $5.5 billion. When this amount is compared to the actuarial value of accrued pension benefits of $6.3 billion, there is a resultant deficiency of $759 million. Any deficiencies identified for

The OPSEU Pension Trust is a young, vibrant organization with two principal characteristics. First, we are a member-driven organization, serving the needs of thousands of people. Second, yet equally important, we are an investor; a source of equity capital, playing an essential role in today’s financial markets.
funding purposes will be amortized by the Province of Ontario.

A key objective of the OPSEU Pension Trust is to improve members’ overall knowledge and appreciation of the pension plan. We believe it important that members understand their benefits so that they are able to make well-informed decisions and we are working to achieve these objectives.

Our aim is to use technology to provide timely, cost-efficient service to our plan members. Like other pension plans, the OPSEU Pension Trust understands the need among plan members to receive accurate information on a timely basis.

For many Canadians, a pension is among the largest of personal assets owned. Added to this is a tremendous amount of media attention surrounding public and private pension plans as well as all aspects of retirement planning. We recognize these facts and acknowledge the value that our plan members place on quality service and the continued security of pension plan assets.

The OPSEU Pension Plan is registered with the provincial and federal governments and is being maintained in a highly-regulated environment. The legislative guidelines set out in the Pension Benefits Act of Ontario and the Income Tax Act (Canada), as well as the role of the Pension Commission of Ontario in monitoring pension plan solvency and funding, have contributed to an environment wherein the principal objective is the protection of plan member benefits. We have structured ourselves to maintain the OPSEU Pension Plan’s integrity within this environment.

In addition, we must remain alert to changes in regulation and position ourselves to deal with proposed changes quickly. From a plan administrator’s point of view, our success depends on our ability to initiate effective contingency plans in response to any number of environmental changes; such changes may include, for example, the provincial government’s proposal to decrease staffing levels.

As we enter our second year of operation, we will continue to streamline our establishment. We plan to improve our service, to develop our systems, and to expand our communication efforts. In 1996, we will develop a multi-year strategic plan to address these objectives.

We are confident that the OPSEU Pension Trust is ready to meet the challenges that lie ahead. A great deal of work was accomplished in 1995 thanks to the cooperative efforts of our Board of Trustees and our staff. We are looking forward to the future.

William A. Phipps, Plan Manager
We will endeavor to provide the finest service to, and communications with, our members and pensioners. And, we will recognize in all our undertakings the OPSEU Pension Plan’s joint trusteeship.

Focus on Service

Stewardship

The OPSEU Pension Trust creates an equal voice for both the plan members, as represented by the Ontario Public Service Employees’ Union, and the employers, as represented by the Government of Ontario. The Board of Trustees serve to make this principle a reality. The role of a pension plan Trustee is to have stewardship of the assets of the pension plan and, through this, to be responsible for the prudent investment management of the Fund and proper administration of the Plan.

Trustee service began for many trustees prior to 1995 as part of a Transition Team, established to implement the OPSEU Pension Plan Act (1994) and to put in place the OPSEU Pension Trust. Transition Team members were drawn equally from the Government of Ontario and the Ontario Public Service Employees’ Union and included Len Hupet, Colleen Parrish, Leah Casselman, Heather Gavin, Grant MacGillivray, Jennifer Brown, Graham Hills, Paul Lane, Mary Dowding-Paré and Richard Lundeen.

In late 1994, the first Board of Trustees was appointed by the plan sponsors. The first Board drew together many of the members of the Transition Team in addition to several new appointees; Pauline Lai and Katherine Braun, replaced Leah Casselman and Paul Lane, while Bruce Curwood and Qaid Silk replaced Mary Dowding-Paré and Richard Lundeen. And, in the fall of 1995, Stephen Huff joined the Board of Trustees replacing Katherine Braun who left to pursue personal endeavors.

The Trustees, supported by the OPSEU Pension Trust staff, moved quickly on numerous issues throughout 1995 to ensure that the OPSEU Pension Plan was administered effectively and the pension funds invested prudently. By structuring effective committees of the Board, the Trustees directed key operational and policy objectives.

Committees

To assist the Board of Trustees in carrying out all aspects of their mandate, the Board established four committees. Each Committee is supported by OPSEU Pension Trust staff and professional advisors. Committee members are drawn equally from Trustees appointed by the Government of Ontario and by the Ontario Public Service Employees’ Union:

Audit Committee: The Audit Committee ensures that management has designed and implemented an effective system of internal control over operational and financial reporting and that systems and processes comply with applicable laws and regulations. The Audit Committee also reviews the adequacy and objectivity of the financial statements, management’s selection of accounting policies, changes in accounting standards that may affect the OPSEU Pension Plan, and the external audit approach utilized, in order to ensure that these areas are brought together in an effective system of financial reporting.
Administration Committee: The Administration Committee reviews and discusses recommended plans and initiatives originating in the information technology, member and pensioner services, or communication areas and will evaluate the impact of recommended plans on client service levels. The Administration Committee monitors business activity and expenditures on a quarterly basis and also provides recommendations on Plan business matters, Plan amendments and legislative changes. The Administration Committee also has within its mandate the overall human resource management of the OPSEU Pension Trust.

Investment Committee: The Investment Committee oversees the performance of the total Fund and monitors individual investment managers. The Investment Committee reviews the asset mix to ensure compliance with the OPSEU Pension Trust’s Statement of Investment Policy and Goals and also makes recommendations on investment policy, investment managers, and compliance with laws affecting the OPSEU Pension Plan’s investments.

Adjudication Committee: The Adjudication Committee reviews disputed administration decisions related to the eligibility, benefits, entitlements and other rights under the terms of the OPSEU Pension Plan. A process has been devised to afford plan members, former plan members, pensioners, or eligible survivors who are seeking review of a matter in dispute, with the opportunity to put forward their case. In all cases, the Adjudication Committee has an obligation to administer existing plan provisions; only the plan sponsors can amend the terms of the OPSEU Pension Plan.

Member and Pensioner Services
At the start of 1995, the OPSEU Pension Trust became the administrator of a client base containing more than 60,000 active plan members across Ontario and 3,500 pensioners. Placed in a challenging position of structuring and staffing a new service area while also servicing the needs of its new client base, the OPSEU Pension Trust undertook to establish and achieve key objectives early in 1995.

Our first priority was to implement a payroll system to provide benefit payments on a timely basis to our pensioners. A system was selected and implemented successfully without any disruption in the payment of monthly pensions. In addition, we ensured that the system would be flexible enough to allow service staff to respond swiftly to any future changes requested by our pensioners to their beneficiary, banking or address information. The system was implemented in January 1995 when the
first pension benefits were paid to more than 3,500 OPSEU Pension Trust pensioners. Throughout 1995, the total number of pensioners serviced increased 37 per cent to 4,836. We anticipate that these numbers will continue to increase in future years as more of our plan members enter into retirement.

Also among our priorities was the establishment of an organizational structure and processes that would allow the OPSEU Pension Trust to effectively service the needs of active plan members. A number of service teams were created and staffed with benefit specialists, analysts and assistants skilled in pension plan processing and client service support work. Each team was designed to service the needs of a select number of government ministries, agencies, boards or commissions assigned to it — the long-term advantage: specialized and personalized service.

During 1995, the OPSEU Pension Trust also began to work actively with employers, building relationships with benefits coordinators and representatives of regional human resources offices, and taking part in various employer forums. The OPSEU Pension Trust held a number of pension plan benefits seminars specifically for this group and was an active participant in employer-sponsored retirement seminars for plan members.

A variety of systems-related and telecommunication tools were assessed and implemented in 1995 in order to control and monitor service delivery within the service teams. During 1995, service staff at the OPSEU Pension Trust fielded almost 13,000 calls from members and pensioners, answering these calls on average in less than 30 seconds. Service staff also handled more than 14,000 entitlements, buybacks of pensionable service credit, and other requests for benefit information. The OPSEU Pension Trust remains committed to improving these and other activity benchmarks in 1996.

By year end, service staff were administering the pension plan needs of approximately 64,300 active members and 4,836 pensioners. A fundamental objective of the OPSEU Pension Trust in 1996, however, will be to reduce to a manageable level a service backlog that existed throughout most of 1995. The backlog was in fact seen to stabilize during the year as staffing increased and priority cases were processed. The backlog inventory of 4,000 cases is expected to be cleared by the close of 1996.

Our goal in 1996 and beyond is to provide our employees with the training and tools required to increase productivity and streamline processes.
Through a concerted effort and a commitment to plan members and pensioners, the highest levels of quality service will be achieved and maintained.

**Information Technology**

The information age has opened doors and minds, while steadily increasing business and consumer expectations. As a young organization, the OPSEU Pension Trust is definitely well-positioned to capitalize on new and cost-effective technologies available in today’s marketplace — technologies that will ultimately benefit our active and retired plan members.

During its first year of operation, the OPSEU Pension Trust evaluated available technological structures, weighing these against the organization’s specific information processing requirements. Throughout the year, each system-based decision — from the selection of software to cabling work and database management — was steered by a thorough understanding of the OPSEU Pension Trust’s new client base and client needs.

Although significant capital expenditures were channeled into the OPSEU Pension Trust’s information technology requirements in 1995, we regard this outlay as a necessary investment that will essentially improve the future service provided to our plan members and pensioners. Wherever possible, avenues for cost containment were also explored in 1995. Present and future costs will be kept to an effective level, for example, through implementation of an open systems concept which, among other things, allows staff to share necessary software while preserving database integrity.

In the area of systems development, considerable resources were directed in 1995 toward the Pension and Retirement Information System (PRISM), a system shared by both the OPSEU Pension Trust and the Ontario Pension Board. As the main system used to administer plan member data, PRISM is gradually being transformed to suit the unique needs and business scope of each organization. The PRISM project has been divided into several phases with work to continue throughout 1996 and beyond.

A number of other initiatives, including data security, were also launched in 1995. These activities are under way to ensure that accurate OPSEU Pension Trust records are developed, maintained and secured. And, while these projects are drawing on resources from various areas, technology itself will provide us with faster and more efficient access to available, accurate information.
To achieve service at the highest levels, the OPSEU Pension Trust will continue to pursue information technology initiatives throughout 1996 and in future years.

**Finance and Administration**

In its first year of operation, the OPSEU Pension Trust conducted its business diligently and met all regulatory filing requirements established by the Pension Commission of Ontario and by Revenue Canada.

During 1995, the organization moved rapidly to establish complete financial and administrative support services.

The implementation of strict internal control procedures for the transfer of assets to the Fund from the Ontario Pension Board was undertaken successfully. In conjunction with the transfer of these assets, an accounting system was established to provide timely and accurate financial reporting.

A financial reconciliation project was also undertaken to ensure that all contributions received and payments made were consistent with members’ data updated to the Pension and Retirement Information System, known as PRISM. We will maintain the controls that have been established for all financial transactions as this will ultimately assist us in the processing of more accurate data.

A comprehensive recruitment process was coordinated in 1995 to bring to the OPSEU Pension Trust a new group of skilled and dedicated people. These new staff joined our core group of experienced and knowledgeable staff who transferred to the OPSEU Pension Trust from the Ontario Pension Board. Training and development programs were launched in 1995 in order to support business objectives, to promote organizational development, and to foster learning and growth among staff.

The challenge to establish a new and effective office facility for our staff was successfully met. Streamlined and value-added administrative services were also developed and implemented to support the delivery of quality service to clients both internally and externally. Our goal in 1996 and future years is to work continuously towards providing quality service to meet set objectives.

The OPSEU Pension Trust enters 1996 on a solid foundation, staffed by trained and experienced professionals prepared for the challenging tasks ahead.
Policy and Trustee Support

An important function of the OPSEU Pension Trust is to maintain its responsiveness to membership. In 1995, this responsiveness was demonstrated in a number of areas including Board member support, policy review and communications initiatives.

By providing the Trustees with timely information on operating and policy issues and by maintaining an effective operating environment, the OPSEU Pension Trust assisted the Board in fulfilling its stewardship role throughout the year.

In a further extension of its policy and trustee support role, the OPSEU Pension Trust remains attentive to legislative requirements and changes affecting member benefits during the year. In 1995, this resulted in the OPSEU Pension Trust entering negotiations to establish reciprocal transfer agreements with other defined benefit pension plans. One of the largest agreements, the MOPPS (Major Ontario Pension Plans’) agreement, covers more than 500,000 Ontario pension plan members and is scheduled for completion in 1996.

Recognizing the role that quality communication plays in the achievement of quality service, the OPSEU Pension Trust formulated and began to implement a communications strategy in 1995. A consultative approach with plan members and employer representatives was deemed critical and included in the communications plan to ensure that the OPSEU Pension Trust provides its various audiences with the pension plan information they value and require.

A visual identity program for the organization, various core brochures and newsletters were launched in 1995. The organization’s first newsletter to pensioners was particularly well-received and, through use of a readership survey, needs will be gathered and analyzed in order to improve the newsletter. Plans are under way to ensure that all major OPSEU Pension Trust publications include this consultative process in the future. Initiatives planned for 1996 include communication focus groups with plan members, pensioners, and employers; a quarterly plan member newsletter; and, a series of education booklets addressing various pension benefits topics.
We are accountable to our members and pensioners. We will attempt to ensure a rate of return on our investments which finances Plan liabilities, moderates contributions, and contributes to enhanced benefits.

We add to this, our commitment to provide to our members and pensioners full disclosure of our financial results and performance.

Focus on Security

Investment Activity and Financial Performance

Investment Goals

At the OPSEU Pension Trust, we have both long-term and immediate investment goals.

The long-term investment goals of the OPSEU Pension Trust are:

- to provide security of funding for the promised pension benefit for plan members, pensioners and their eligible survivors;
- to limit the risk of unfunded liabilities of the pension plan; and,
- to stabilize the contributions required by members and employers.

In the short term, the OPSEU Pension Trust had additional financial responsibilities. We had to ensure that returns in 1995 (combined with contributions) were sufficient to cover any additional actuarial liabilities of the pension plan, would pay for the Factor 80 early retirement program, and would compensate for contribution reductions by the Government of Ontario and plan members. Any additional funds left after these obligations were paid for would be considered in the actuarial restatement of the pension plan that occurs as of March 31, 1997. If additional gains are available, they would first reduce the initial unfunded liability of the Plan. This unfunded liability relates largely to inadequate funding of inflation protection aspects of the pension plan prior to 1990.

Investment Policy

The OPSEU Pension Trust policy directs a prudent diversification of its investment portfolio. This diversification seeks a geographic and security type balance in investments. The OPSEU Pension Trust investment policy has a place for good quality Canadian equities; good quality foreign equities; fixed income instruments, principally secure government bonds and high grade corporate bonds; and real estate and real return bonds.

Part of the OPSEU Pension Trust’s investment policy are strong conflict of interest rules and monitoring and cash management protocols.

Through the establishment of allowable investment ranges, we have also taken steps to ensure that investment activity is not concentrated in any one asset class. Combined equities (Canadian and foreign) then will not fall below 40 per cent or exceed 65 per cent of the long-term asset mix; fixed income will neither fall below 30 per cent nor surpass 60 per cent of the long-term asset portfolio, and foreign assets will not exceed 20 per cent of book value at any time. Grades and liquidity standards have also been established for bond, debenture and short-term investments.

Exceptional care is taken to ensure compliance with the Pension Benefits Act of Ontario and the Income Tax Act of Canada, as well as the fiduciary obligations for pension plans established by the courts. The OPSEU Pension Trust’s Statement of Investment Policy and Goals has been filed with the Pension Commission of Ontario.
Investment Management

The OPSEU Pension Trust investments are externally managed by leading investment management firms from Canada and the world. Selected by the Trustees in a competitive process, the investment managers report regularly in writing and at regularly scheduled meetings with the Investment Committee.

Investment manager performance and compliance with OPSEU Pension Trust policy and contractual obligations are carefully monitored. The OPSEU Pension Trust has on staff a professional investment co-ordinator, Roger Phillips. As well, the OPSEU Pension Trust obtains independent policy and monitoring advice from the firm of James P. Marshall, Inc.

In 1995, the investment managers of the OPSEU Pension Trust were:
- Quantitative Capital (A division of AMI Partners Inc.) (Canadian equities);
- Beutel Goodman & Co. (Canadian equities);
- J.R. Senecal & Associates (Canadian equities);
- BZW-Barclay’s Global Investors, formerly Wells Fargo Nikko (global equities);
- Gartmore Capital Management Limited (global equities);
- Lazard Frères (global equities);
- Montrusco Associates Inc. (fixed income); and,
- Phillips, Hager & North Investment Management Ltd. (fixed income).

The OPSEU Pension Plan Fund also held non-marketable debentures of the Ontario Government.

The custodian for the OPSEU Pension Plan Fund is The Royal Trust Corporation.

Management’s Discussion and Analysis

1995 Investment Performance

In its first year, the OPSEU Pension Trust moved to align its investment activity with its established investment policy. While the movement to the policy-based asset mix of the OPSEU Pension Trust was directed at long-term gain and prudent diversification, 1995 saw immediate investment results.

The total portfolio return for the OPSEU Pension Plan Fund in 1995 measured 21.7 per cent. For the marketable portion of the Fund, excluding non-marketable Ontario government debentures, the return was 19.3 per cent. These results put the OPSEU Pension Trust in the top group of pension plans in investment performance.

As at December 31, 1995, our asset mix was prudently diversified and comprised of (on a market value basis): 52.1 per cent in fixed income.
investments totalling $2.7-billion; 28.5 per cent in Canadian equities totalling $1.6-billion; 19.4 per cent in foreign equities totalling $1.1-billion; and 1.6 per cent in real return bonds totalling $100-million. In 1995, our equities portfolio — which includes stocks of blue-chip Canadian companies and publicly-traded shares issued by leading corporations outside Canada — returned 12 per cent on the Canadian portion and 23.6 per cent on the foreign portion. Our fixed income portfolio — containing bonds and debentures issued by the Government of Canada, Province of Ontario, and leading corporations — returned 25.3 per cent.

The OPSEU Pension Trust also exceeded the benchmark return for its investment portfolio. The benchmark is a mix of market indices that shows what would happen if the OPSEU Pension Trust implemented its investment policy exactly and got the return for each market class that was reflected by the general market averages. For example, if the return for Canadian equities was a certain percentage figure, as measured by the Toronto Stock Exchange 300 Index, that percentage figure becomes the benchmark that the OPSEU Pension Trust will use to measure the performance of Canadian equities in the OPSEU Pension Trust investment portfolio. (A chart on page 15 of the Annual Report illustrates how the OPSEU Pension Trust fared in relation to its overall investment policy benchmark.)

Highlights of the 1995 investment year reflect our decision:

• in late 1994 and early 1995 to move some cash and short-term securities to US securities; US equities were the strongest economic performers in 1995;
• to integrate non-marketable Ontario government debentures in the asset mix of the overall Fund and not to sell the income stream through derivative instruments; long duration government bonds were also strong market performers;
• to delay significant investments in Europe, Australia, and the Far East until mid-1995, avoiding disappointing returns in that area in early 1995; and,
• to defer real estate investment, which was a poor performing area in 1995.

1995 Financial Results

Our commitment is to ensure that the members and pensioners of the OPSEU Pension Plan are provided with full disclosure of our financial results and performance. The accountability to our members and pensioners is important to us. Within this section of the Annual Report, a more detailed discussion of the technical financial information contained in the audited financial statements is provided.

Under the provisions of the Sponsorship Agreement, the Sponsorship Amendment and the Asset Transfer Agreement between the Province of Ontario and the Ontario Public Service Employees’ Union, the assets and obligations for benefits for members of the OPSEU Pension Plan were to be transferred to the OPSEU Pension Plan. The determination of the obligations for benefits and the assets for transfer was envisioned to be completed in three phases.

Phase 1 was the initial transfer of Special Ontario Government debentures and marketable securities which were based on an estimate of the Plan’s percentage of obligations for benefits as of January 1, 1993. Phase 2 is the rollforward adjustment for the contribution, benefits payment and investment activity between January 1, 1993 and December 31, 1994. Phase 3 is the data purification adjustment which will effectively be a recalculation of the amounts determined under Phases 1 and 2 once the member data has been totally corrected. These Phases were originally scheduled to be completed on or before April 15, 1996, although the agreements contain provision for the extension of the time limits.

As noted above, one of the key items in the agreements between the Province of Ontario and the Ontario Public Service Employees’ Union is the examination and purification of data for members of the OPSEU Pension Plan. The Province was unable to provide complete and accurate member data to the Plan for the determination of the initial asset and obligation transfer. To address this item, the Province is currently in the process of reviewing and
correcting all member information to ensure accurate and complete data for all members. Not only is this key to the assets and obligations transferred to the Plan, but also for the efficient administration of the Plan for its members and pensioners.

We expect that when all the Phases described above have been completed, adjustments will be required to the amounts determined under Phases 1 and 2. The initial asset and obligation transfer will be adjusted to reflect the Plan’s actual data respecting pension benefits liability and deficiency at January 1, 1993. Similarly, the rollforward adjustment will be recalculated based on the actual membership data for the two years to December 31, 1994.

As a result of the inability to supply accurate and complete member data and the inability to determine the potential required adjustments described above, the Plan’s actuaries are unable to certify the actuarial valuation results for the purposes of the financial statements. Similarly, the auditors’ report describes the limitations the auditors experienced in their examination due to membership data deficiencies. We expect that, until the above Phases as described are completed, and the appropriate adjustments to the assets and obligations are determined, the limitations described in the reports of the actuaries and of the auditors will continue. We proceed to work with the Province to ensure the expedient completion of the member data purification initiative.

**Change in Net Assets**

On December 31, 1995, net assets available for benefits were $5.7 billion. The transfer of assets from the Public Service Pension Fund totalled $4.6 billion. Net investment income, the unrealized increase in market value of investments, and contributions from members and employers accounted for $1.2 billion. On the payments side, pension and benefit payments totalled $90.2 million with operating expenses at $12.5 million.

**Contributions from Members and Employers**

Under the provisions of the OPSEU Pension Plan, members normally contribute 8 per cent of their salary up to the Year’s Basic Exemption (YBE), 6.2 per cent of their salary between the YBE and the Year’s Maximum Pensionable Earnings (YMPE), and 8 per cent on the balance of their salary over the YMPE. However,
legislative provisions have allowed for a reduction in member contributions for the period April 1, 1994 to March 31, 1997 of 1 per cent of the members’ salary. As a result, during 1995 member contributions remitted to the Plan were based on 7 per cent up to an amount of $3,400 (YBE), 5.2 per cent of their salary between $3,400 and $34,900 and 7 per cent on the balance of their salary over $34,900.

Employers normally contribute an equivalent matching amount of the member contributions to the Plan. Similar to member contributions, the employers’ contribution rate was reduced by 1 per cent of the aggregate salaries of the members. The applicable period for this reduction was April 1, 1994 to March 31, 1995.

Legislation allowed for a reduction of the payments required for special contributions on account of the initial unfunded liability and matching employer contributions otherwise required. These reductions in payments are for a period of three years commencing April 1, 1994 and ending March 31, 1997. As the Province reviews and corrects members’ data over time, more accurate information will be available and a further recalculation will be made to recognize any required adjustments. The applicable reductions are referenced in Note 6 to the financial statements.

For the period ended December 31, 1995, contributions to the Plan totalled $218.5 million. Of this amount, $147.4 million was contributed by members, $70.5 million by employers and $0.6 million were transfers from other plans.

**Payments to Pensioners**

The OPSEU Pension Plan paid out $73.8 million in pensions during 1995. The number of pensioners and eligible survivors receiving pension benefits from the Plan increased to 4,836 from 3,517. The increase in the number of pensioners during the year was in part due to the Factor 80 program offered under the Province of Ontario’s early retirement initiative. The pension payments also included the annual inflation protection of 0.6 per cent provided by the Plan to pensioners.

**Operating Expenses**

In our start up year, considerable efforts were required to set up the organization’s infrastructure and establish a solid foundation for administration and growth. The major portion of the operating expenses are related to salaries and benefits for staff which account for 34.8 per cent of the total. For the period ended December 31, 1995, operating expenses for the OPSEU Pension Plan were $12.5 million.
Actuarial Valuations

A funding valuation is prepared in order to determine whether the existing contribution rates for members and employers are sufficient to fully fund the benefits provided under a pension plan. In accordance with the Pension Benefits Act of Ontario, funding valuations are required to be completed at least every three years.

During 1995, a funding valuation for the OPSEU Pension Plan was conducted by our actuaries, Buck Consultants, as at January 1, 1994. This valuation indicated that there was a total unfunded liability of $719.9 million which was comprised of the balance of the transferred initial unfunded liability of $644.5 million and 1993 net actuarial losses of $75.4 million. The responsibility to liquidate this transferred initial unfunded liability is that of the Province.

As previously described, the Province was unable to confirm that the membership data was complete or accurate. As a result, our actuaries were unable to certify that the data was sufficient and reliable for purposes of their valuation.

A valuation performed for financial reporting purposes uses management’s best estimates and determines the actuarial value of benefits as at the financial reporting period for only the projected benefits earned in respect to each year of a member’s service in the Plan. This valuation is in accordance with the requirements of the Canadian Institute of Chartered Accountants (CICA).

Management’s best estimate assumptions used in the determination of the actuarial value of accrued liabilities are disclosed in Note 8 to the financial statements.

As at December 31, 1995, the actuarial value of net assets available for benefits is $5.5 billion. When this amount is compared to the actuarial value of accrued pension benefits of $6.3 billion, there is a resultant deficiency of $759 million.
Financial Statements
AUDITORS’ REPORT
TO THE BOARD OF TRUSTEES OF THE OPSEU PENSION TRUST

We have audited the statement of net assets available for benefits and accrued pension benefits and
deficiency of the Ontario Public Service Employees’ Union Pension Plan (the Plan) as at December 31, 1995
and the statement of changes in net assets available for benefits for the period then ended. These statements
are the responsibility of the Plan’s management. Our responsibility is to express an opinion on these financial
statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally
accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable
assurance whether the financial statements are free of material misstatement. An audit includes examining,
on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also
includes assessing the accounting principles used and significant estimates made by management as well as
evaluating the overall financial statement presentation.

As described in Note 5 to the financial statements, the actuarial liabilities which were used to determine the
initial transfer of assets to the Plan may require adjustment since the underlying membership data is not
considered to be sufficient or reliable. In addition, as a consequence of the membership data deficiencies, the
actuarial valuation prepared as of January 1, 1994 and projected to December 31, 1995 may not be reliable.
A project has been initiated by the Government of Ontario pursuant to its obligations as joint sponsor of the
Plan to correct the deficiencies. Until this project is completed, we are unable to determine whether any
adjustments might be necessary to the transfer of assets and the related effect on investment income for the
period and on investments, accrued pension benefits liability and deficit at the end of the period.

In our opinion, except for the effects of adjustments, if any, which we may have determined to be necessary
had we been able to satisfy ourselves with respect to the sufficiency and reliability of membership data as
described in the preceding paragraph, these financial statements present fairly, in all material respects, the
financial position of the Plan as at December 31, 1995 and the results of its operations and the changes in its
financial position for the period then ended in accordance with generally accepted accounting principles.

Chartered Accountants
Toronto, Canada
February 29, 1996
ACTUARIES' CERTIFICATE

We performed an actuarial valuation of the Ontario Public Service Employees' Union Pension Plan (the OPSEU Pension Plan) for funding purposes as of January 1, 1994 as stated in Note 8 of these financial statements. In respect of that valuation, we hereby certify that, in our opinion, the assumptions are, in aggregate, appropriate for the purposes of the valuation. However, we are unable to certify that the data is sufficient and reliable for the purposes of the valuation and, as a result, the valuation results may not be reliable. The valuation was prepared, and our opinions given, in accordance with accepted actuarial practice.

As further stated in Note 8 of these financial statements, we have prepared an actuarial valuation of the OPSEU Pension Plan for accounting purposes as of December 31, 1995 in accordance with the Canadian Institute of Chartered Accountants Handbook Section 4100. The membership data used in the valuation was the data from the January 1, 1994 funding valuation with all members assumed to age two years and salaries and pensions assumed to increase in accordance with the valuation assumptions. As part of this valuation, we determined the estimated actuarial liability as of December 31, 1995 of the Factor 80 Early Retirement Option as described in Note 8 of these financial statements.

In our opinion, the December 31, 1995 actuarial valuation for accounting purposes was prepared in accordance with accepted actuarial practice.

Peter C. Hirst
Fellow, Institute of Actuaries
Fellow, Canadian Institute of Actuaries
February 29, 1996

W. Scott Simpson
Fellow, Society of Actuaries
Fellow, Canadian Institute of Actuaries
MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the OPSEU Pension Trust (OPT) is responsible for the integrity and objectivity of the financial information presented in this annual report. The financial statements have been prepared in accordance with generally accepted accounting principles and comply with the financial reporting requirements of the Pension Benefits Act. The financial statements include amounts which must of necessity be based on the best estimates and judgment of management with appropriate consideration as to materiality. Financial information presented throughout this annual report is consistent with the financial statements.

Management have recognized the importance of the OPT maintaining and reinforcing the highest possible standards of conduct in all of its actions, including the preparation and publication of statements fairly presenting the financial condition of the OPSEU Pension Plan. Systems of internal control and supporting procedures are maintained to provide assurance that transactions are properly authorized, assets are safeguarded against unauthorized use or disposition and proper records maintained. The system is augmented by the careful training and selection of qualified staff, the establishment of organizational structures providing for a well-defined division of responsibilities, and the communication of policies and guidelines of business conduct throughout the OPT. With this being our inaugural year, management undertook to have an internal controls review conducted by the external auditors. Issues arising from the internal controls review were presented to the Audit Committee and are being addressed by management.

The Board of Trustees has the ultimate responsibility for the financial statements presented to plan members. An Audit Committee, consisting of two representatives from each of the Government and OPSEU, reviews the financial statements in detail with management and the external auditors before such statements are recommended to the Board of Trustees for approval. The Audit Committee meets on a regular basis with management and with the external auditors to review the scope of the audit, review their findings and to satisfy itself that their responsibilities have been adequately discharged.

Price Waterhouse, the external auditors, have conducted an independent examination of the financial statements in accordance with generally accepted auditing standards and have expressed their opinion upon completion of such examination in their report to the Board of Trustees. The auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings as to the integrity of the Plan’s financial reporting and the adequacy of the system of internal controls.

William A. Phipps
Plan Manager

Sherry MacDonald, CA
Treasurer and Director of
Financial and Administrative Services
**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED PENSION BENEFITS AND DEFICIENCY**

As at December 31, 1995  (Note 3a)

[in thousands of dollars]

**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments (Note 4)</td>
<td>$ 5,602,222</td>
</tr>
<tr>
<td>Asset rollforward adjustment due from Public Service Pension Fund (Note 5)</td>
<td>32,000</td>
</tr>
<tr>
<td>Contributions receivable (Note 6)</td>
<td></td>
</tr>
<tr>
<td>Members</td>
<td>10,703</td>
</tr>
<tr>
<td>Employers</td>
<td>19,341</td>
</tr>
<tr>
<td>Accrued income</td>
<td>20,163</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>2,665</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>5,687,094</strong></td>
</tr>
</tbody>
</table>

**LIABILITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued charges</td>
<td>2,583</td>
</tr>
<tr>
<td>Income tax withheld on pension benefit payments</td>
<td>1,343</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>3,926</strong></td>
</tr>
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</table>

**Net Assets Available**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Benefits</td>
<td>$5,683,168</td>
</tr>
<tr>
<td>Actuarial asset value adjustment (Note 8)</td>
<td>(136,405)</td>
</tr>
<tr>
<td><strong>Actuarial Value of Net Assets Available for Benefits</strong></td>
<td><strong>$5,546,763</strong></td>
</tr>
</tbody>
</table>

**ACCRUED PENSION BENEFITS AND DEFICIENCY (Note 8)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued pension benefits</td>
<td>$6,305,566</td>
</tr>
<tr>
<td>Deficiency</td>
<td>(758,803)</td>
</tr>
<tr>
<td><strong>Accrued Pension Benefits and Deficiency</strong></td>
<td><strong>$5,546,763</strong></td>
</tr>
</tbody>
</table>

On behalf of the Board of Trustees:

Len Hupet  
Chair

Colleen Parrish  
Vice-Chair
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the period ended December 31, 1995 (Note 3a)

[in thousands of dollars]

INCREASE IN NET ASSETS
Transfer of assets to the OPSEU Pension Plan (Note 5) $ 4,588,345
Net investment income (Note 9) 379,048
Unrealized increase in market value of investments 599,992
Contributions (Note 10) 218,475

5,785,860

DECREASE IN NET ASSETS
Pensions paid 73,762
Termination payments and transfers to other plans 16,470
Operating expenses (Note 11) 12,460

102,692

TOTAL INCREASE FOR THE PERIOD
AND NET ASSETS AT END OF PERIOD $5,683,168
NOTES TO THE FINANCIAL STATEMENTS
For the period ended December 31, 1995

1. ONTARIO PUBLIC SERVICE EMPLOYEES’ UNION PENSION ACT, 1994

On June 23, 1994 the Province of Ontario (the Province) enacted new legislation to provide for the establishment and administration of a pension plan separate from the Public Service Pension Plan (PSP Plan) for employees of the Province in bargaining units represented by the Ontario Public Service Employees’ Union (OPSEU) and certain other designated bargaining units. The new pension plan, the OPSEU Pension Plan (the Plan), was established effective January 1, 1993 according to the terms of the Sponsorship Agreement between the Province and OPSEU dated April 18, 1994. The Agreement established the Province and OPSEU as joint sponsors of the new plan and provided for the transfer of assets and obligations for benefits for members of the OPSEU Pension Plan from the Public Service Pension Fund (PSP Fund) to the OPSEU Pension Plan Fund (the Fund) (see Note 5).

Both the OPSEU Pension Plan and the OPSEU Pension Plan Fund are administered and managed by a Board of Trustees as described in an Agreement and Declaration of Trust between the Sponsors dated October 25, 1994. The Board of Trustees is comprised of five representatives from each of the Province and OPSEU. The OPSEU Pension Trust (OPT), under the direction of the Board of Trustees, is the organization that administers the Plan and the Fund.

2. DESCRIPTION OF THE OPSEU PENSION PLAN

The following is a brief description of the OPSEU Pension Plan. Further information can be found by reference to the Sponsorship Agreement, the OPSEU Pension Plan document, and the Trust Agreement.

a) General

The OPSEU Pension Plan is a contributory defined benefit pension plan. The Plan is jointly sponsored by the Province and OPSEU. Membership within the Plan consists largely of civil servants or Crown employees in bargaining units represented by OPSEU, persons employed by the Toronto Area Transit Operating Authority and in a bargaining unit represented by the Amalgamated Transit Union (ATU, Local 1587), persons employed by the Liquor Control Board of Ontario or the Liquor Licence Board of Ontario and in a bargaining unit represented by the Ontario Liquor Control Board Employees’ Union (OLBEU) and persons employed by housing authorities created pursuant to the Housing Development Act and in a bargaining unit represented by CUPE Local 3096.

The OPSEU Pension Plan is registered under the Pension Benefits Act of Ontario, registration number C-104998 and the Income Tax Act (Canada), registration number 1012046.

b) Funding

Plan benefits are funded by contributions and investment earnings. The determination of the value of the benefits and required contributions is based on periodic actuarial valuations (see Note 8).
c) Contributions

The OPSEU Pension Plan is integrated with the Canada Pension Plan (CPP). Members normally contribute 8% of salary up to the Year’s Basic Exemption (YBE) as prescribed by CPP, 6.2% of salary between the YBE and the Year’s Maximum Pensionable Earnings (YMPE) under CPP, and 8% on the balance of the salary over the YMPE. The employers also normally contribute matching amounts. Pursuant to the Sponsorship Agreement and the OPSEU Pension Plan Act, 1994, employee and employer contributions, special payments and other payments required to be made to the Fund have been reduced for specific periods (see Note 6).

d) Pensions

The factors to determine whether a pension is available are the number of months of continuous membership in the Plan, the number of months of credit, average salary (usually five years) and the age of the member at retirement. An unreduced pension can be received before age 65 if the member’s age and credit total 90 (the 90 Factor) or when the member reaches age 60 and has 20 or more years of credit. There is also a new provision which is available that provides for an enhanced retirement opportunity for those members of the Plan whose age and credit total 80 (the 80 Factor) prior to April 1, 2000 (see Note 8). A member can elect to have their pension actuarially reduced in order to provide a higher survivor pension for their spouse.

e) Death Benefits

Upon the death of a member or pensioner, death benefits are available to a surviving eligible spouse, children, designated beneficiary or estate. The death benefit may be in the form of a survivor pension, a lump sum payment or both.

f) Disability Pensions

A disability pension may be available to members with a minimum of 10 years of credit in the Plan and who meet the criteria as established in the Plan document. The amount of the disability pension depends on the years of credit and the average salary of the disabled member.

g) Termination Payments

Subject to certain lock-in provisions, a member who terminates employment may be entitled to transfer the commuted value or refund to a registered retirement savings plan, to another eligible pension plan or purchase a life annuity.

h) Escalation of Benefits

An adjustment to pension benefits for inflation is made annually based on the Consumer Price Index to a maximum of 8% in any one year. Where the inflation adjustment exceeds 8% in any one year, the excess is carried forward to any subsequent year when the adjustment is less than 8%.
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

The financial statements are prepared in accordance with generally accepted accounting principles and present the OPSEU Pension Plan as a separate entity independent of the employers and plan members. The period covered by these financial statements is from December 15, 1994, the date on which investments began to be administered by the Board of Trustees, to December 31, 1995.

b) Investments

Valuation of Investments:

Securities listed on a public stock exchange are valued at their closing sale price on the valuation date. Securities not traded on that date are valued at the average of the closing recorded bid and ask prices. Short-term investments are carried at amortized cost. Special Ontario Government debentures, which are non-marketable, are recorded at estimated market values based on the market yields of comparable securities (see Note 4).

Income Recognition:

(i) Interest income is recorded on the accrual basis. (ii) Dividend income is recorded on the ex-dividend date. (iii) Realized gains and losses are credited or charged to investment income based on average cost or carrying value.

c) Accrued Pension Benefits

Accrued pension benefits are based on an actuarial valuation prepared by an independent actuarial firm. The valuation for financial reporting purposes is made as at the start of the last completed funding valuation and is extrapolated to the year end using the projected benefit method pro-rated on service and management’s best estimate assumptions of certain future economic events (see Note 8).

d) Contributions

Contributions from members and employers which are due to the OPSEU Pension Plan at year end are recorded as a receivable. Contributions and matching contributions relating to purchases of credit for prior employment and transfers are recorded when cash is received. Special payments from the Province are recorded in the period in which they are received.

c) Pensions

Payments of pensions, refunds and transfers are recorded in the period in which they are incurred.

f) Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the fixed assets as follows:

- Furniture and Fixtures — 10 years
- Computer Equipment — 5 years
- Software and Systems Development — 3 years
- Leasehold Improvements — Remaining life of lease
g) Foreign Currency Translation

Foreign currency transactions are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. The market value of investments and cash balances denominated in foreign currencies are translated at the rates in effect at the year end. The resulting unrealized gain or loss is included in the Statement of Changes in Net Assets Available for Benefits.

4. INVESTMENTS

The long term objectives of the Plan are to provide security of benefits to members, to minimize the risk of increases in the unfunded liability of the Plan, and to minimize increases in the contributions required by members and employers. To achieve these objectives, a target of a long-term rate of return of 3.5% over inflation has been established.

Effective January 1, 1993, the Fund’s assets were comprised of marketable assets and non-marketable Special Ontario Government debentures. The debentures generate monthly cash flows of principal and interest payments which are reinvested together with contributions from employers and members and other investment returns. Currently, these non-marketable debentures yield a weighted average interest rate of 11.64% with the final debentures maturing in 2014.

The schedule below provides the market values and cost of investments held as at December 31, 1995:

<table>
<thead>
<tr>
<th>1995</th>
<th>Market Value</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Ontario Government Debentures</td>
<td>$ 2,400,214</td>
<td>$ 2,094,014</td>
</tr>
<tr>
<td>Canadian</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and short-term investments</td>
<td>96,267</td>
<td>96,267</td>
</tr>
<tr>
<td>Bonds</td>
<td>419,431</td>
<td>404,624</td>
</tr>
<tr>
<td>Equities</td>
<td>1,597,612</td>
<td>1,448,192</td>
</tr>
<tr>
<td></td>
<td>2,113,310</td>
<td>1,949,083</td>
</tr>
<tr>
<td>Foreign</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and short-term investments</td>
<td>207</td>
<td>207</td>
</tr>
<tr>
<td>Bonds</td>
<td>3,638</td>
<td>3,463</td>
</tr>
<tr>
<td>Equities</td>
<td>1,084,853</td>
<td>956,628</td>
</tr>
<tr>
<td></td>
<td>1,088,698</td>
<td>960,298</td>
</tr>
<tr>
<td>TOTAL INVESTMENTS</td>
<td>$5,602,222</td>
<td>$5,003,395</td>
</tr>
</tbody>
</table>

NOTES TO THE FINANCIAL STATEMENTS
For the period ended December 31, 1995
5. TRANSFER OF ASSETS TO THE OPSEU PENSION PLAN

The Sponsorship Agreement and the OPSEU Pension Plan Act, 1994 provided that effective January 1, 1993 all obligations for benefits with respect to members of the OPSEU Pension Plan and the assets pertaining to these obligations be transferred from the Public Service Pension Fund (PSP Fund) to the OPSEU Pension Plan Fund. The calculation of the obligations and transferable assets was detailed in the Sponsorship Agreement and further defined in a Sponsorship Amendment and Asset Transfer Agreement dated December 12, 1994 between the sponsors of the OPSEU Pension Plan, the Ontario Pension Board, and the Trustees of the OPSEU Pension Plan Trust Fund.

Under these agreements, the calculation of the assets to be transferred was based on three major phases. The first phase, the transfer of Special Ontario Government debentures and the marketable transfer adjustment was required to be made on or before January 1, 1995. The next phase, called the rollforward adjustment, was required to be paid in cash and completed on or before June 30, 1995. The final phase of the asset transfer, called the purification adjustment is due on or before April 15, 1996. There is also a provision in the agreements for extending the time limits for payment of these adjustments to a maximum period of 6 months.

The first phase, the marketable transfer adjustment, required that a percentage of each of the two classes of assets, the Special Ontario Government debentures and the marketable assets, be transferred to the OPSEU Pension Plan Fund as of January 1, 1993, the effective date of the OPSEU Pension Plan. An adjustment of the marketable assets was also needed between the effective date and the date that the Plan and the Fund were required to be established (the Joint Sponsorship date) which was on or before January 1, 1995.

The percentage of Special Ontario Government debentures due to the OPSEU Pension Plan Fund was based on the adjusted net actuarial liabilities of OPSEU Pension Plan members as a percentage of total net actuarial liabilities. These calculations were based on the actuarial valuation of the Ontario Public Service Pension Plan as at December 31, 1992. This same percentage was used to split the marketable assets as at December 31, 1992 together with an estimate of the assets due to the OPSEU Pension Plan between the effective date of January 1, 1993 and the joint sponsorship date of January 1, 1995.

The total market value of assets transferred to the OPSEU Pension Plan as at December 1994 was $4.556 billion, consisting of the following assets:

<table>
<thead>
<tr>
<th>(in billions)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Ontario Government Debentures</td>
<td>$ 2.150</td>
</tr>
<tr>
<td>Marketable Assets</td>
<td>2.406</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4.556</strong></td>
</tr>
</tbody>
</table>

The second phase of the asset transfer, the calculation of the rollforward adjustment, was completed on December 22, 1995. This adjustment involved splitting the financial transactions between the OPSEU Pension Plan and the PSP Plan for the period January 1, 1993 to December 31, 1994 in accordance with the methodology in Schedule 1 to the Sponsorship Amendment and Asset Transfer Agreement. The calculation of the adjustment was based on actual data to the extent practicable and where data was not available, assumptions were made and provided to the parties to the agreement. The results of the rollforward
adjustment indicate that the amount owing to the OPSEU Pension Plan as at December 31, 1995 by the PSP Plan is $32 million. Payment of this amount is outstanding pending review of the calculations by the Ontario Pension Board and is included in the Asset Rollforward Adjustment Due From Public Service Pension Fund. An interim payment of $10 million was received as partial payment of the total amount after the year end date.

The final phase of the asset transfer, the purification adjustment, will require that the net actuarial liabilities of OPSEU Pension Plan members and the total actuarial liabilities of the Public Service Pension Plan as reported in the December 31, 1992 actuarial valuation be recalculated. This adjustment is necessary since the total active plan membership and the split of members between the OPSEU Pension Plan and the PSP Plan could not be accurately determined at the time of the first phase of the transfer of assets. The percentage of the Special Ontario Government debentures and marketable assets due to the OPSEU Pension Plan and the PSP Plan will be recalculated including interest to the date of the adjustment using accurate member information provided by the Province in accordance with the Sponsorship Agreement.

6. CONTRIBUTIONS RECEIVABLE

The Sponsorship Agreement and the OPSEU Pension Plan Act, 1994 established temporary funding provisions for member and employer contributions to the PSP Fund and the OPSEU Pension Plan Fund separate from normal contribution requirements as established by the Plan (see Note 2). The legislation allowed a reduction of special contributions and matching employer contributions otherwise required from the Province under the Plan for three years beginning April 1, 1994. The portion of the reductions in employer contributions and special payments attributable to the OPSEU Pension Plan Fund are as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount (in thousands of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1, 1994 to March 31, 1995</td>
<td>$141,913</td>
</tr>
<tr>
<td>April 1, 1995 to March 31, 1996</td>
<td>$141,225</td>
</tr>
<tr>
<td>April 1, 1996 to March 31, 1997</td>
<td>$138,600</td>
</tr>
</tbody>
</table>

These reductions are first applied to eliminate special payments which are those payments made by the employer to reduce unfunded liabilities or deficiencies of the Plan. After special payments are reduced, the employers’ contributions and other amounts otherwise payable are deducted from the total reduction amount.

The legislation also allowed a reduction in member contributions by an amount equal to 1 per cent of the members’ salary for the period April 1, 1994 to March 31, 1997. Employers were permitted to reduce employer contributions by an amount equal to 1 per cent of the aggregate salaries of the members for the period April 1, 1994 to March 31, 1995.

The determination of the amount of contributions owing from the Province is based on a calculation of the total amount due to the Fund for the period less the amount of reduction and less contributions made by the Province during the period. As discussed in Note 5, the Province is undertaking a project to provide accurate member information to the Plan. As a result, the determination of amounts owing to the Plan is based on the best available information at this time. As more accurate information becomes available, contributions owing by the Province will be recalculated and finalized. For the period ended December 31, 1995, the estimated amount owing to the OPSEU Pension Plan Fund by the Province was $7.1 million which is included in Contributions Receivable, Employers.
7. FIXED ASSETS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Equipment</td>
<td>$1,150</td>
<td>$126</td>
<td>$1,024</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>844</td>
<td>45</td>
<td>799</td>
</tr>
<tr>
<td>Software and Systems</td>
<td>561</td>
<td>69</td>
<td>492</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>391</td>
<td>41</td>
<td>350</td>
</tr>
<tr>
<td><strong>TOTAL FIXED ASSETS</strong></td>
<td><strong>$2,946</strong></td>
<td><strong>$281</strong></td>
<td><strong>$2,665</strong></td>
</tr>
</tbody>
</table>

8. ACCRUED PENSION BENEFITS

a) Funding

An actuarial valuation of the OPSEU Pension Plan for funding purposes was prepared as at January 1, 1994 and filed in accordance with requirements of the Pension Benefits Act and the Income Tax Act at the time the Plan was registered. The actuarial valuation of the Plan, prepared by Buck Consultants, disclosed that the balance of the transferred initial unfunded liability was $644.5 million, 1993 net actuarial losses were $75.4 million and the total unfunded liability was $719.9 million.

The valuation report identified that the Province was unable to confirm the completeness or accuracy of membership data of the OPSEU Pension Plan. As a result, the actuaries were unable to certify that the data was sufficient and reliable for purposes of the actuarial valuation and they reported that the valuation results may not be reliable. The Province is currently undertaking a project to provide accurate membership data to the Plan and it is expected that accurate and reliable data will be available for subsequent valuations.

According to the terms of the Sponsorship Agreement, the Province is required to liquidate the transferred initial unfunded liability assumed by the Plan by continuing the special payments which were previously required under the PSP Plan.

The next actuarial valuation for funding purposes will be at December 31, 1995. Any net actuarial gains identified in the actuarial report, after taking into account the funding reductions for the period April 1, 1994 to March 31, 1997, will be accumulated with interest to March 31, 1997 to reduce the balance of the transferred initial unfunded liability pursuant to the Sponsorship Agreement. The Province’s special payments will be restated over the period April 1, 1997 through December 1, 2029 to liquidate the resulting balance of the initial unfunded liability.
b) Financial Reporting

For financial reporting purposes the Canadian Institute of Chartered Accountants (CICA) requires that pension plans report the actuarial value of accrued pension benefits using management’s best estimate assumptions and the projected benefit method pro-rated on services. This method calculates the actuarial value of pension benefits after the projected benefits have been attributed equally to each year of a member’s service up to the financial reporting date. The method used to calculate pension benefits as recommended by the CICA differs from the method prescribed by legislation and which is used for purposes of funding the Plan.

As a result of the issues identified regarding membership data in the January 1, 1994 actuarial valuation and the effects reported of using this data to estimate pension benefits, management’s best estimate assumptions for financial reporting purposes do not differ from those assumptions used in previous actuarial valuations for funding purposes.

The decision not to change the assumptions was based on the membership data issues together with the fact that the Plan has been in existence for a relatively short period of time and therefore actual events do not justify making any changes at this time.

The assumptions which have been used for reporting purposes, which are long-term assumptions over future periods, are as follows:

- Investment return: 7.5%
- Inflation rate: 4.0%
- Real investment return: 3.5%
- Salary escalation: 5.0%

The actuarial value of marketable assets at December 31, 1995 has been determined using a formula that smooths out the effects of the changes in market factors over three years. Special Ontario Government debentures have been discounted in order to calculate their actuarial value. The actuarial asset value adjustment reflects the difference between the market value of these assets as reported in Note 3 and the actuarial value of assets.

By valuing assets on an actuarial basis and comparing them to the actuarial value of accrued pension benefits calculated in accordance with the CICA requirements, the result is a deficiency of $758.8 million as at December 31, 1995.

c) Factor 80 Early Retirement Program

As disclosed in Note 2, the OPSEU Pension Plan provides for an unreduced pension for members whose age and credit total 80 prior to April 1, 2000 and who elect within certain time frames to retire.

The liability arising from the Factor 80 program has been estimated at $283.6 million at December 31, 1995 and is included in Accrued Pension Benefits.
9. NET INVESTMENT INCOME

Investment income produced by investment management activities of the Fund for the period ended December 31, 1995 is as follows:

<table>
<thead>
<tr>
<th>[in thousands of dollars]</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Income</strong></td>
<td></td>
</tr>
<tr>
<td>Special Ontario Government Debentures</td>
<td>$220,880</td>
</tr>
<tr>
<td>Cash and short-term investments</td>
<td></td>
</tr>
<tr>
<td>Canadian</td>
<td>22,974</td>
</tr>
<tr>
<td>Foreign</td>
<td>272</td>
</tr>
<tr>
<td>Bonds</td>
<td></td>
</tr>
<tr>
<td>Canadian</td>
<td>28,884</td>
</tr>
<tr>
<td>Foreign</td>
<td>379</td>
</tr>
<tr>
<td><strong>Total Interest Income</strong></td>
<td>273,389</td>
</tr>
<tr>
<td><strong>Dividend Income</strong></td>
<td></td>
</tr>
<tr>
<td>Canadian</td>
<td>32,577</td>
</tr>
<tr>
<td>Foreign</td>
<td>22,786</td>
</tr>
<tr>
<td><strong>Total Dividend Income</strong></td>
<td>55,363</td>
</tr>
<tr>
<td><strong>Realized gain on investments</strong></td>
<td>54,725</td>
</tr>
<tr>
<td><strong>Total Investment Income</strong></td>
<td>383,477</td>
</tr>
<tr>
<td>Investment management and custodial fees</td>
<td>4,429</td>
</tr>
<tr>
<td><strong>NET INVESTMENT INCOME</strong></td>
<td>$379,048</td>
</tr>
</tbody>
</table>
10. CONTRIBUTIONS

In accordance with the OPSEU Pension Plan document and the Sponsorship Agreement, the Fund received the following contributions with respect to members and employers for the period ended December 31, 1995:

<table>
<thead>
<tr>
<th>[in thousands of dollars]</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Members</strong></td>
<td></td>
</tr>
<tr>
<td>Current service</td>
<td>$141,909</td>
</tr>
<tr>
<td>Prior service</td>
<td>5,507</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>147,416</td>
</tr>
<tr>
<td><strong>Employers</strong></td>
<td></td>
</tr>
<tr>
<td>Current service</td>
<td>60,528</td>
</tr>
<tr>
<td>Prior service</td>
<td>2,081</td>
</tr>
<tr>
<td>Long-Term Income Protection (LTIP)*</td>
<td>7,886</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>70,495</td>
</tr>
<tr>
<td>Transfers from Other Plans</td>
<td>564</td>
</tr>
<tr>
<td><strong>Total Member and Employer Contributions</strong></td>
<td>$218,475</td>
</tr>
</tbody>
</table>

* Contributions by the Province on behalf of members disabled and in receipt of the Province’s long-term income protection benefits.

11. OPERATING EXPENSES

In the inaugural period of its operations, the OPSEU Pension Trust incurred the following expenses in administering the Plan and the Fund:

For the period ended December 31, 1995

<table>
<thead>
<tr>
<th>[in thousands of dollars]</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>$ 4,342</td>
</tr>
<tr>
<td>Professional services</td>
<td>3,967</td>
</tr>
<tr>
<td>Office premises and operations</td>
<td>3,136</td>
</tr>
<tr>
<td>Communications</td>
<td>542</td>
</tr>
<tr>
<td>Depreciation</td>
<td>281</td>
</tr>
<tr>
<td>Training and travel</td>
<td>142</td>
</tr>
<tr>
<td>Audit</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$12,460</td>
</tr>
</tbody>
</table>

12. COMMITMENTS

The OPSEU Pension Plan is committed under a lease for office premises at One Financial Place, Toronto at an annual net rental of approximately $1.2 million until the year 2002.
## Schedule of Province of Ontario Debentures

As at December 31, 1995

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Coupon %</th>
<th>Market Value</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1996 - 2000</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.00 - 6.99</td>
<td>$35,989</td>
<td>$38,080</td>
<td></td>
</tr>
<tr>
<td>8.00 - 8.99</td>
<td>61,884</td>
<td>57,259</td>
<td></td>
</tr>
<tr>
<td>9.00 - 9.99</td>
<td>18,586</td>
<td>17,648</td>
<td></td>
</tr>
<tr>
<td>10.00 - 10.99</td>
<td>50,979</td>
<td>49,855</td>
<td></td>
</tr>
<tr>
<td>11.00 - 11.99</td>
<td>22</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>13.00 - 13.99</td>
<td>6,958</td>
<td>8,916</td>
<td></td>
</tr>
<tr>
<td>14.00 - 14.99</td>
<td>18,243</td>
<td>16,973</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>192,661</strong></td>
<td><strong>188,751</strong></td>
</tr>
<tr>
<td><strong>2001 - 2005</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.00 - 9.99</td>
<td>230,872</td>
<td>203,379</td>
<td></td>
</tr>
<tr>
<td>10.00 - 10.99</td>
<td>55,706</td>
<td>49,958</td>
<td></td>
</tr>
<tr>
<td>11.00 - 11.99</td>
<td>102,220</td>
<td>88,766</td>
<td></td>
</tr>
<tr>
<td>12.00 - 12.99</td>
<td>56</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>13.00 - 13.99</td>
<td>98</td>
<td>86</td>
<td></td>
</tr>
<tr>
<td>14.00 - 14.99</td>
<td>47</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>16.00 - 16.99</td>
<td>37</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>389,036</strong></td>
<td><strong>342,312</strong></td>
</tr>
<tr>
<td><strong>2006 - 2010</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.00 - 11.16</td>
<td>72</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>12.00 - 12.99</td>
<td>362,602</td>
<td>312,848</td>
<td></td>
</tr>
<tr>
<td>13.00 - 13.99</td>
<td>326,247</td>
<td>281,430</td>
<td></td>
</tr>
<tr>
<td>15.00 - 15.99</td>
<td>165,723</td>
<td>143,202</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>854,644</strong></td>
<td><strong>737,542</strong></td>
</tr>
<tr>
<td><strong>2011 - 2014</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.00 - 10.99</td>
<td>218,185</td>
<td>187,147</td>
<td></td>
</tr>
<tr>
<td>11.00 - 11.99</td>
<td>745,688</td>
<td>638,262</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>963,873</strong></td>
<td><strong>825,409</strong></td>
</tr>
<tr>
<td><strong>Accrued Interest</strong></td>
<td>7,457</td>
<td>7,457</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$2,407,671</strong></td>
<td><strong>$2,101,471</strong></td>
</tr>
</tbody>
</table>
# Schedule of Significant Investments

Investments held by the OPSEU Pension Plan Fund greater than $50 million

As at December 31, 1995

<table>
<thead>
<tr>
<th>Province of Ontario</th>
<th>Market Value</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Debentures</td>
<td>$2,400,214</td>
<td>$2,094,014</td>
</tr>
<tr>
<td>Bonds</td>
<td>31,953</td>
<td>30,687</td>
</tr>
<tr>
<td></td>
<td><strong>2,432,167</strong></td>
<td><strong>2,124,701</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government of Canada</th>
<th>Market Value</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>279,608</td>
<td>269,147</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pooled Equity Funds</th>
<th>Market Value</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>BZW Global U.S. Equity Index - 'Fund B'</td>
<td>338,726</td>
<td>282,781</td>
</tr>
<tr>
<td>BZW Global EAFE Equity Index - 'Fund B'</td>
<td>214,505</td>
<td>204,781</td>
</tr>
<tr>
<td></td>
<td><strong>553,231</strong></td>
<td><strong>487,562</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporate Shares</th>
<th>Market Value</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCE Inc.</td>
<td>63,673</td>
<td>58,927</td>
</tr>
<tr>
<td>Canadian Imperial Bank of Commerce</td>
<td>60,048</td>
<td>49,466</td>
</tr>
<tr>
<td>Canadian Pacific Ltd.</td>
<td>58,640</td>
<td>47,779</td>
</tr>
<tr>
<td></td>
<td><strong>182,361</strong></td>
<td><strong>156,172</strong></td>
</tr>
</tbody>
</table>
Board of Trustees

Len Hupet, Chair 1
Correctional Officer
Ministry of the Solicitor General and Correctional Services

Colleen Parrish, LL.B., Vice-Chair 2
Director, Legal Services
Ontario Insurance Commission

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Management Board Secretariat

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Ontario Public Service Employees’ Union

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Pension Consultant
Management Board Secretariat

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Ministry of Finance

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Ministry of Finance

Grant MacGillivray 3
Executive Officer
Ministry of Finance

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Director, Province of Ontario Savings Office
Ministry of Finance

Advisors to the Board

Actuary
Buck Consultants

Auditors
Price Waterhouse

Investment Consultants
James P. Marshall, Inc.

Legal Counsel
Koskie Minsky

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● ADMINISTRATION COMMITTEE
▲ AUDIT COMMITTEE
■ INVESTMENT COMMITTEE
1 APPOINTED BY THE ONTARIO PUBLIC SERVICE EMPLOYEES’ UNION
2 APPOINTED BY THE GOVERNMENT OF ONTARIO
OPSEU Pension Trust Executive

William A. Phipps  
Plan Manager  

Roger A. Phillips  
Investment Coordinator  

Marshall Lee  
Director, Information Technology  

Sherry MacDonald, CA  
Treasurer and Director of  
Financial and Administrative Services  

Dan McArthur  
Director, Policy and Trustee Support  

Silvano Trinca, CA  
Director, Member and Pensioner Services  

The OPSEU Pension Trust is committed to effective communication with its plan members and pensioners. Questions or comments regarding the Annual Report or aspects of our communication program should be addressed to:

Dan McArthur  
Director, Policy and Trustee Support  
OPSEU Pension Trust  
1 Adelaide Street East, Suite 1200  
Toronto, Ontario  
M5C 3A7  
FAX: (416) 681-6175

Additional copies of this report are available upon request. Please call:  
Telephone: (416) 681-6161  
Toll Free: 1-800-906-7738
The OPSEU Pension Trust logo was created in late 1994 for the newly-established OPSEU Pension Trust.

Stylized to reflect movement, the logo is a fitting symbol of the progressive direction of the OPSEU Pension Trust.

It is a solid symbol with colors reflecting investment growth. We hope that the members and pensioners of the OPSEU Pension Plan will recognize this symbol and see behind it our commitment to service and security.