BRANDON UNIVERSITY
RETIREMENT PLAN

ANNUAL REPORT - 2023

Incorporating the Annual Financial Statements

June 2024

Dear Member:

Enclosed is a detailed report on the operation of the Brandon University Retirement Plan this past year. Its purpose is to provide general information to the membership, particularly with regard to the financial operation and performance of the Plan. Full audited financial statements for the year ended December 31, 2023 are included in this report.

The Plan, under the guidance of Connor, Clark & Lunn Investment Management Ltd., had a rate of return of 12.4% in 2023 (-12.1% in 2022). Investment returns contribute to financing the obligations of the Retirement Plan. However, returns are "smoothed" over a four-year period, which minimizes the shock of a single bad (or good) year. The Plan is a defined benefit plan, which means that pensions should not be affected by periodic market fluctuations. Brandon University is also responsible, as the residual funder of the Plan, to cover periodic shortfalls that may arise.

An actuarial valuation was prepared at December 31, 2022 and was extrapolated to December 31, 2023 for the Brandon University Retirement Plan. This valuation and extrapolation were completed by the Plan actuary, Eckler Ltd. Based on this, it was determined that the Plan had a solvency excess of Plan assets over calculated Plan obligations (liabilities) of $22,257,000 in 2022. The solvency ratio was 1.105 in 2022. Under the Solvency funding method, it is assumed the Plan is wound up. In January 2009, Brandon University filed an election to be exempt from the requirement to make solvency deficiency special payments in accordance with the Solvency Exemption for Public Sector Pension Plans Regulation. As a result of the election, the University is not required to make special payments into the Plan related to the solvency deficiency should it exist once again in the future. When the solvency ratio falls below 85%, the Plan is required to be valued annually. Otherwise, valuations are required every three years at minimum, or more often if determined by the Pension Trustees. As the solvency ratio of the plan on December 31, 2023 is greater than 0.85, the Pension Benefits Act of Manitoba requires the next valuation be effective no later than December 31, 2025.

The Going-Concern funding method shows a surplus of $24,022,000 on December 31, 2022. As the University is currently in a surplus position, an annual special payment was not required for 2023, nor was this special payment required in 2022. A "Going-Concern Valuation" assumes Brandon University will continue to operate, the Retirement Plan will continue to operate, and pension benefit obligations will come due through member retirement, termination of employment, or death.

Plan improvements were negotiated for all members, which include an improvement to the reduction of the CPP integration formula which benefits all members of the plan. An increase to the maximum pension was also negotiated. The maximum pension is now indexed to a percentage of the Federal Maximum Defined Benefit Pension Plan Limit. The cost of the retroactive component of these improvements is included on the Statement of Changes in Pension Obligations. Part of the improvements are funded prospectively with increased employee contributions.

If in any fiscal year, the actuarial defined going concern ratio falls below 105%, there will be no rise in the pension maximum. Following year(s) of no increase, if the going concern ratio rises above 105%, the maximum shall be raised to the full amount allowed while keeping the ratio above 105%, to a maximum of 63% of the Federal Maximum Defined Benefit Pension Plan Limit described above.

The Board of Trustees of the Retirement Plan welcomes any comments or questions from all members.

Sincerely,

Original signed by David Taylor

Mr. David Taylor
Chair, Board of Trustees
Brandon University Retirement Plan

Original signed by Scott Lamont

Mr. Scott J.B. Lamont, FCPA, FCGA, MBA
Vice-President (Administration & Finance)
Brandon University

BRANDON UNIVERSITY RETIREMENT PLAN

Annual Report for the year ended
December 31, 2023

Consultant/Actuary	Eckler Ltd.
Investment Manager	Connor, Clark & Lunn Investment Management Ltd.
Investment Sector Managers	Connor, Clark & Lunn Long Bond Fund Connor, Clark & Lunn Crestpoint Institutional Real Estate Fund Connor, Clark & Lunn Institutional Infrastructure Fund Connor, Clark & Lunn Q Equity Extension I PCJ Canadian Equity A Scheer Rawlett & Associates Canadian Equity Fund Connor, Clark & Lunn Q US Equity Extension Fund A NS Partners International Equity Fund A Connor, Clark & Lunn Emerging Markets Equity Fund
Custodian	CIBC Mellon Global Securities Services Company
Plan Administrator	Trustees of the Brandon University Retirement Plan

General Information

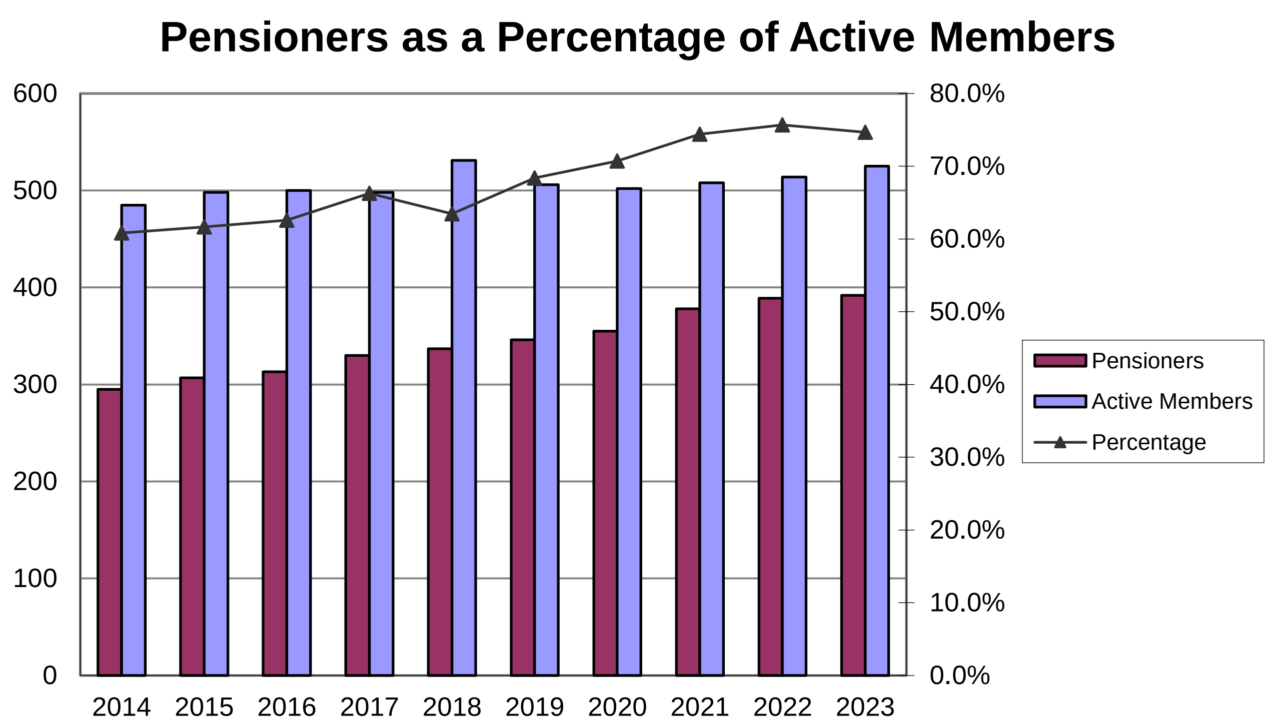
a) The Brandon University Retirement Plan is a final average, defined benefit plan, which provides a benefit to all eligible employees of Brandon University upon retirement, termination, or death. The Plan is administered by the Trustees of the Brandon University Retirement Plan. A full description of the Plan is contained in the official Plan document and is available on the Brandon University website or from the Human Resources Office.

b) The Plan is funded by contributions from Plan members and the University, as well as the income from investments. Net assets in the plan, at market value, at December 31 were:

2023	$232.7 million
2022	$212.9 million
2021	$249.9 million
2020	$225.6 million
2019	$203.9 million

c) Similar to many other maturing pension plans in Canada, the number of pensioners is increasing relative to the number of active contributing members of the Plan. Over the past ten years, the number of pensioners has increased from 59% of the active members to 75% in 2023. Brandon University Retirement Plan membership at December 31:

	2023	**2022**
Active members	525	514
Pensioners	392	389
Deferred, inactive or Pending Election	121	107



An impact of increasing numbers of pensioners relative to active contributing members is the increasing need for investment income of the Plan to fund future income requirements. Pensions paid annually to retirees are 175% of the annual regular contributions from Plan members and the University.

Plan member transactions:	**2023**	**2022**
Member and University regular contributions to the plan	$6,145,067	$5,688,785
Transfers from other plans	792,618	268,593
Pensions paid to retired members	10,783,142	10,202,212
Death benefits and refund settlements due to terminations	876,102	1,511,770

d) The Brandon University Retirement Plan is subject to a periodic valuation by an independent actuary to determine whether the current Plan assets, contributions from members and the University, and earnings on Plan investments will adequately fund future benefits. The Pension Benefits Act of Manitoba requires that such a study be done at least every three years as long as the solvency ratio of the Plan is greater than 0.85. The most recent valuation was performed by Eckler Ltd. as at December 31, 2022. Using the solvency valuation method, the Plan had an excess of assets over actuarial (calculated) liabilities of $22,257,000 (versus a deficiency of $26,760,000 in 2021). Using the going-concern or aggregate method, the Plan had a surplus of $24,022,000 in 2022 ($21,901,000 surplus in 2021).

The University is no longer required to make special payments to fund any going concern unfunded liability. There was no annual special payment for 2023 or 2022. No additional special payment is required to be made for the solvency deficiency because the University is exempted under the Solvency Exemption for Public Sector Pension Plans Regulation. However, with the solvency ratio now exceeding .85, the next Plan valuation is not required until December 31, 2025. It will be completed in 2026.

e) If the average net investment return on the Fund during the last four years exceeds 6.0% per annum, each pensioner who was receiving a pension at the end of that year, is entitled to receive an increase in that pension effective from July 1 in the following calendar year. The details of this entitlement are recorded in article 7.3 of the Brandon University Retirement Plan document, as amended April 11, 2013. The result of this calculation over the past 6 years is as follows:

Brandon University
Historical Increases (Article 7.3 - Supplementary Pension)

Brandon University Pension Increases - Post 2013 amendment						
	(1)	(2)	(3)	(4)	(5)	
Year	**Net Investment Return (market value)****	**Four-year Geometric Average Return**	**Excess of Average return over 6%**	**Increase in CPI**	**Actual COLA given**	**Effective Date of COLA Increase**
2018	-2.80%	4.89%	0.00%	2.00%	0.00%	1 July 2019
2019	17.79%	8.23%	2.23%	2.20%	2.20%	1 July 2020
2020	13.51%	9.60%	3.60%	0.70%	0.70%	1 July 2021
2021	12.97%	10.08%	4.08%	4.80%	4.08%	1 July 2022
2022	-12.67%	7.17%	1.17%	6.30%	1.17%	1 July 2023
2023	11.66%	5.75%	0.00%	3.40%	0.00%	1 July 2024

COLA = lower of columns (3) or (4)

** Net investment return is net of expenses. Therefore, returns are lower than those reported by the investment manager.

Investment Management Objectives

The current investment manager, Connor, Clark & Lunn, Investment Management Ltd. (CC&L), was appointed December 30, 1994. Since that time, the plan investment management has been diversified by making use of several investment sector specialists within the family of companies working with CC&L, under the general management of CC&L.

The Investment Manager operates with the general objective to maximize long-term total returns while protecting the capital value of the fund. The Manager seeks to attain an average rate of return of 3% over the CPI increase for the same period. Secondary objectives are to generate returns in excess of the return of the Benchmark Fund over rolling four-year periods and to perform between the 25th and 50th percentile of investment managers as measured by a nationally recognized service. RBC Investor & Treasury Services was used as the measurement service for this report.

The Brandon University Retirement Plan annual investment performance (12.4%) exceeded the objective of CPI plus 3% (6.8%) for 2023, as did the four-year rolling average ending in 2023. (BU Plan was 7.0 % vs. 6.8%). The Plan exceeded the rolling four-year average benchmark return (BU Plan 7.0% vs. Benchmark 5.3%). Although the top third of managers is not reported by BIA, the BU Plan annual return (12.4%) was higher than the median (11.0%), and the top 25% (12.1%) of balanced fund investment managers in 2023. Although, the BU Plan four year annualized average return (6.4%) was higher than the median (5.8%), it was lower than the top 25% (7.0%) of balanced fund investment managers.

Investment Performance

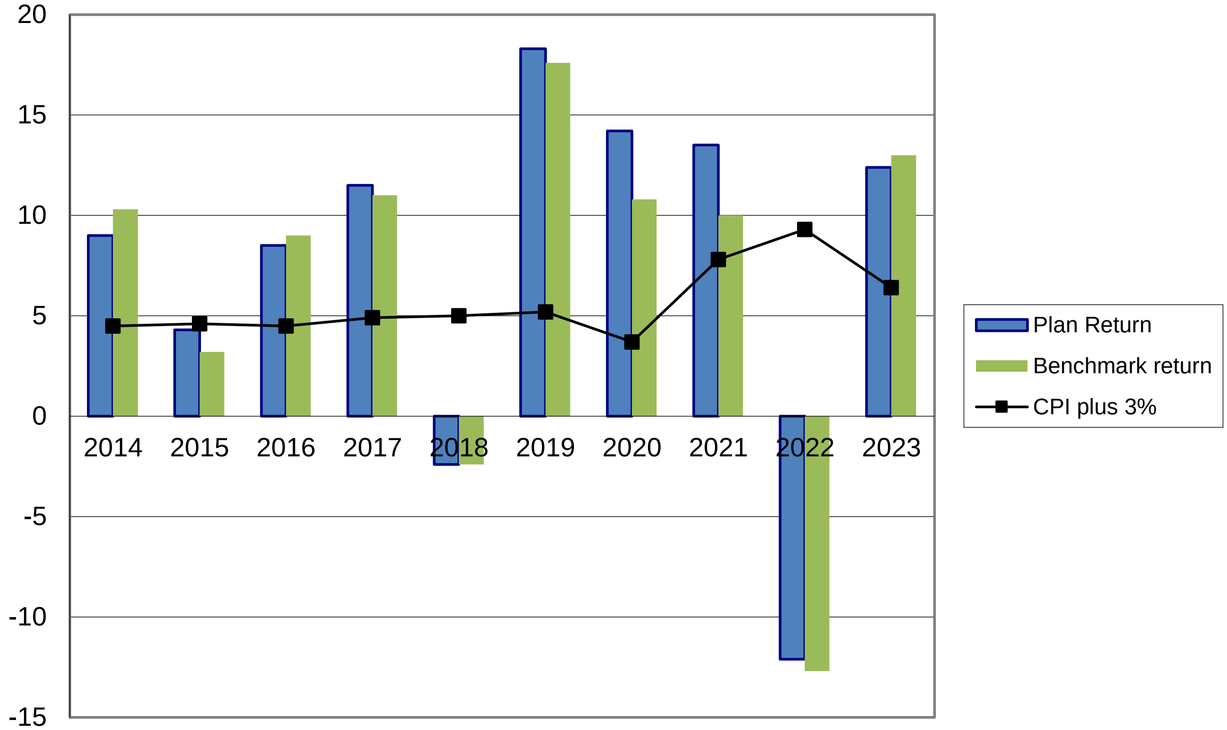
Period Ending December 31	Total Return	Annual Rate of Increase in CPI
2023	12.4%	3.4%
2022	-12.1%	6.3%
2021	13.5%	4.8%
2020	14.2%	0.7%
2019	18.3%	2.2%
Benchmark return for 2023		13.0%
Four year rolling average ending 2023		
Retirement plan performance		7.0%
Benchmark performance		5.3%

BIA Balanced Fund Performance Summary

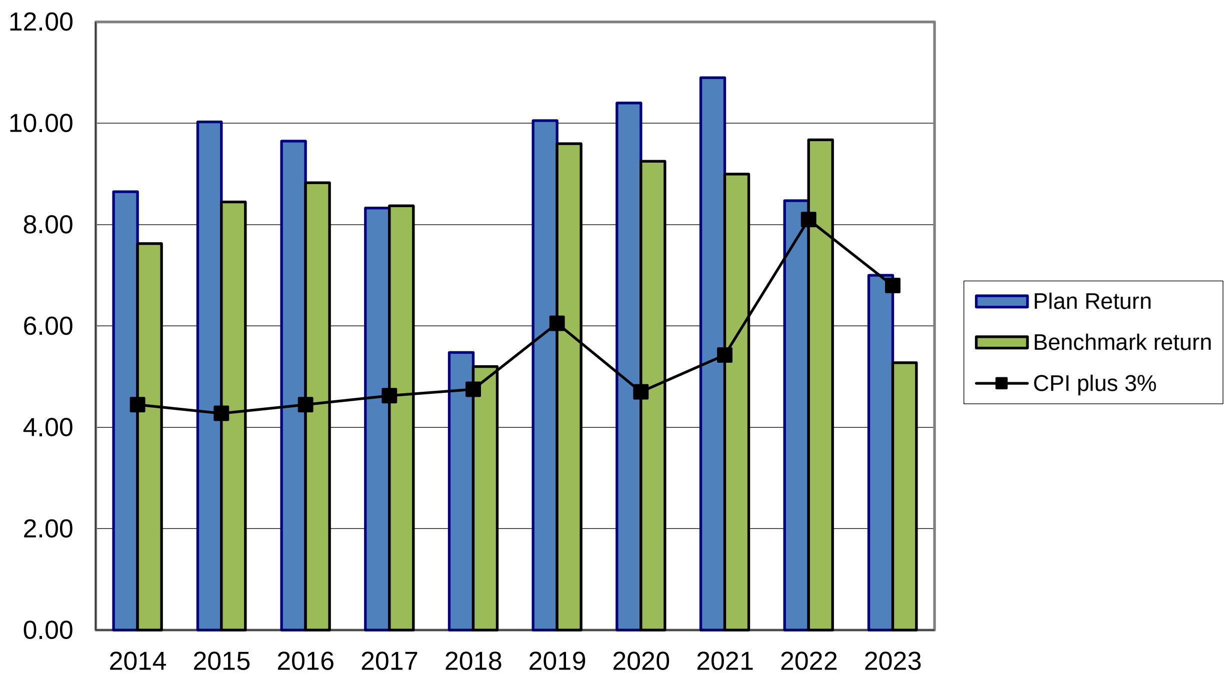
For the Period Ending December 31, 2023

BU Retirement Plan (12 months)	12.4%
Top quartile (12 months)	12.1%
Median (12 months)	11.0%
BU Retirement Plan (4 year annualized)	6.4%
Top quartile (4 year annualized)	7.0%
Median (4 year annualized)	5.8%

Annual Investment Performance



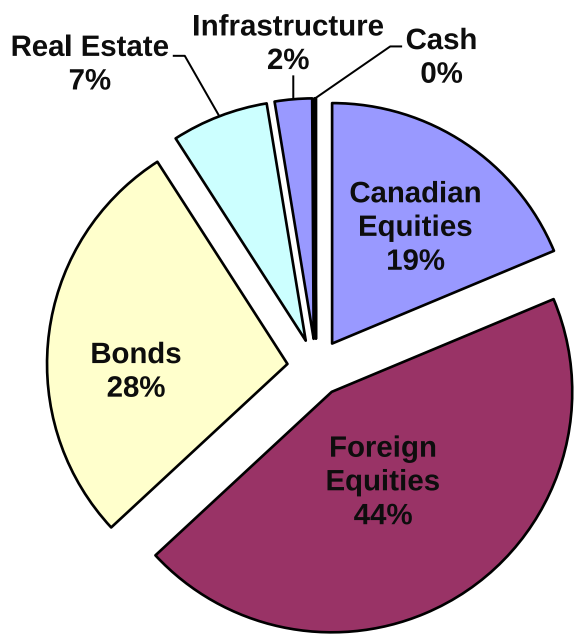
Rolling Four Year Average Investment Returns



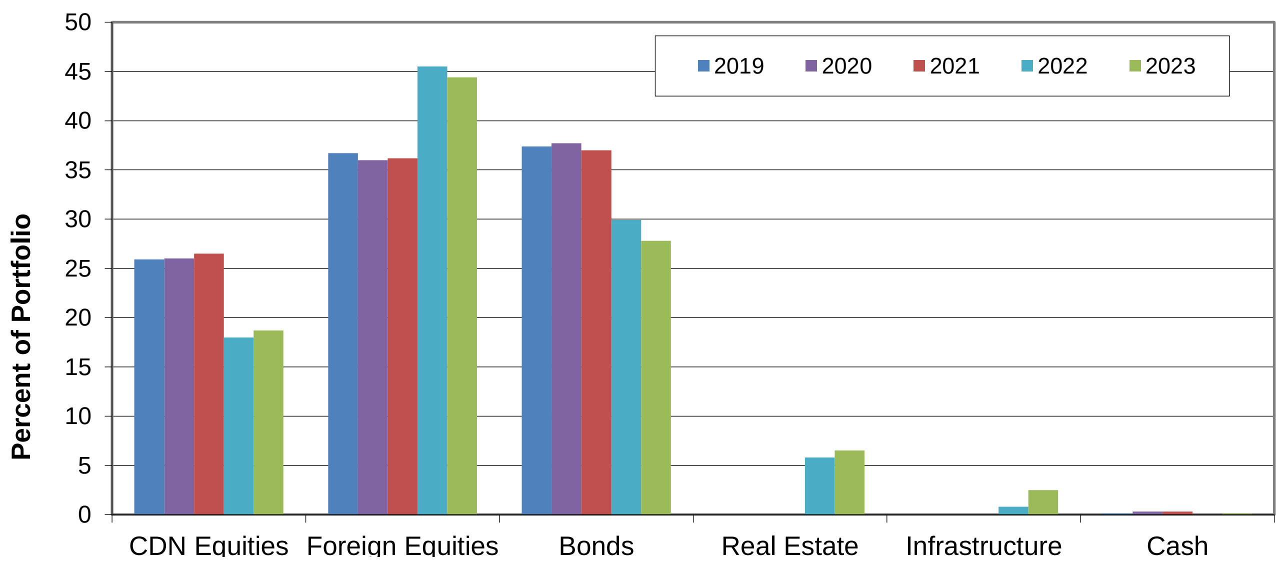
The investment mix of the Brandon University Retirement Plan is established by the Pension Trustees and investment manager. On December 31, 2023 the asset mix and the annual performance in each sector follows:

	% of Portfolio	**12 month Portfolio return**	**12 month Benchmark return**
Canadian Equities	18.7%	11.7%	11.8%
Foreign Equities	44.4%	16.8%	21.4%
Bonds	27.8%	10.1%	9.5%
Real Estate	6.5%	-3.5%	6.5%
Infrastructure	2.5%	10.7%	7.3%
Cash	0.1%	4.9%	4.7%
TOTAL FUND	100.0%	12.4%	13.0%

Fund Asset Mix - December 31, 2023



Asset Mix Trend



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Independent Auditor's Report

To the Board of Trustees of the Brandon University Retirement Plan

Opinion

We have audited the financial statements of Brandon University Retirement Plan (the "Plan"), which comprise the statement of financial position as at December 31, 2023, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2023, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with with Canadian accounting standards for pension plans.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 auditor's 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 these financial statements in accordance with with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants
Brandon, Manitoba
June 15, 2024

June Responsibility for Financial Reporting

The Board of Trustees of the Brandon University Retirement Plan is responsible for the preparation and presentation of the financial statements and the accompanying notes. The Board of Trustees relies upon the accounting and financial systems established by Brandon University. The financial statements are prepared in conformity with the accounting policies noted in the financial statements, and are reviewed and approved by the Board of Trustees of the Brandon University Retirement Plan. An independent financial auditor whose opinion is included herein examines the statements.

To fulfil its responsibility, Brandon University maintains internal control systems to provide reasonable assurance that relevant and reliable financial information is produced.

Original signed by David Taylor

David Taylor
Chair, Board of Trustees
Brandon University Retirement Plan

Original signed by Scott Lamont

Scott J. B. Lamont, FCPA, FCGA, MBA
Vice-President (Administration & Finance)
Brandon University

June 10, 2024

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Financial Position
as at December 31, 2023

	2023	2022
ASSETS		
Accounts receivable	$ 407,274	$ 952,329
Investments (Note 2 b)		
Cash and short-term investments	530,104	788
Bonds and debentures	64,753,039	63,373,581
Canadian equities	43,453,861	38,378,667
Real estate and infrastructure	20,985,295	14,026,118
Foreign equities	103,196,651	96,474,858
	232,918,950	212,254,012
Total Assets	233,326,224	213,206,341
LIABILITIES		
Accounts payable	577,546	296,436
Total Liabilities	577,546	296,436
Net assets available for benefits	**232,748,678**	**212,909,905**
Pension obligations	**226,718,000**	**209,804,000**
Plan surplus (going concern basis)	**$ 6,030,678**	**$ 3,105,905**

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

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Changes in Net Assets Available for Benefits
for the year ended December 31, 2023

	2023	2022
CONTRIBUTIONS		
Members	$ 2,708,149	$ 2,438,583
University	3,436,918	3,250,201
Transfers from other plans	792,618	268,593
	6,937,685	5,957,377
OTHER INCOME		
Investment income		
Interest	3,169,093	2,995,899
Dividends	4,029,786	5,012,626
	7,198,879	8,008,525
Change in fair value		
Realized	5,331,640	5,558,616
Unrealized	13,408,665	(43,675,993)
	18,740,305	(38,117,377)
Other income	590	-
Total Increase (Decrease) in Net Assets	32,877,459	(24,151,475)
PAYMENTS		
Benefit payments		
Retirements	10,783,142	10,202,212
Refunds	817,531	745,593
Deaths	58,571	766,177
	11,659,244	11,713,982
Administrative expenses		
Actuarial and consulting fees	143,814	123,848
Custodian and plan administration fees	281,333	236,176
Legal and audit fees	16,520	9,148
Investment management fees	954,493	832,192
Trustee expenses	303	144
GST rebate	(17,021)	(14,989)
	1,379,442	1,186,519
Total Decrease in Net Assets	13,038,686	12,900,501
Net Increase (Decrease) in Assets Available for Benefits	**19,838,773**	**(37,051,976)**
Net Assets Available For Benefits, beginning of year	**212,909,905**	**249,961,881**
Net Assets Available For Benefits, end of year	**$ 232,748,678**	**$ 212,909,905**

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

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Changes in Pension Obligations
for the year ended December 31, 2023

	2023	2022
Amendments to the Plan	$ 9,872,000	$ -
Interest accrued on benefits	11,419,000	11,013,000
Transfers	793,000	269,000
Benefits accrued	6,489,000	5,799,000
Benefits paid	(11,659,000)	(11,714,000)
Experience (gain)/loss	-	55,000
Changes in actuarial assumptions	-	1,317,000
Net Change in Pension Obligations	**16,914,000**	**6,739,000**
Pension Obligations, beginning of the year	**209,804,000**	**203,065,000**
Pension Obligations, end of year	**$ 226,718,000**	**$ 209,804,000**

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

1. Description of the Plan

The following description of the Brandon University Retirement Plan (the "Plan") is only a summary. More complete information is contained in the official Plan document.

a) General

The Brandon University Retirement Plan is a final average contributory defined benefit pension plan established April 1, 1974 for the benefit of the employees of Brandon University. The assets of the Plan are held in trust in the name of ten Trustees - eight elected by and from the Plan membership and two appointed by the Board of Governors. The Trustees oversee the administration of the Plan and set forth the investment guidelines. Their obligations and responsibilities are defined in a trust agreement with Brandon University. An asset manager invests the Plan assets based on the approved investment guidelines and according to the terms of the Managed Account Agreement. The Plan is registered with the Pension Commission of Manitoba and meets the requirements of the Pension Benefits Act of Manitoba and the Income Tax Act (Canada) and as such is not subject to income taxes on contributions or investment income received.

b) Membership

Unless otherwise stated, all Brandon University employees are eligible to become members of the Plan on their date of employment. Full-time and certain part-time employees are required to join the Plan. Membership is optional for other part-time and certain specified employees.

c) Funding

The Plan receives its funds from:

i) The contributions of members - Members of the University are each required to contribute at the rate of 8.0% of salary up to the Year's Basic Earnings (YBE), 6.2% between the YBE and the Year's Maximum Pensionable Earnings (YMPE) and 8.0% in excess of the YMPE. Members contribute only on the amount earned up to the Year's Maximum Contributory Earnings (YMCE). Effective April 1, 2024, Members contributions will be 8.0% of the member's basic salary, up to the YMCE. The YMCE will be adjusted each year to the level that coincides with the maximum pension benefit for that year.
ii) The required and special contributions of the University - The University is required to contribute at the rate of 8.0% of salary in excess of the YMPE with no salary limitations applied, plus any special payments for the unfunded liability required under the Pension Benefits Act of Manitoba. There was no annual special payment for 2023 or 2022.
iii) The income from investments.

An actuarial valuation is performed at least once every three years to determine the adequacy of the funding for pension benefits (see note 2g).

1. Description of the Plan (continued)

d) Plan Benefits

The Plan provides for the payment of benefits to a member upon retirement, death, or termination of employment with Brandon University.

At retirement, the member is entitled to an annual pension equal to 2% of final average earnings multiplied by the member's years of credited service less 0.6% of CPP average earnings multiplied by the member's years of service since January 1, 1990. Final average earnings are the average of the best 5 years earnings in the last 12 years prior to retirement. CPP average earnings are the member's average earnings up to the YMPE in the 5 years prior to retirement. Full benefits are payable (a) upon normal retirement; (b) upon early retirement for members who qualify. Reduced benefits are provided to members who retire early and do not qualify for full benefits.

Pensions are increased automatically on July 1 of each year by the amount the net four-year geometric average investment return on the fund, as determined by the actuary, exceeds 6.0% per annum, subject to a maximum increase of CPI for the previous year.

Death and termination benefits are based on the value of the member's pension as determined by the Plan Administrator at the time of death or termination of employment. The options available to beneficiaries and terminating members are outlined in the official Plan document.

2. Significant Accounting Policies

a) General

The Brandon University Retirement Plan prepares its financial statements in accordance with Canadian accounting standards for pension plans. The Plan has adopted Part II (Private Enterprises) accounting standards for all accounting policies that do not relate to the valuation of the investment portfolio or pension obligations.

b) Financial Instruments

The financial instruments of the Plan consist of accounts receivable, investments, and accounts payable. The Plan recognizes and derecognizes all financial assets and liabilities in accordance with Financial Instruments, Section 3856, of Part II of the CPA Canada Handbook.

Initially, all financial assets and liabilities are recorded at fair value on the Statement of Financial Position. Subsequent measurement is determined by the classification of each financial asset and liability. Investments assets and liabilities are measured at fair value based on International Financial Reporting Standards (IFRS 13) with the change in fair value recognized in the Statement of Changes in Net Assets Available for Benefits. Financial instruments classified as accounts receivable and accounts payable are measured at amortized cost using the effective interest method.

Investments are recorded at fair value on a trade date basis.

2. Significant Accounting Policies (continued)

b) Financial Instruments (continued)

Fair values of investments (including the underlying assets of investments held in pooled funds) are determined as follows:

Fixed Income:
Short-term investments are recorded at cost which approximates market value. Bonds and debentures are valued at market by an independent securities valuation company.

Equity:
Publicly traded securities are recorded at year end market prices.

Real Estate and Infrastructure:
Real estate investments are carried at amounts which are based on their appraised value. The appraisals are in accordance with generally accepted appraisal practices and procedures, based mainly on the discounted cash flows. Property valuations are generally determined using models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.
Investments in limited partnerships are based on net asset or partnership unit values obtained from the fund's managers and are reviewed by management.
The Plan holds units in infrastructure investments which are not publicly traded. Investment values are calculated from financial statements which include fair values based on periodic, independent appraisals of the underlying assets.
The Plan's calculation of the fair value of these investments are based on the units it holds multiplied by the value per unit as reported in the audited financial statements of the investments.
The investments are held in trust by the corporate trustee, CIBC Mellon.

c) Investment Income

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

d) Foreign Currency Translation

The fair value of investments denominated in foreign currencies is translated into Canadian dollars at the exchange rate in effect at year end and the resulting change is included in the change in fair value of investments. Revenue and expense transactions are translated at the exchange rates prevailing on the dates of the transactions and are included in investment income or the change in fair value of investments (realized gains or losses) at the translated amounts.

e) Contributions

Contributions from the members and the University are recorded on an accrual basis. Cash received from members as transfers from other pension plans is recorded when received.

2. Significant Accounting Policies (continued)

f) Use of Estimates

Preparation of the financial statements requires management to make estimates and assumptions that primarily affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of changes in net assets available during the year. Actual results could differ from these estimates.

g) Pension Obligations

The pension obligations of the Brandon University Retirement Plan are the actuarial present value of accrued pension benefits determined by applying the best estimate assumptions and the projected benefit method prorated on services.

3. Financial Risk Management

Management of investments is governed by the managed account agreement between the Brandon University Retirement Plan and Connor, Clark & Lunn Management Ltd. The investment management objective of the Plan is to maximize the long-term total return while protecting the capital value of the fund from major market fluctuations through prudent management of asset allocation and prudent selection of investments. The investment manager is to maintain current purchasing power of monies placed in the Portfolio plus a real incremental return of 2% to 4% over rolling four-year periods. On a longer-term basis, the returns should equal or better the discount rate used in the Retirement Plan valuation, net of fees, over rolling four-year periods.

There have been no substantive changes in the Plan's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous period unless otherwise stated in this note.

a) Market Risk

Market risk is the risk the value of an investment will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to an individual investment or volatility in interest rates, foreign currencies or other factors affecting similar securities traded in the market.

3. Financial Risk Management (continued)

a) Market Risk (continued)

The Plan's cash and investments, including investments denominated in foreign currencies, are reported in Canadian dollars as follows:

	(in thousands of dollars)			
	2023		**2022**	
Canadian cash and short-term investments	$ 530	0.2 %	$ 1	- %
Canadian bonds	64,753	27.8 %	63,373	29.9 %
Canadian equities	43,454	18.7 %	38,379	18.1 %
Real estate and infrastructure	20,985	9.0 %	14,026	6.6 %
	129,722	55.7 %	115,779	54.6 %
US equities	42,912	18.4 %	49,268	23.2 %
Non-North American equities	60,285	25.9 %	47,207	22.2 %
	$ 232,919	100.0 %	$ 212,254	100.0 %

i) Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The value of the Plan's fixed income investments is directly affected by changes in nominal and real interest rates. There are guidelines in the managed account agreement for the fixed income investment portfolio related to permitted investments, diversification, and quality, and duration management which are designed to mitigate the risks of interest rate volatility.

Duration is the most common measure used to quantify the impact of changes in bond prices due to change in interest rates. Using this measure it is estimated that a one percent increase or decrease in interest rates, with all other variables held constant, would result in a change in fair value on Canadian bonds of 14.8% or $9,580,300 (2022 - 14.67% or $9,229,604).

The term to maturity and the related market values of bonds and debentures are as follows:

	(in thousands of dollars)	
	2023	**2022**
Term to Maturity		
Less than one year	$ 1,416	$ 511
One to five years	4,322	4,013
Five to ten years	10,241	6,267
Over ten years	48,774	52,582
Total bonds and debentures	$ 64,753	$ 63,373

ii) Currency risk is the risk that the value of non-Canadian investments measured in Canadian dollars will fluctuate due to changes in foreign exchange rates primarily related to foreign equity holdings. In some instances, forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency. Forward foreign exchange contracts are contractual agreements that establish an agreed upon exchange rate at a settlement date in the future for the purpose of protecting future cash flows from adverse price movements. No derivatives were used in the year.

3. **Financial Risk Management (continued)**

a) **Market Risk (continued)**

A 10 percent increase or decrease in exchange rates, with all other variables held constant, would result in a change to the fair value of investments of $10,319,665 (2022 - $9,647,444). Generally when there is a 10% strengthening (weakening) of the Canadian dollar versus the corresponding currency, there would be a 10% decrease (increase) in the value of the corresponding country's portion of the portfolio from this currency movement.

iii) Other price risk is the risk that the fair value or future cash flows from portfolio holdings fluctuate because of changes generally, in market prices, other than those arising from interest rate risk or currency risk or as a result of a deterioration in the outlook for a specific issuer. To manage its price risk arising from investments in equity securities, by policy, the portfolio is well diversified. The managed account agreement sets out the limits of investments in any one security as well as concentration within market sectors.

Taking into consideration the investment and risk philosophy of the Portfolio, a long-term asset mix has been established. However, since real estate and infrastructure are less liquid asset classes and will take some time to reach the target allocation, the following interim asset allocation will be adopted until the Investment Manager's initial infrastructure and real estate commitments are fully vested:

Assets	**Minimum %**	**Benchmark %**	**Maximum %**
Equity	**35.0**	**65.0**	**75.0**
Canadian Equity		20.0	
International Equity		18.5	
U.S. Equity		18.5	
Emerging Markets Equity		8.0	
Fixed Income	**25.0**	**35.0**	**45.0**
Long Bonds		35.0	
Cash	**0.0**	**0.0**	**5.0**
Real Estate	**0.0**	**0.0**	**20.0**
Infrastructure	**0.0**	**0.0**	**20.0**

Total exposure to equities is to be no less than 35% of the Pension Fund and no more than 75% of the Pension Fund. The Plan's investments in equities, real estate and infrastructure including pooled funds are sensitive to market fluctuations. An immediate change of 10% in market values will impact the Plan's net assets by approximately $16,763,581 (2022 - $14,887,964)

b) **Liquidity Risk**

Liquidity risk is the risk that the Plan will encounter difficulty in having available sufficient funds to meet its commitments as they come due. It is the Pension Plan’s policy to ensure that it will have sufficient cash and short-term investments to allow it to meet its liabilities when they come due.

The Plan's investment in bonds and equities are invested primarily in funds with underlying securities that are traded in an active market and can be readily disposed of as liquidity needs arise, assuming orderly markets.

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

3. Financial Risk Management (continued)

c) Credit Risk

Credit risk arises from the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Credit risk is the risk the issuer of the debt security or a counter party to a derivative contract is unable to meet its financial obligation. Credit risk encompasses the risk of a deterioration of credit worthiness and concentration risk. The Plan limits credit risk through a managed account agreement with its investment manager that details the specific quality and concentration constraints.

At December 31, 2023, the Plan's maximum credit risk exposure related to cash and short-term investments and bonds and debentures is $65,283,143 (2022 - $63,374,369), and accounts receivable is $407,274 (2022 - $952,329). The Plan limits credit risk by acquiring high quality securities and following the managed account agreement. The managed account agreement establishes limits for ownership of investments and acceptable credit ratings. In the case of bonds and debentures, all must be rated BBB or higher.

The breakdown of the fixed income investment portfolio by credit rating from various rating agencies are as follows:

	(in thousands of dollars)			
	2023		**2022**	
Bonds and debentures investments				
Credit Rating				
AAA	$ 8,846	13.6 %	$ 5,072	8.0 %
AA	29,341	45.3 %	23,176	36.6 %
A	12,208	18.9 %	12,600	19.9 %
BBB	14,358	22.2 %	22,525	35.5 %
	64,753	100.0 %	63,373	100.0 %
Cash and short-term investments	-		-	
	$ 64,753		$ 63,373	

4. Capital Management

The capital of the Brandon University Retirement Plan is comprised of the net assets available for benefits. The combined assets of the Plan are held in the name of the Trustees of the Plan as described in Note 1 a).

The Trustees, as the administrators of the Plan, on behalf of Brandon University, have developed appropriate risk management strategies, as described in Note 3, to preserve the net assets available for benefits. In accordance with the provisions of The Pension Benefits Act of the Province of Manitoba and the provisions of the Income Tax Act (Canada) a Statement of Investment Policies and Procedures (SIPP) has been established. The SIPP states the investment objectives and investment guidelines by class of investment. The objective when managing capital is to maximize the long-term total return through prudent selection of investments in compliance with the investment rules under the respective federal and provincial Pension Benefits Acts.

There have been no significant changes to the University's capital management objectives, policies and processes in the year nor have there been any changes in what the Trustees consider to be the Plan's capital. The Pension Plan has complied with externally imposed capital requirements during the year.

5. Fair Value Measurement

Fair value is defined as 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.

Fair value measurements are based on the assumptions that market participants would use when pricing the item being measured under current market conditions, including assumptions about risk.

The Plan uses a fair value hierarchy under which the inputs to valuations techniques used to measure fair value are categorized into three levels. They are as follows:

Level 1: Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities the Plan can access at the measurement date.

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (prices) or indirectly (derived from prices).

Level 3: Inputs are unobservable inputs for the asset or liability.

(in thousands of dollars)

				2023				2022
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash	$ -	$ 230	$ -	$ 230	$ -	$ 1	$ -	$ 1
Short-term investments	-	300	-	300	-	-	-	-
Bonds and debentures	-	64,753	-	64,753	-	63,373	-	63,373
Real estate and infrastructure	-	-	20,985	20,985	-	-	14,026	14,026
Canadian equities	14,432	29,022	-	43,454	12,705	25,674	-	38,379
Foreign equities	42,192	61,005	-	103,197	40,499	55,976	-	96,475
	$ 56,624	$ 155,310	$ 20,985	$ 232,919	$ 53,204	$ 145,024	$ 14,026	$ 212,254

The following is a reconciliation of Level 3 fair value investments:

(in thousands of dollars)

	2023	2022
Balance, beginning of the year	14,026	-
Purchases and reinvested distribution	7,730	13,679
Unrealized gain (loss)	(771)	347
Balance, end of the year	20,985	14,026

BRANDON UNIVERSITY RETIREMENT PLAN

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6. Investments

Section 3.29 of the Pension Benefits Act Regulations requires disclosure of each investment that has a fair value greater than 2% of the fair value of all investments. The investments, including pooled funds, are as follows:

		2023		2022
Bonds and debentures:				
Connor, Clark & Lunn Long Bond Fund Class A	$	64,753,039	$	63,373,581
Canadian equities:				
Connor, Clark & Lunn Q Equity Extension I	$	14,634,385	$	12,787,859
PCJ Canadian Equity Fund	$	14,432,343	$	12,705,093
Scheer Rowlett & Associates Canadian Equity Fund	$	14,387,133	$	12,885,715
US equities:				
Connor, Clark & Lunn Q US Equity Extention Fund A	$	42,911,752	$	39,012,737
Non-North American equities:				
NS Partners Int'l Equity Fund A	$	42,191,637	$	40,499,170
Connor, Clark & Lunn Emerging Markets Equity	$	18,093,263	$	16,962,951
Real Estate and Infrastructure:				
Connor, Clark & Lunn Crestpt Ins Real Es 1150	$	15,235,816	$	12,357,989
Connor, Clark & Lunn Inst Infr Fund	$	5,749,480	$	674,557
Connor, Clark & Lunn Inst Infr Holding	$	-	$	993,572

7. Actuarial Valuation

The actuarial present value of accrued pension benefits was determined using the accrued benefit method prorated on service and using assumptions recommended by the actuary and approved by the Trustees. An actuarial valuation was prepared as at December 31, 2022 by Eckler Ltd., a firm of consulting actuaries. Those results provide the present value of accrued pension benefits as at December 31, 2022 and accruing cost in 2023. A second actuarial valuation was prepared at December 31, 2022 and extrapolated to December 31, 2023 to determine the present value of accrued pension benefits as at December 31, 2023.

7. Actuarial Valuation (continued)

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuations were:

	December 31, 2022
Rate of return on investments	5.50 % p.a.
Rate of general wage increase	4.50 % p.a. for 2023, 3.00 % p.a. thereafter
Average rate of salary increase	4.50 % p.a. for 2023, 3.00 % p.a. thereafter for increases in general wage growth, plus a merit and promotion component*, if applicable
Post retirement cost of living increase	1.00 % p.a.
Mortality rate	Club Vita Canada's 2021 VitaCurves with generational mortality improvements using CPM scale B (CPM-B)

*Salaries are assumed to increase in accordance with general wage increases in Canada at the rate of 4.5% per year for 2023, and 3.0% per year thereafter for all members. Salaries for Division #1 plan members are assumed to increase by an additional merit and promotion component in accordance with the following table:

Age	Average Annual Increase over next 5 years	Average Annual Increase to age 65
30	3.3%	2.3%
35	2.8%	2.2%
40	2.5%	2.0%
45	2.2%	1.9%
50	2.0%	1.8%
55	1.8%	1.7%
60	1.7%	1.7%

Schedule rate increases according to collective bargaining agreements have been reflected in the valuation in place of assumed wage inflation, where applicable.

The actuarial value of net assets available for pension benefits has been determined reflecting long-term market trends (consistent with the assumptions underlying the valuation of accrued pension benefits). The valuation is based on a four year moving average market method with the market value being the underlying basis. The market value is adjusted by amortizing over a four year period the differences in each year between the fund's actual return and the long term expected return applicable for that year. The long term expected returns on plan assets for the smoothing period was 5.30% in 2020, 5.25% in 2021, 5.50% in 2022, and 5.50% in 2023. However, the excess of the actuarial value over the market value, positive or negative, is limited to 10%.

7. Actuarial Valuation (continued)

The actuarial value of net assets as at December 31 were:

	2023	2022
Market value of net assets available for pension benefits	$ 232,749,000	$ 212,910,000
Market value of changes not reflected in the actuarial value of net assets	8,397,000	20,916,000
Actuarial value of net assets available for pension benefits **before** limit	$ 241,146,000	$ 233,826,000
Actuarial value as a percentage of market value	103.61 %	109.82 %
Actuarial value of net assets available for pension benefits **after** limit	$ 241,146,000	$ 233,826,000
Actuarial value as a percentage of market value	103.61 %	109.82 %

The next required valuation of the Plan will be as at December 31, 2025 and will be completed in 2026.

8. Election for Exemption from Special Payments

The Brandon University Retirement Plan is subject to the Manitoba Pension Benefits Act and Regulations. The University Pension Plans Exemption Regulation 141/2007 allowed the University to make an election to be exempt from solvency and transfer deficiency payments. "2(1) An employer in relation to a university plan may, by filing a written election with the plan administrator, elect to be exempt from the solvency and transfer deficiency provisions."

On January 19, 2009 the University filed such an election. With the exemption, the Plan will continue to be subject to the going-concern funding provisions of the Act.

9. Going-Concern Deficit Funding

An actuarial valuation performed by the Plan's actuary, Eckler Ltd., to determine the Plan's funding status as required by the Pension Benefits Act of Manitoba, was prepared as at December 31, 2022 and was filed with the Manitoba's Office of the Superintendent - Pension Commission in 2023.

The actuarial valuation indicates an actuarial surplus of $24,022,000 as at December 31, 2022 using the accrued benefit method. The valuation is based on actuarial assumptions with regard to demographics, rate of return on investments and salary increases to compare the Plan's actuarial assets with its actuarial liabilities.

The University is required to fund the matching contributions, as well as the actuarial cost of the defined benefits in excess of the matching costs. Any funding deficit is required to be funded over a maximum period of 15 years. There were no annual special payments required in 2023 (2022 - nil). The next actuarial valuation of the Plan is required as at December 31, 2025 and will be completed during 2026.

10. Contributed Services

Brandon University provides staff and miscellaneous administrative services at no charge to the Plan. The cost of these services is not reflected in the Financial Statements.