



Our Vision

A professional, sustainable pension plan, designed for the future of our members.

Our Mission & Purpose

To deliver to our plan members their pension entitlements.

We do this by

Acting **collaboratively** with each other, with employers and with the plan sponsor, constantly seeking **member-focussed outcomes**

Prudently investing and monitoring plan assets

Delivering **timely, accurate information** to members, allowing them to make educated, informed decisions

Fostering a working environment that attracts & retains **motivated, talented people**

Our Values

In our relationships, decisions, words and actions, we are guided by the following values:

Staying resolutely **member-focussed**; always seeking the **best outcomes** for our members

Acting with **integrity, professionalism** and **excellence**;

Ensuring **transparency** and **accountability** to our members and other stakeholders;

Pursuing and rewarding **innovation**, in the interests of best outcomes;

Modelling and fostering **collaboration** and **respectful action** as the means of pursuing best member outcomes.

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Cover photo - flowering lily, Winnipeg MB



MINISTER
RESPONSIBLE FOR THE MANITOBA PUBLIC SERVICE

Room 343
Legislative Building
Winnipeg, Manitoba R3C 0V8
CANADA

June 8, 2023

The Honourable Anita R. Neville, P.C., O.M.
Lieutenant Governor of Manitoba
Room 235 Legislative Building
Winnipeg MB R3C 0V8

May It Please Your Honour:

As Minister Responsible, I have the privilege of presenting for the information of Your Honour, the 84th Annual Report of The Manitoba Civil Service Superannuation Board for the calendar year ended December 31, 2022.

Respectfully submitted,

Honourable James Teitsma
Minister of Consumer Protection and Government Services,
Minister Responsible for
The Civil Service Superannuation Act



1200-444 St. Mary Avenue
Winnipeg, Manitoba, Canada R3C 3T1
Phone: (204) 946-3200 | Fax: (204) 945-0237
Canada Toll Free: 1-800-432-5134

June 7, 2023

Honourable James Teitsma
Minister of Consumer Protection and Government Services,
Minister Responsible for The Civil Service Superannuation Act

Sir:

In conformity with the provisions of The Civil Service Superannuation Act, I am pleased to forward to you, the Minister Responsible for The Civil Service Superannuation Act, the 84th Annual Report of The Civil Service Superannuation Board.

This report covers the period January 1, 2022 to December 31, 2022 and includes a review of the Board's activities for that period as well as the Report of the Office of the Auditor General and attached audited financial statements for that period.

Respectfully submitted,

Carmele Peter, Chair
The Civil Service Superannuation Board

BOARD AND STANDING COMMITTEE MEMBERS

THE CIVIL SERVICE SUPERANNUATION BOARD

Chair

Carmelee Peter
President
Exchange Income Corporation

Employee Representatives

Jody Gillis
Civil Service Representative
Red River College Polytechnic

Doug Troke
Civil Service Representative
Manitoba Government and General Employees' Union

Samantha Probetts
Civil Service Representative
Manitoba Government and General Employees' Union

C. Reed Winstone
Manitoba Hydro Representative
Retired, Manitoba Hydro-Electric Board

Employer Representatives

JoAnne Reinsch

Randal T Smith, QC

Scott Wilson

Lynn Zapshala-Kelln

FINANCE AND AUDIT COMMITTEE

Chair

Doug Troke - Employee Representative

Scott Wilson - Employer Representative
Lynn Zapshala-Kelln - Employer Representative
Samantha Probetts - Employee Representative

HR AND GOVERNANCE COMMITTEE

Chair

C. Reed Winstone - Employee Representative

JoAnne Reinsch - Employer Representative
Randal Smith - Employer Representative
Jody Gillis - Employee Representative

INVESTMENT COMMITTEE

Chair

Elizabeth Marr, CFA *
Retired, Vice President and Director, Institutional Relationships
TD Asset Management

A. Scott Penman *
Retired, Executive Vice-President and
Chief Investment Officer
Investors Group Inc.

Brian Allison *
Executive Vice-President, Chief Investment Officer
The Canada Life Assurance Company

Richard Brownscombe *
President
Montrose Mortgage Corporation Ltd.

Sil Komlodi ^
Deputy Minister of Finance
Province of Manitoba

C. Reed Winstone ^
Civil Service Representative

Carmelee Peter ^
Chair
The Civil Service Superannuation Board

Bruce Schroeder ^
General Manager
The Civil Service Superannuation Board

The Investment Committee also manages the assets of the Manitoba Hydro Employer Fund and three Centra Gas portfolios. Manitoba Hydro appointed the following person as their representative to those committees in conjunction with the above members.

Susan Stephen
Treasurer
Manitoba Hydro-Electric Board

* Appointed based on investment expertise
^ Required by legislation

THE CIVIL SERVICE SUPERANNUATION BOARD

The Board has the fiduciary responsibility for the administration of the Plan and management of the investment funds in the best interest of all Plan members and beneficiaries. It is also responsible for:

- Ensure that staff fulfil the investment and administrative obligations set out in the *Civil Service Superannuation Act* and comply with the requirements of both the *Pension Benefits Act* of Manitoba and the *Income Tax Act*
- Delegate the day-to-day management to the general manager and staff
- Provide overall direction and approval of policy items

Eight Board members and a Board Chair carry out these duties. Four of the eight members are selected by the Superannuation and Insurance Liaison Committee, and five members including the Chair are appointed by the Government of Manitoba. The Board meets 5 times per year. As the Plan trustee, the Board is required to:

- Manage The Civil Service Superannuation Fund (Fund) in accordance with the rules of the Plan, governing legislation, and common law in the interest of Plan members and their beneficiaries
- Obtain an actuarial valuation every three years
- Regularly review its investment policy
- Obtain an independent audit each year
- Prepare an annual report

The Board and subcommittees regularly receive management certified compliance reports and informational material to assist with oversight requirements. In addition, the Board reviews and formally approves the minutes of all subcommittee meetings.

The day-to-day management of investment assets and delivery of pension and insurance benefits is accomplished by a dedicated and diverse team consisting of approximately 50 staff members.

CSSB MANAGEMENT TEAM

Hans Berger
Director, Management Information Systems

Bruce Schroeder
General Manager

Peter Josephson, CFA
Chief Investment Officer

Erin Polcyn Sailer
Director, Communications and Client Services

Ellement Consulting Group
Consulting Actuary

Dawn Prokopowich
Director, Client Services Administration

Fillmore Riley
Legal Counsel

Rick Wilson
Director, Finance and Investment Communications
& Management Services

Office of the Auditor General
Auditor

YOUR PENSION PLAN

Your Plan is a defined benefit plan, which means that your pension is based on a formula that provides pension, disability, death and termination benefits for all eligible members. The formula is based on your years of service and average salary. While some employers prefund their share of pension benefits, others fund their share when those pension benefits are paid.

The amount of pension a member will receive is not directly related to investment returns. Good investment returns are necessary to secure the Fund's ability to continue to meet its current and future obligations to pay benefits.

A member may be eligible to retire as early as age 55. Unless the person is age 60 or older with 10 years of service, or has achieved the Rule of 80 (age plus service), there is a reduction for early retirement. Members who reach age 65 will receive an unreduced pension.

All employees who are employed full time are required to join the Plan. Seasonal and part-time employees are required to join after meeting an earnings test (when they have earned 25% of the Yearly Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan in each of two successive calendar years).

HIGHLIGHTS

	2022 (*)	2021 (*)
Rate of Return on Investments	(5.63)	11.03%
Investments at Market Value	7,611,051	8,403,574
Net Investment Income	209,895	205,535 ₁
Current Period Change in Fair Value of Investments	(708,294)	626,372 ₁
Employee Contributions	163,263	152,766
Employer Payments	306,598	370,893
The Province of Manitoba Unfunded Pension Liability Trust Account	2,183,533	2,416,746
Pension Payments	614,115	586,587
Refunds and Transfers	55,826	232,365
General Expenses - Net	3,137	3,011

Financial

₁ These numbers have been restated from 2021 due to a change in reporting

* \$Thousands unless otherwise noted

	2022	2021
Non-Retired Members	30,572	30,201
Retired Members and Other Recipients	24,680	23,821
Total Members	55,252	54,022

Membership

Other Plans Under Administration

Money Purchase Accounts Plan	3,332	3,211
Centra Gas [^]	721	736
Winnipeg Child and Family Services [^]	203	221
MLAs [^]	83	86
Legislative Assembly Pension Plan [^]	124	122
Total Membership (all Plans)	59,529	58,398

[^] Active and Retired

Welcome to the 2022 CSSB Annual Report, an overview of the organization's activities, Fund performance, and audited financial statements for the fiscal year beginning January 1 and ending December 31.

2022 marked my first year as Board Chair though I am not new to the CSSB. I served on the Board from 1995 to 2011 and remember the impressive dedication of the Board and CSSB staff. I was honoured to be asked to Chair the Board given the importance of the CSSB and its broad impact on the financial lives of its 54,000 members. Employees are one of the most important assets of organizations so the role of safeguarding their pension plan and ensuring good stewardship is a responsibility I embrace and share equally with the Board.

The Board welcomed many new faces in 2022, including Samantha Probetts, Randal Smith, Scott Wilson, and Joanne Reinsch but also had many of the seasoned Board members remain, providing a great balance between new talent and perspective and continuity and institutional knowledge. The Board has a wide-ranging wealth of experience and diverse backgrounds, which together with a seasoned CSSB management team serves the plan well.

In 2022, the CSSB resumed in-office operations, allowing the organization to expand service offerings to its members. The CSSB also successfully completed two major projects: dispersing the 2018 insurance fund to eligible members and recalculating pensions for Manitoba government employees who received retroactive salary adjustments spanning three years. CSSB staff approached these large administrative undertakings with characteristic diligence and thoroughness.

There were many formidable economic and political challenges in 2022, including the Russia-Ukraine war and high inflation. These factors negatively impacted returns worldwide, including those of the Fund, which recorded a return of (5.63)%. While obviously disappointing, market volatility is a reality of investing, and we look to better performance in the coming year, which certainly has been the case in the first quarter of 2023.

Looking forward, we are in the first phase of redeveloping Online Services, our secure member portal. Upgrading this technology will give members more options for personalization and a more streamlined, user-friendly experience. The CSSB is also currently conducting a broad member survey and will use insights from this research to improve services.

As I close my reflections on this year, I want to express my gratitude to my fellow board members for their hard work, insight, and contributions to the success of the Fund. There is an inherent legacy to pension work as the outcomes of our decisions extend decades into the future. As stewards entrusted with ensuring the plan's sustainability, they approach the task with an admirable sense of ownership and duty.

On behalf of the Board, I would like to thank Bruce Schroeder, general manager, for his steady hand. To the senior leadership team and staff, I remain ever impressed by your deep knowledge of the plan, its associated legislation, and meticulous administration of this important asset.

With its depth of talent, commitment to service, and impressive results, the CSSB easily stands shoulder to shoulder with some of the largest plans in the country. It's my privilege to champion the CSSB and to work with the team who dedicate their professional lives to ensuring it thrives now and into the future.



MESSAGE FROM THE GENERAL MANAGER

BRUCE SCHROEDER

Over the last few years, we have reported on COVID-19 and how the pandemic changed the delivery of pension services. In 2022, I'm relieved to say we reopened our doors and welcomed both staff and members back to the office.

Employees returned full-time in April 2022, but it wasn't business as usual. Working in person gave our team a chance to reconnect after years of (mostly) remote work. Staff found planned and unplanned meetings sparked new ideas for improving efficiencies and services.

For our members, we began offering in-person meetings and continued offering phone and virtual options. We also added in-person seminars and continued offering our live online pre-retirement webinars. These choices give members the flexibility to learn about their pension in a way that is most comfortable for them.

In 2022, in addition to returning to the office and expanding service options for our members, the CSSB delivered on two large projects and one smaller but noteworthy one.

First, the employee liaison and employer advisory committees agreed on the best use of the 2018 insurance fund surplus: putting it in members' pockets. After checking member eligibility, the CSSB distributed the surplus to employers in May 2022. Employers then distributed funds to members throughout the year.

Second, the CSSB updated accounts and recalculated pensions for Manitoba government employees who received three years of retroactive salary adjustments. We invested in automating this process; however, many accounts had to be manually checked and revised. Despite this, we updated the information for several thousand pensioners within months so they could quickly receive their increased pension payments.

A smaller win that had a big impact on our members living abroad was finding a new and better way of ensuring those pensioners get paid on time. Historically, members living outside Canada (with no Canadian bank account) could only receive their payments by cheque. After investigating a better process, pensioners living overseas now receive their payments through direct deposit to their local bank in the local currency.

Staff at the CSSB make it possible to continue improving services for our members. As I look back on the year, I want to thank our dedicated team for their ingenuity and hard work.

I would like to express my thanks to Patti Malbasa and Dale Allen. Patti and Dale, long-serving members of the CSSB leadership team, both retired in 2022. Over the years, they have shown exceptional professionalism, a strong work ethic, and a commitment to excellence. On behalf of the CSSB, we extend our best wishes for a retirement filled with joy and good health.

Throughout 2022, our Board of Directors supported our efforts and provided guidance. To our continuing board members, thank you for your commitment to helping in a way that shows great care and attention. To our new members, welcome. We are already benefiting from your input and ideas.

In 2022, Carmele Peter was appointed the new Chair of the Civil Service Superannuation Board. I would like to express my appreciation for her support and guidance with the variety of initiatives that we undertook in 2022. I look forward to working with Carmele in the coming years.

Looking ahead, we will continue to use member, employer, CSSB staff, and Board insights to inspire growth and change. I am confident in the team we have in place to make that happen.



Investment Information



GUIDELINES AND PRACTICES

Policies and Procedures

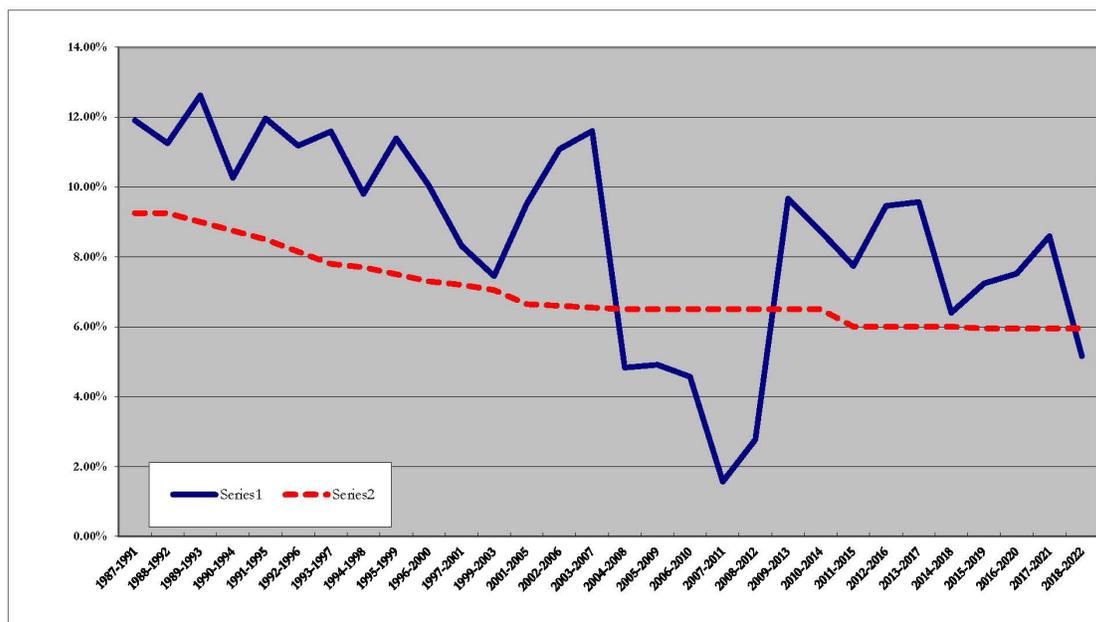
The Fund's Statement of Investment Policies and Procedures (SIP&P) guides the investment decision making process. This document is created by independent consultants and matches the Fund's assets with its liabilities, now and into the future. Upon its approval by the Board, this document is put into effect and is monitored for compliance. The SIP&P includes such things as appropriate asset mix limits, investment grade quality, holding limits, investment objectives, valuation procedures and investment management structure.

Asset mix is the single most important factor in determining pension fund performance. Different risk elements relating to market volatility and potential returns are factored into an investment decision. Investments that produce lower returns are generally a result of lower risk or volatility. To optimize returns and reduce investment volatility, Fund assets are diversified among the various asset classes and across the world's economic regions.

Long-term Success of Investment Policy

The ultimate success of the Fund's investment policy is measured by how well it meets the long-term obligations for its members. An actuarial valuation on the Fund is the best way to measure this obligation. Pension fund rates of return are sometimes measured in five-year periods to emphasize longer-term trends, which are more relevant to pension funding, rather than short-term volatility. The following chart compares the Fund's five-year moving rate of return and the actuarially required rate (converted from three-year rates to five-year moving rates for comparison).

Five-Year Annualized Return



Policies and procedures that continue to guide or impact investment decisions include:

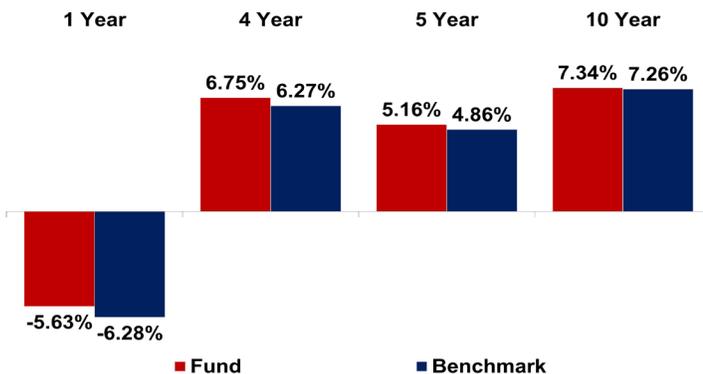
- Statement of Investment Policies and Procedures
- Investment Manager Mandates
- Proxy Voting Policy and Guidelines

OVERVIEW AND PERFORMANCE

Global capital market returns were challenged in 2022 as both equities and fixed-income markets experienced negative returns. Interestingly, 2022 was only the third year since 1926 when both stocks and bonds were down together (1931 and 1969 were the other two). Historically, during most cyclical bear markets, risk-off assets like Treasury bonds usually offer a place of refuge. However, 2022 was the worst on record for fixed income, as indicated by the Bloomberg Barclays U.S. Aggregate Index dropping 13.0%. In Canada, the fixed universe fared modestly better, declining 11.4%.

Equities did not perform well either. For 2022, in Canadian dollar terms, the Dow Jones Industrial Average delivered the best performance, falling only 0.1%, the S&P 500 dropped 12.2%, while the technology-heavy NASDAQ Composite collapsed 27.8%. The U.S. Mid-Cap and Small-Cap indices also moved lower, with the S&P 400 down 6.8% and the S&P 600 lost 10.0%. Domestically, the Canadian S&P/TSX Index fell 5.8%. Non-North American equity markets provided a similar range of negative rates of return. The MSCI All World ex Canada and ex U.S. lost 10.2%, MSCI EAFE Index fell 8.2%, MSCI Europe Index declined 8.4%, while emerging markets lost 14.3%. In the Asia-Pacific region, the MSCI China Index fell 15.3% and the MSCI Japan Index declined 11.2%. On a slightly more positive side, the MSCI Hong Kong Index added 1.1%, while the MSCI Australia Index rose 2.1%. Over the year, the weakness of the Canadian dollar versus the U.S. dollar had a positive impact on non-Canadian investment returns of approximately 7.0%.

Annualized Rates of Return



When we look back at landmark years in economics and financial markets, 2022 will make the top-tier list. The drivers of returns in 2022 were remarkable by themselves: the highest inflation and most aggressive US central bank tightening cycle in 40 years, heightened global uncertainty, the uneven reopening from COVID (especially in China), and the Russia-Ukraine war.

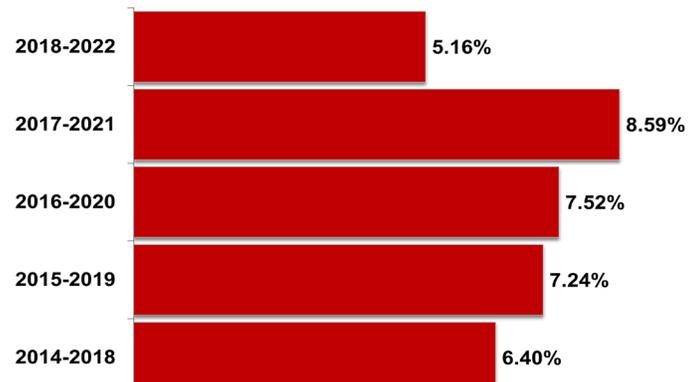
Over the last number of years, we have been positioning the CSSB portfolio towards alternative assets to provide long-term stable returns with less volatility compared to public markets. This positioning served us well as private equity, private credit, and infrastructure all provided positive low double digit returns in 2022.

For 2022, the Total Fund returned (5.6)% versus the policy benchmark return of (6.3)%. This relative outperformance was largely driven by our underweight in fixed income and the strong relative performance from our alternative assets.

Cash and Cash Equivalents

Cash remains a relatively small portion of the Fund. Active management added 22 basis points with a return of 2.0% compared to the FTSE TMX Canada 91 Day T-Bill return of 1.8%.

Total Fund Annualized Five-Year Rates of Return



Bonds and Debentures

The outbreak of war in Ukraine acted as a catalyst, further accelerating inflation to levels not seen since the 1980s. Global central banks responded with aggressive rate hike campaigns as they attempted to quickly push monetary policy into a restrictive setting to tame inflation and not lose control of longer-term inflation expectations. The yield curve inverted as the impact of higher rates was expected to lead to a recession. However, economic growth in both Canada and the United States remained resilient and showed little signs of impact from higher rates. The result was a large increase in yields across the curve and heightened levels of volatility throughout the year as bond markets were forced to re-price the path for monetary policies and the eventual fallout.

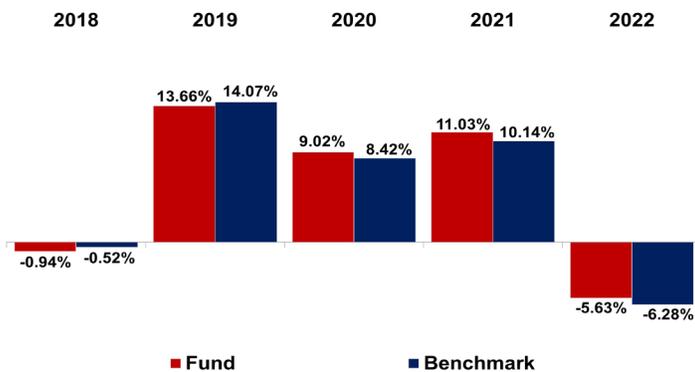
OVERVIEW AND PERFORMANCE (CONT'D)

In Canada, the 10-year yield increased by 183 basis points, ending the year at 3.30%. In the US the 10-year yield increased 237 basis points ending at 3.88%. As rates pushed higher, credit spreads widened materially as flows out of fixed income overall led to consistent selling of corporate credit. At the index level, corporate spreads widened in the context of 50 basis points for the year. Overall, the Canadian Bond Universe Index returned (11.7)% while the long portion of that universe returned (21.8)%.

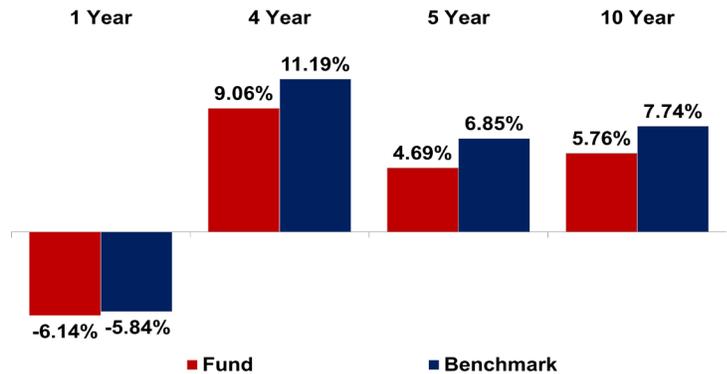
The Bond portfolio outperformed by 35 basis points with a return of (14.7)% versus (15.0)% for the benchmark. The outperformance was mainly due to a short duration position as yields rose substantially across the curve.

For the second year in a row, gains on the index were paced by the Energy sector, which, despite relatively flat oil prices for the year, managed to post a 30.0% return. Outside of Energy, only Consumer Staples, Industrials, and Materials posted positive returns. Real Estate and Information Technology suffered greatly in the rapidly rising rate environment with the two sectors posting 22.0% and 52.0% losses, respectively. While the Canadian Equity Fund underperformed its benchmark during the year, largely owing to the overweight in Information Technology and underweight in Energy, the Fund remained committed to its approach and style, which emphasizes quality while minimizing risk and volatility.

Total Fund Annualized Rates of Return versus Benchmark



Annualized Canadian Equity Rates of Return



Real Return

Products such as Index-Linked Mortgages remain a designated vehicle to fund the cost-of-living account for future benefits. Real return investments earned 7.4% in 2022 compared to 9.8% for the benchmark.

Canadian Equities

The S&P/TSX followed up on its best year since 2009 with a 5.8% loss in 2022. Strong gains in the fourth quarter of the year dampened the losses on the Canadian index that had fallen by as much as 16.0% in the month of October. Canadian shares fared reasonably well during a tumultuous year with the domestic index outperforming the broad MSCI World Index by nearly 6.0% in Canadian Dollar terms. The internally managed Canadian Equity Fund lost 6.4% during the year, underperforming the S&P/TSX Index by 53 basis points. The healthy fourth quarter advance for the index detracted 73 basis points of relative performance from what was an otherwise respectable year for the Canadian Equity Fund.

U.S. Equity

2022 was a very volatile year in the U.S. Equity markets, being the fifth most volatile year in the past 30 years. We have allocations to four different mandates within U.S. equities, providing us with diversification.

As at the end of 2022:

- 63.1% U.S. Large Cap Equity Fund (\$1.212 Billion)
- 13.3% U.S. Low Volatility Dividend Fund (\$256 Million)
- 8.8% U.S. Mid-cap Equity Index Fund (\$170 Million)
- 14.8% U.S. S&P 500 Index Fund (\$284 Million)

2022 was a weak year for U.S. Equity markets with the S&P 500 decreasing (12.2)% in CAD (18.1)% in USD). Our internally managed U.S. Large Cap Equity portfolio finished behind the S&P, returning (17.3)% in CAD.

After accounting for the 2022 underperformance, the Canadian dollar trailing five-year return for the internally managed U.S. Large Cap Equity Fund was positive 9.7% per year for five years. Overall, the combined return for all our U.S. Equity programs was (13.6)% in 2022 (CAD) and

the five-year return for all U.S. mandates combined is also 9.7% per year for five years (CAD).

The primary reason for the Fund's underperformance in 2022 was the overweight holdings in large cap quality growth names. We are cautious on the U.S. economy with high inflation and increasing interest rates. Given this outlook, we remain focused on companies that rely less on global economic improvement (underweight Energy/Cyclicals) and favour companies that are more reliant on both internal execution and secular changes (overweight Technology & Communication Services).

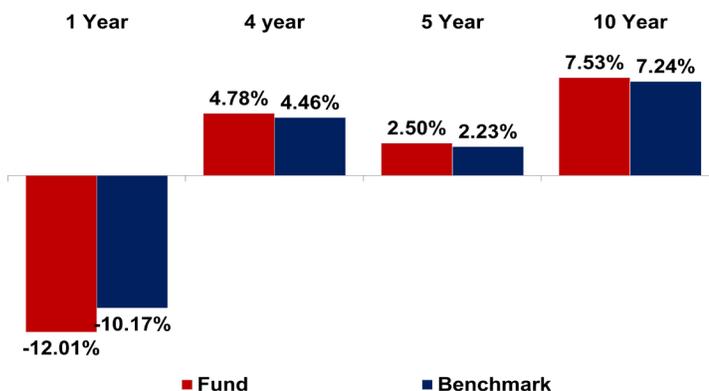
Non-North American Equity

The Non-North American equity portfolio returned (12.0)% compared to its benchmark return of (10.2)%, underperforming by 1.8%.

The Fund added two new EAFE growth managers in February: Jennison Associates and William Blair. The managers were added to provide more balance between investment styles in our international strategy. Unfortunately, the timing was not optimal as 2022 was a horrible year for growth investors as interest rates adjusted higher.

The portfolio's underperformance was due to the poor results from the emerging markets manager and new EAFE growth managers. The Fund's emerging markets manager underperformed the MSCI emerging markets benchmark by 4.6%, Jennison underperformed its benchmark by 13.1%, and William Blair underperformed by 8.5%. The Fund's Asia Pacific mandate returned (8.8)% and the incumbent EAFE manager (Marathon) returned (7.5)%, both outperforming their benchmarks.

Annualized Non-North American Rates of Return



Private Equity

We are in the process of continuing to build out the Private Equity program, which is to consist of buyout and secondary fund commitments as well as co-investment. The program is currently valued at \$130 million and represents 1.7% of assets. The intention remains to grow the program to 3% of assets over the next three years. At year-end 2022, we had five commitments to Brookfield Capital Partners V & VI, Veritas Vantage Fund, Veritas Capital VIII, Thoma Bravo Fund XV, and three co-investments:

- Clarios, the number one global supplier of lead acid automotive batteries
- Scientific Games, the number one global supplier of printed lottery tickets and lottery services
- Nielsen, the market leader and trusted partner to the media advertising ecosystem

After year end, we made a co-investment in CDK, the number one North American supplier of dealer management system software. In 2022, the program returned 13.4% against a benchmark of (2.3)%.

Infrastructure

It was another busy year in the infrastructure group and performance was strong. Overall, the group of funds and co-investments managed to outperform the 5.8% benchmark by gaining 13.5% in 2022. Total dollars invested is ~\$725 million and represents 9.5% of assets.

Fund Investments:

- OMERS - Borealis
- Brookfield - BIF III
- InstarAGF - Essential Infrastructure Fund
- InstarAGF - Essential Infrastructure Fund II
- Northleaf - NICP II

Co-investments:

- InstarAGF – AMPORTS
- InstarAGF - Steel Reef
- InstarAGF - Jet
- Northleaf - Northwest Parkway

OVERVIEW AND PERFORMANCE (CONT'D)

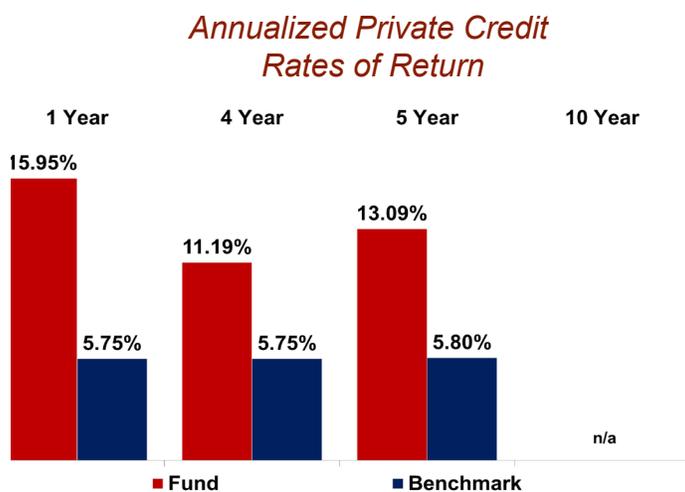
Private Credit

2022 was a successful year for the Private Credit program, which is in its seventh year and beginning to mature as we continue to execute the strategy. The NAV for the program is \$429 million and represents 5.6% of assets. \$167 million is attributed to Antares. Overall, in 2022, the Private Credit program generated a return of 16.0% versus the actuarial required rate of return benchmark, which currently sits at 5.8%.

After year-end, we made a commitment to Northleaf Private Credit III.

Investments include:

- Antares
- Brookfield Real Estate Finance Fund V
- Brookfield Real Estate Finance Fund VI
- Carlyle Credit Opportunities Fund
- Carlyle Credit Opportunities Fund II
- Grosvenor True North II
- Northleaf Private Credit Fund I
- Northleaf Private Credit Fund II
- Sagard Credit Partners
- Sagard Credit Partners II



Hedging Program

On September 28, 2018, we began passively hedging the USD portion of our alternative assets by entering into a forward agreement based on the most recent valuations. We update our hedge amounts quarterly and immediately hedge new funding as it is called by our counterparties. This currency hedging aims to reduce volatility in these asset classes, which grew from \$295 million to \$670 million USD by the end of the year as we continue to expand our alternative assets program.

The costs of hedging are offset by investing surplus cash allocated to the program since its inception. Previously, the most cost-effective way to use this cash was to purchase a bond and borrow against it with a Repo Agreement to fund any deficit position. However, due to the current US interest rate structure, we have sold our bond position and now generate returns through Money Market instruments at the front end of the curve, and we fund deficits out of cash. At the end of the fourth quarter, we had a cash surplus of \$7.7 million.

At the beginning of last year, we anticipated that interest rate differentials between the US and Canada would remain stable, keeping hedging costs low. This held true in the first quarter, but as the Fed continued aggressive hikes throughout 2022, the market anticipated the Bank of Canada would pause hikes before the US. Consequently, forward point costs reached 60 basis points annualized by the end of the first quarter, higher than any point in the last couple of years when cost of the program was immaterial. Our total cost since the program's inception is 7 basis points annualized. We believe this cost is reasonable to effectively eliminate foreign exchange volatility from our alternative assets.

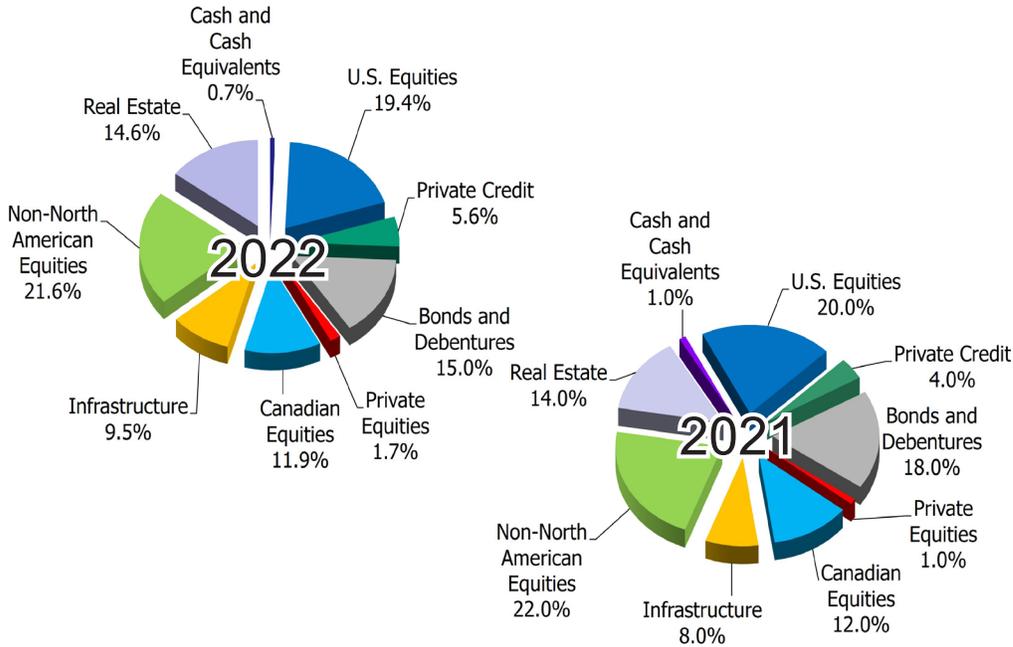
Real Estate

The real estate portfolio returned 9.2% during 2022 compared to an 8.2% return on the IPD Index. The outperformance can be attributed to the completion of two industrial developments in Toronto that generated significant profit for the portfolio. In addition, multifamily is experiencing strong income growth on the back of substantial immigration to Canada that is only expected to increase in the coming years. Our diversified multifamily business allowed us to benefit from the strong property fundamentals in this sector. The post-COVID office market recovery has not been as robust as we had hoped following the lifting of COVID restrictions, as many employees continue to embrace a hybrid work model. For grocery-anchored retail centres, property fundamentals are healthy as shoppers fulfil weekly consumption needs in person. The rebound in enclosed shopping malls has not been as even, with some malls continuing to underperform pre-COVID levels.

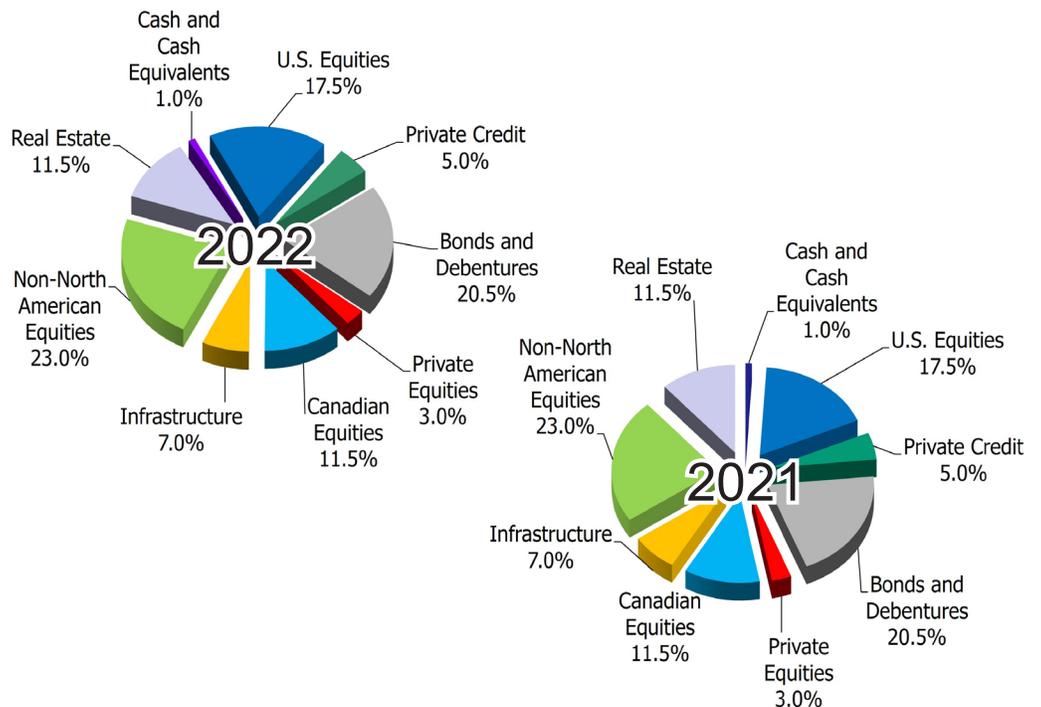
By geography, all major markets across Canada experienced similar investment fundamentals with office being the weakest performer and industrial by far the strongest. We believe our diversified approach will serve the long-term needs of the Fund and generate the best results.

For placing new capital we are focused on opportunities to improve assets through leasing or operational needs to drive above-average returns.

Fund Investments



Investment Policy Normal Allocation



FUND INVESTMENTS

	2022(*)	2021(*)
Contractual Investments		
Cash and Short-term	49,702	142,832
Bonds and Debentures	1,138,845	1,485,437
Mortgages	3,258	4,836
Public Equity Investments		
Domestic	905,697	1,048,282
Foreign	3,121,149	3,532,968
Non-Public Equity Investments		
Real Estate	1,112,964	1,150,624
Private Equity	129,970	58,544
Infrastructure	724,027	646,131
Private Credit	425,439	333,920
Total Investments	7,611,051	8,403,574

* \$Thousands

Membership Information



MEMBERSHIP INFORMATION

MEMBER SERVICES

The Board offers the following services to members and their families, financial planners, solicitors, etc.:

1. Individual Meetings

Members can meet in person, virtually, or by phone with Board staff in Winnipeg and rural areas to discuss pension and insurance benefits. Members are encouraged to bring anyone they wish to these meetings, like a spouse or financial planner.

2. Pre-Retirement Planning Seminars

The Board offers half-day online and in-person sessions designed for employees who are beginning to plan for retirement. In-person sessions are presented in major centres throughout Manitoba for groups of 15 to 50 people, and members are encouraged to bring their spouses. The focus of these seminars is on helping members understand their pension and insurance options.

3. Employee Pension and Insurance Seminars

The employee information seminars focus on pension and insurance benefits, such as eligibility, entitlement to benefits, family protection, disability, death, relationship separation. They are provided at the invitation of participating employers or bargaining units.

4. Personal and General Inquiries

Staff are available to provide information with respect to enrolment, retirement, disability, termination and pension projections for estate and retirement planning.

So that we may provide efficient service, members are requested to make an appointment before visiting us. When calling, members should have their personal identification number (PIN) ready.

Board staff are available to answer questions by way of phone, email to askus@cssb.mb.ca, and by regular mail.

5. Electronic Communications

The Board's site at cssb.mb.ca provides comprehensive information about pension and insurance benefits for employees, pensioners, and employers.

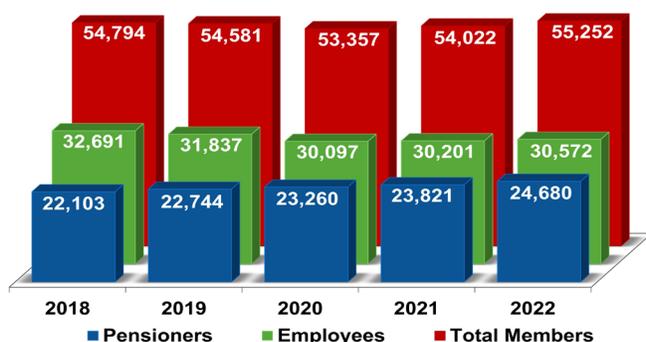
Online Services provides members an easy and secure way to view their own information and use tools like our pension estimator, or online pension application.

MEMBERS/RETIREMENTS

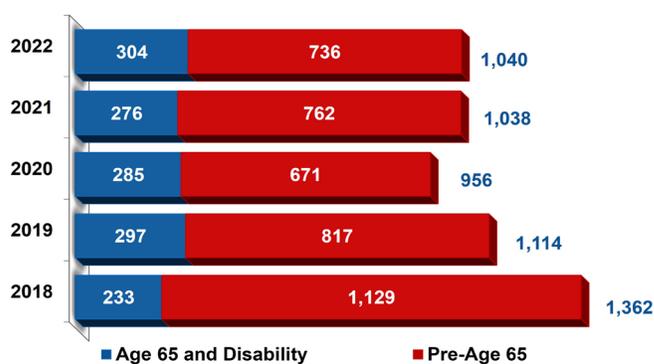
During 2022

- Total members increased by 1,230 to 55,252
- Employees/former employees participating in the Fund increased by 371 to 30,572
- Pensioners/beneficiaries increased by 859 to 24,680

Total Members



Retirements

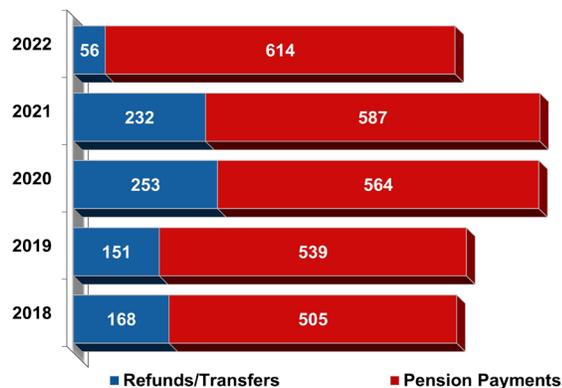


PAYING YOUR BENEFITS

During 2022

- 24,680 pensioners/beneficiaries were receiving pension benefits at the end of the year
- \$614 million was paid in pensions

Payments From The Fund (\$ Millions)



Former Contributors



MEMBERSHIP INFORMATION (CONT'D)

EMPLOYEE CONTRIBUTIONS/EMPLOYER PAYMENTS

During 2022

- Employees contributed \$163 million to the Fund compared to \$153 million in 2021
- Employers paid \$307 million to the Fund compared to \$371 million in 2021

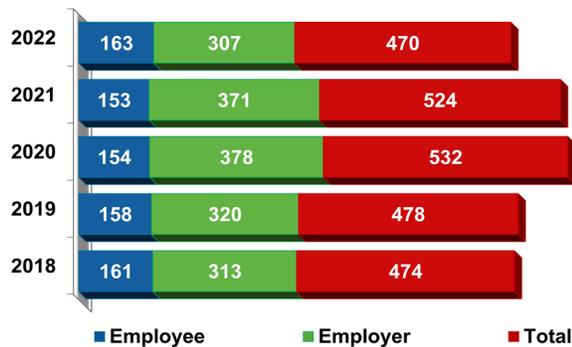
Employees and Employers share the cost of the plan.

- 89.8% of your contributions fund basic pension and beneficiary benefits
- 10.2% of your contributions are allocated for cost-of-living benefits

Employer payments include:

- Approximately 50% of pensions paid and transfer values for terminations, relationship separations, and deaths for payment-funding employers
- Payments made by prefunding employers

Contributions and Payments (\$ Millions)



An employee contributes to the pension plan at one rate on salary up to their Canada pensionable earnings, and at a different rate on salary over of their Canada pensionable earnings. Canada pensionable earnings is the salary an employee receives in a year that does not exceed the Yearly Maximum Pensionable Earnings under the Canada Pension Plan. The Yearly Maximum Pensionable Earnings for 2023 is \$66,600.

COST-OF-LIVING ADJUSTMENT (COLA)

- 10.2% of employee contributions and prefunding employer payments go to a separate Indexing Benefits Account to fund COLA
- The account funds approximately half the COLA increase while employers pay their share
- Pensioners and beneficiaries receive an annual increase to a maximum of $\frac{2}{3}$ of the increase in the Canadian Consumer Price Index (CPI)
- The COLA paid July 1, 2022 was 1.98%

Cost-of-Living Account

The Board is concerned with the future viability of COLA. COLA is limited to the extent that the Indexing Benefits Account is, in the opinion of our actuary, able to pay for approximately one half of the increases. Payment funding employers pay for the remainder of the increases. The Board is concerned that the Account will not be able to continue to provide increases of $\frac{2}{3}$ of the increase in the Canadian Consumer Price Index. Concerned members should contact the Employee Pension and Insurance Liaison Committee.

FUNDING OF PENSION BENEFITS

The Fund's net assets available for benefits are primarily funded by:

- Investment income
- Employee contributions
- Employer payments

These assets are used to finance the payment of the Fund's portion of the basic pension, the indexing benefits, and the employers' share for several prefunding employers. The majority of employers are payment funding and defer payment of their share of pension benefits until the benefit is paid.

The Fund consists of two separate accounts:

1. Basic Benefits Account

- Finances the Fund's share of the basic pension benefit calculated as at a specific date (i.e. retirement, termination or death)

2. Indexing Benefits Account

- Has been specifically established to finance the Fund's share of cost-of-living benefits paid to members
- 10.2% of employee contributions and prefunding employer payments are credited annually to this account

The cost-of-living benefit payments are limited to the extent that the Indexing Benefits Account is able to finance its share of each increase. Legislation limits the maximum annual cost-of-living adjustment to $\frac{2}{3}$ of the increase in the CPI until the account can prefund anticipated adjustments for the next 20 years.

The net assets available to finance pension benefits, the obligations for pension benefits, and any surplus in the Basic Benefits Account and the funds available to finance future cost-of-living adjustments as at December 31, 2022 are summarized below.

	Fund (*)	Payment Funding Employers (*)	Obligations Total (*)
1. Net Assets Available (Net of Actuarial Reserves)			
Basic Benefits Account	4,585,648		
Indexing Benefits Account	605,281		
Total	5,190,929		
2. Actuarial Obligations for Pension Benefits			
Basic Benefits Account (Excluding future benefits)	5,892,898	4,393,526	10,286,424
Indexing Benefits Account	489,965	414,041	904,006
Total	6,382,863	4,807,567	11,190,430
3. Actuarial Position/Funds Available			
Basic Benefits Account	(1,307,250)	(4,393,527)	(5,700,777)
Indexing Benefits Account (funds available to finance future adjustments)	115,316	(414,040)	(298,724)
Deficit	(1,191,934)	(4,807,567)	(5,999,501)

* \$Thousands

Refer to the Audited Financial Statements for additional information.

MEMBERSHIP INFORMATION (CONT'D)

FIVE-YEAR COMPARATIVE STATISTICS

	2018 (*)	2019 (*)	2020 (*)	2021 (*)	2022(*)
Investments					
Rate of Return	(0.90)%	13.66%	9.02%	11.03%	(5.63)%
Market Value	7,199,516	7,797,819	8,024,670	8,403,574	7,611,051
Contributions and Payments					
Employee Contributions	161,003	157,795	153,640	152,766	163,263
Employer Payments	312,795	319,688	377,783	370,893	306,598
Total	473,798	477,483	531,423	523,659	469,861
Payments from the Fund					
Pension Benefits Paid	505,303	538,661	564,111	586,587	614,115
Refunds and Transfers	167,985	150,891	253,176	232,365	55,826
Expenses					
Administrative, net before recoveries from payment funding employers	4,273	4,520	4,823	5,165	5,449
Investment, net	16,449 ₁	17,777 ₁	18,066 ₁	20,322 ₁	21,255

₁ These numbers have been restated from 2021 due to a change in reporting

* \$Thousands unless otherwise noted

	2018	2019	2020	2021	2022
Membership					
Non-Retired Members	32,691	31,837	30,097	30,201	30,572
Pensioners and Other Recipients	22,103	22,744	23,260	23,821	24,680
Total Members	54,794	54,581	53,357	54,022	55,252
Refunded/Transferred Members	2,108	1,742	1,787	2,276	2,076
Retirements	1,362	1,114	956	1,038	1,040

Financial Information



MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Civil Service Superannuation Fund are the responsibility of management and have been prepared in accordance with Canadian accounting standards for pension plans, as stated in the notes to the financial statements. Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and to safeguard the assets of the Fund. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to May 25, 2023.

The firm of Ellement Consulting Group has been appointed as consulting actuary for the Fund. The role of the actuary is to complete the triennial actuarial valuations of the Fund in accordance with actuarial practice and estimate the obligations for benefits for inclusion in the annual financial statements.

The Auditor General performs an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards. The resulting opinion is set out in the Auditor's Report attached to the financial statements.

Ultimate responsibility for the financial statements rests with the members of the Civil Service Superannuation Board. The Board established a Finance and Audit Committee to meet with Board staff and representatives of the Auditor General. It is the responsibility of the Finance and Audit Committee to review the financial statements, ensure that each group has properly discharged its respective responsibilities and make a recommendation to the Board regarding approval of the financial statements. The auditors have full and unrestricted access to the Board and to the Finance and Audit Committee.

The Board has reviewed and approved these financial statements.

On behalf of Management,



Bruce Schroeder
General Manager



Rick Wilson
Director, Finance

REPORT OF THE OFFICE OF THE AUDITOR GENERAL ON THE CIVIL SERVICE SUPERANNUATION FUND



Auditor General
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba

To the Civil Service Superannuation Board

Opinion

We have audited the financial statements of the Civil Service Superannuation Fund (CSSF), which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets available for benefits, the statement of changes in pension obligations and the statement of changes in surplus (deficit) 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 CSSF as at December 31, 2022, and the changes in its net assets available for benefits, the changes in its pension obligations and the changes in its surplus (deficit) for the year then ended in accordance 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 CSSF in accordance with the ethical requirements in Canada that are relevant to our audit of the financial statements, 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 CSSF'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 an intention exists to liquidate the CSSF or to cease operations, or there is no realistic alternative but to do so.

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

REPORT OF THE OFFICE OF THE AUDITOR GENERAL ON THE CIVIL SERVICE SUPERANNUATION FUND



Auditor General
MANITOBA

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 CSSF'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 CSSF'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 CSSF 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.

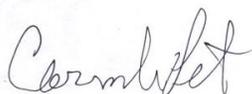
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba
May 25, 2023

*Original signed by
Tyson Shtykalo*

Tyson Shtykalo, CPA, CA
Auditor General

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Financial Position
as at December 31, 2022

	2022	2021
(\$) Thousands		
Assets		
Investments, Schedule 1 and Note 2(b)	\$ 7,611,051	\$ 8,403,574
Capital assets	398	443
Prepaid expenses	565	527
Debt due from the Province of Manitoba, Note 4	1,826	1,826
Receivables, Note 5	10,482	17,157
Accrued dividends and interest	13,753	13,302
Total assets	7,638,075	8,436,829
Liabilities		
Accounts payable and accrued liabilities	19,183	18,774
The Province of Manitoba Unfunded Pension Liability Trust Account, Note 6	2,183,533	2,416,746
Manitoba Hydro Enhanced Benefit Trust Account, Note 7	42,346	44,069
Correctional Officers' Trust Account, Note 8	17,723	18,518
Employer Trust Accounts, Note 9	128,860	137,402
Money Purchase Accounts Plan, Note 10	55,501	53,697
Total liabilities	2,447,146	2,689,206
Net assets available for benefits, Exhibit B	\$ 5,190,929	\$ 5,747,623
Pension Obligations and Deficit		
Actuarial value of pension obligations, Exhibit C, Note 11	\$ 11,190,430	\$ 10,842,110
Deficit, Exhibit D, Note 1(b), 11, 12 and 19	(5,999,501)	(5,094,487)
Pension obligations and deficit	\$ 5,190,929	\$ 5,747,623
The accompanying notes and schedules are an integral part of these financial statements.		
Approved on behalf of the Board		
		
_____ Chairperson of the Board	_____ Chairperson, Finance and Audit Committee	

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in Net Assets Available for Benefits
For the year ended December 31, 2022

(\$) Thousands	Basic Benefits Account	Indexing Benefits Account	2022 Total	2021 Total
Increase in assets				
Contributions, Schedule 2, Note 1(b) and 13				
Employees	\$ 146,823	\$ 16,440	\$ 163,263	\$ 152,766
Employers	269,855	36,743	306,598	370,893
Total contributions	416,678	53,183	469,861	523,659
Net investment income, Schedule 3	250,363	(40,468)	209,895	205,535
Current period change in fair value of investments, Note 14	-	-	-	626,372
Other	81	-	81	98
Total increase in assets	667,122	12,715	679,837	1,355,664
Decrease in assets				
Current period change in fair value of investments, Note 14	708,294	-	708,294	-
Benefits paid, Note 15	537,203	76,912	614,115	586,587
Refunds and transfers, Note 16	55,826	-	55,826	232,365
Administrative expenses, net, Note 17	3,137	-	3,137	3,011
Interest allocations to various trust accounts and Money Purchase Accounts Plan, Note 18	(144,841)	-	(144,841)	270,372
Total decrease in assets	1,159,619	76,912	1,236,531	1,092,335
(Decrease) Increase in net assets	(492,497)	(64,197)	(556,694)	263,329
Net assets available for benefits, beginning of year	5,078,145	669,478	5,747,623	5,484,294
(Decrease) Increase in net assets	(492,497)	(64,197)	(556,694)	263,329
Net assets available for benefits, end of year, Exhibit A	\$ 4,585,648	\$ 605,281	\$ 5,190,929	\$ 5,747,623

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

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in Pension Obligations
For the year ended December 31, 2022

EXHIBIT C

(\$) Thousands			2022	2021
	Fund	Payment Funding Employers	Total	Total
<u>Basic Benefits Account</u>				
Pension obligations, beginning of year	\$ 5,678,815	\$ 4,276,997	\$ 9,955,812	\$ 9,843,940
Change in pension obligations				
Experience loss	56,296	39,825	96,121	81,894
Benefits accrued	153,159	108,429	261,588	220,592
Benefits paid	(318,934)	(274,095)	(593,029)	(744,180)
Interest accrued on benefits	323,562	242,370	565,932	553,566
	214,083	116,529	330,612	111,872
Pension obligations, end of year	\$ 5,892,898	\$ 4,393,526	\$ 10,286,424	\$ 9,955,812
<u>Indexing Account</u>				
Pension obligations, beginning of year	\$ 460,683	\$ 425,615	\$ 886,298	\$ 756,063
Change in pension obligations				
Experience (gain)	(19,022)	(52,393)	(71,415)	(11,666)
Benefits accrued, Note 11(b)	66,898	56,532	123,430	170,017
Benefits paid	(41,686)	(35,226)	(76,912)	(74,772)
Interest accrued on benefits	23,092	19,513	42,605	46,656
	29,282	(11,574)	17,708	130,235
Pension obligations, end of year	\$ 489,965	\$ 414,041	\$ 904,006	\$ 886,298
<u>Combined</u>				
Pension obligations, beginning of year	\$ 6,139,498	\$ 4,702,612	\$ 10,842,110	\$ 10,600,003
Change in pension obligations	243,365	104,955	348,320	242,107
Pension obligations, end of year, Exhibit A	\$ 6,382,863	\$ 4,807,567	\$ 11,190,430	\$ 10,842,110

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

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in Surplus (Deficit)
For the year ended December 31, 2022

EXHIBIT D

(\$) Thousands			2022	2021
	Fund	Payment Funding Employers	Total	Total
<u>Basic Benefits Account</u>				
Deficit, beginning of year	\$ (600,670)	\$ (4,276,998)	\$ (4,877,668)	\$ (4,986,390)
(Decrease) Increase in net assets	(492,497)	-	(492,497)	220,594
Change in pension obligations	(214,083)	(116,529)	(330,612)	(111,872)
	(706,580)	(116,529)	(823,109)	108,722
Deficit, end of year	\$ (1,307,250)	\$ (4,393,527)	\$ (5,700,777)	\$ (4,877,668)
<u>Indexing Account</u>				
Surplus (deficit), beginning of year	\$ 208,795	\$ (425,614)	\$ (216,819)	\$ (129,319)
(Decrease) Increase in net assets	(64,197)	-	(64,197)	42,735
Change in pension obligations	(29,282)	11,574	(17,708)	(130,235)
	(93,479)	11,574	(81,905)	(87,500)
Surplus (deficit), end of year	\$ 115,316	\$ (414,040)	\$ (298,724)	\$ (216,819)
<u>Combined</u>				
Deficit, beginning of year	(391,875)	(4,702,612)	(5,094,487)	(5,115,709)
Change during the year	(800,059)	(104,955)	(905,014)	21,222
Deficit, end of year, Exhibit A, Note 19	\$ (1,191,934)	\$ (4,807,567)	\$ (5,999,501)	\$ (5,094,487)

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

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2022

(\$) Thousands

1. Description of Plan

The following description of the Civil Service Superannuation Plan (the “Plan”) is a summary only. For more complete information reference should be made to the Civil Service Superannuation Act (the “Act”).

(a) General

The Civil Service Superannuation Board (the “Board”) and the Civil Service Superannuation Fund (the “Fund”) were established under the Act in May 1939. The Board is responsible for administering the Act. The Act defines the basis of funding and the operation of the Plan as a defined benefit plan, which provides pension benefits to employees of the Government of the Province of Manitoba and its agencies participating in the Plan.

(b) Funding

The Act requires that employees contribute 8.0% of pensionable earnings up to the Canada Pension Plan (CPP) maximum pensionable earnings and 9.0% of pensionable earnings above that maximum. In accordance with the Act, 89.8% of the employee contributions are allocated to the Basic Benefits Account and 10.2% are allocated to the Indexing Benefits Account. The prefunding employer contribution rate is .9% less than the employee on pensionable earnings up to the Canada Pension Plan (CPP) maximum pensionable earnings and the same as the employee on Pensionable Earnings above that maximum.

Under provisions of the Act, payment funding employers defer contributing their share of employee pension benefits until they are billed for 50% of the benefit payments processed. However, payment funding employers are not billed for the cost of the pension formula improvement implemented in 2000. Prefunding employers similarly do not contribute toward the 2000 pension formula improvement.

The Fund’s net assets available for benefits are primarily comprised of investments derived from contributions from employees and prefunding employers together with investment income. These assets are intended to finance the Fund’s portion of the Plan’s actuarially determined obligation for pension benefits accruing to employees for service to the date of these financial statements. The payment funding employers’ portion of the obligation for pension benefits, as shown on Exhibit C and disclosed in Note 11, is unfunded.

The cost-of-living benefit payments are limited to the extent that the amount in the separate Indexing Benefits Account is actuarially able to finance one-half of that payment. Legislation limits the maximum annual adjustment to two-thirds of the increase in Consumer Price Index (Canada) until the Indexing Benefits Account can pre-fund anticipated adjustments for the next twenty years.

(c) Pension Calculation

The lifetime pension calculation equals:

- (i) 2% of a member's best five-year average pensionable earnings multiplied by pensionable service.
- (ii) minus .4% of the average CPP maximum pensionable earnings for the same period multiplied by pensionable service since January 1, 1966.

The lifetime pension is subject to an overall maximum of 70% of the average earnings described in (i) above. Some pensions for members retiring prior to age 60 are subject to an early retirement reduction.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2022

(\$) Thousands

(d) Excess Contributions

On termination, retirement, or death, if a member's contributions plus interest (less 10.2% allocated to the Indexing Benefits Account) exceed 50% of the commuted value of the pension for service after December 31, 1984, the excess contributions are payable to the member or the member's estate.

(e) Retirement

A member is eligible to retire as early as age 55.

All members must commence pension benefits no later than the last day of the calendar year in which the member attains 71 years of age.

Eligible members of the Province of Manitoba's Corrections Component may retire as early as age 50 if age plus years of qualifying service is greater than or equal to 75.

(f) Disability Pensions

A member with ten or more years of qualifying service is eligible to apply for a disability pension.

(g) Death Benefits Pre-retirement

Upon the death of an active member, a survivor's benefit is payable to a spouse or partner or the member's estate when there is no survivor.

(h) Death Benefits Post-retirement

A death refund is payable to the estate of a pensioner or survivor where such pensions have not been paid to the full extent of the member's contributions plus interest.

(i) Withdrawal Refunds

Upon application and subject to lock-in provisions, withdrawal refunds are payable when a member ceases to be employed by a participating employer. Members may choose to leave their contributions in the Plan as a vested member.

(j) Income Taxes

The Plan is a Registered Pension Trust as defined in the Income Tax Act and is not subject to income taxes.

(k) Money Purchase Accounts Plan

The Board administers and maintains a separate Money Purchase Accounts Plan on a trust basis as provided for in the Act.

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2. Significant Accounting Policies

The significant accounting policies are summarized below:

(a) Basis of Presentation

The financial statements are prepared on a going-concern basis as a separate financial reporting entity, in accordance with Canadian accounting standards for pension plans. The Fund has selected Part II (accounting standards for private enterprises) of the CPA Canada Handbook for issues not directly addressed by these standards. In accordance with these standards, statements prepared include the statement of financial position, the statement of changes in net assets available for benefits, the statement of changes in pension obligations and the statement of changes in surplus (deficit). They are prepared to assist participants and others in reviewing the financial activities for the fiscal year.

(b) Investments

Investments are presented on a non-consolidated basis even when an investment is in an entity over which the Plan has control or can exercise significant influence. Investments are recorded at fair value on a trade date basis. Fair values of investments are determined as follows:

Fixed Income

- (i) Short-term investments are valued at cost, which approximates market and short-term equivalents are valued at market by independent sources.
- (ii) Bonds and debentures are valued at market by independent sources.
- (iii) Index-linked mortgages are valued at amortized cost, which approximates fair value.

Equities

- (i) Publicly traded securities are valued at year end market prices as listed on the appropriate stock exchange.
- (ii) Pooled equity funds are valued at market by the external manager based on the fair value of the underlying assets.

Other Investments

- (i) Real estate investments are valued at fair value based on the most recent appraisals or external managers' valuations of the underlying properties.
- (ii) Private equity, Infrastructure, and Private credit investments are valued at the fair value of the underlying investments as established by the external managers or at cost, which approximates fair value, when no valuation has been prepared.

(c) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the year. Actual results could differ from those estimates. Items requiring the use of significant estimates include Level 3 investments and Obligations for pension benefits.

(d) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing on the dates of the transactions. The foreign currency translation of these transactions (except for any foreign

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currency translation related to the acquisition of investments) is included in investment income or the current period change in fair value of investments (net realized gains or losses on the sale of investments) or administrative expenses.

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 from the translation at acquisition (or the prior year end) is included in the current period change in fair value of investments (net unrealized market gains or losses).

(e) Forward Contracts

A forward contract is a contractual obligation to buy or sell a specified amount of foreign currency at a predetermined future date and exchange rate. Forward contracts are recorded at fair value which is the estimated amounts that the Fund would receive or pay to terminate the contracts at the reporting date. Realized and unrealized gains or losses on forward contracts are recognized with the current period change in fair value of investments.

(f) Equipment

Computer equipment costing less than \$15 and all furniture purchases are charged to operations in the year of acquisition. Mid-range computer equipment cost is amortized over 5 years and microcomputer equipment cost is amortized over 3 years.

(g) Related Party Transactions

The Plan's sponsor and administrator (and their close family members) are related parties of the Civil Service Superannuation Fund. The sponsor of the Plan is the Government of the Province of Manitoba and the administrator of the Plan is the management of the Civil Service Superannuation Board (CSSB).

CSSB management and their close family members include board members, external committee members and senior management, as well as their spouses, and any controlled business or business subject to significant influence.

All related party transactions are recorded at the exchange amount. Material transactions, in aggregate, and balances are disclosed separately.

(h) Net Investment Income and Current Period Change in Fair Value of Investments

Dividend income is recognized based on the ex-dividend date; interest income and income from real estate, infrastructure, private equity, private credit, and security lending are recognized on the accrual basis as earned. Investment management expenses, transaction costs, and interest allocated to employee future benefit obligations are reductions to gross investment income. Current period change in fair value of investments includes both realized and unrealized gains and losses. Unrealized gains and losses are recognized only when the fair value of the investment is based on a quoted market price in an active market or a valuation using appropriate valuation techniques is performed and approved by management.

(i) Contributions

Contributions from the members are recorded on an accrual basis. Cash received from members for credited service and cash transfers from other pension plans are recorded when received.

(j) Benefits

Benefit payments to members, termination refunds to former members, and transfer payments to other plans are recorded in the period in which they are paid or payable.

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3. Risk Management

The fair value of investments is exposed to market risk (interest rate risk, currency risk and price risk), credit risk, and liquidity risk.

(a) Market Risk

Interest Rate Risk

Interest rate risk refers to the impact of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities. The value of the Fund's assets is affected by changes in interest rates.

The Fund's exposure to interest rate risk is concentrated in its investments in bonds and debentures. To properly manage the Fund's interest rate risk, appropriate guidelines on the weighting and duration for bonds and debentures are set and monitored by the Fund's Investment Committee.

The Fund has invested approximately 16% (2021 – 19%) of its assets in fixed income securities as at December 31, 2022 which generated a rate of return of -14.68% (2021 – -3.09%). The returns on fixed income securities are particularly sensitive to changes in nominal interest rates. As at December 31, 2022, if prevailing interest rates were raised or lowered by 100 basis points, with all other factors held constant, fixed income investments would likely have decreased or increased respectively by approximately \$106,983 (2021 - \$154,376). The Fund's interest rate sensitivity was determined based on portfolio weighted duration.

Currency Risk

Currency risk relates to the possibility that foreign currency-denominated investments will change in value due to future fluctuations in foreign exchange rates. The impacts can be positive or negative and can be significant given the volatility of foreign exchange rates. CSSB management and external managers hedge some of the Fund's currency exposure in invested assets using forward contracts. As at December 31, 2022, the notional amount of all forward contracts held by the Fund was \$886,335 (2021 - \$724,405) with unrealized (losses) gains of (\$5,199) (2021 - \$15,313).

The Fund's exposure in cash and investments to foreign currencies, net of hedging, reported in Canadian dollars is shown below:

As at December 31, 2022	Actual Currency Exposure	Percentage
Canadian dollar	\$ 3,987,327	52.4%
US dollar	1,854,472	24.4
Euro	388,415	5.1
Pound sterling	244,777	3.2
Japanese yen	238,406	3.1
Hong Kong dollar	174,259	2.3
Australian dollar	158,100	2.1
Other currencies	565,295	7.4
Total investments	\$ 7,611,051	100.0%

A 10 percent increase or decrease in exchange rates, net of hedging, with all other variables held constant, would result in a change in unrealized gains (losses) of \$362,372 (2021 - \$390,020).

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Price Risk

Price risk is the risk that the value of an investment will fluctuate as a result of a change in market conditions (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Fund's equity and private market investments are sensitive to market fluctuations. To assist in mitigating the impact of price risk, the Board has established appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks which they monitor on a regular basis. A decline or increase of 10 percent in fair values of equities and private market investments, with all other variables held constant, will impact the Fund's investments by an approximate loss or gain of \$641,925 (2021 - \$677,047).

(b) Credit Risk

Credit risk is the risk of loss from the failure of a counter party to discharge its contractual obligations. At December 31, 2022, the Fund's maximum credit risk exposure relating to bonds and debentures, cash and short-term investments and mortgages totaled \$1,191,805 (2021 - \$1,633,105), receivables of \$10,482 (2021 - \$17,157) and accrued interest of \$6,587 (2021 - \$6,406) totaled \$1,208,874 (2021 - \$1,656,668). The Fund's Investment Committee limits credit risk by concentrating on high quality securities and adhering to a Statement of Investment Policies and Procedures. The Policy establishes investment ownership limits and acceptable credit ratings. In the case of bonds and debentures, all bonds must be rated BBB- or higher at the time of purchase.

All transactions in listed securities are settled upon delivery using approved investment managers. The risk of default is considered minimal, as delivery of securities sold is only made once the investment manager has received payment. Payment is made on a purchase once the securities have been received by the investment manager. The trade will fail if either party fails to meet its obligation.

The breakdown of the Fund's bonds and debentures portfolio by credit rating from various rating agencies is presented below:

Credit Rating	2022 Fair Value		2021 Fair Value	
AAA	\$ 234,735	21.2%	\$ 277,707	19.6%
AA	79,505	7.2	83,516	5.9
A	701,325	63.4	906,137	63.9
BBB+	77,297	7.0	125,632	8.9
BBB and lower	13,325	1.2	23,595	1.7
	1,106,187	100.0%	1,416,587	100.0%
Cash and short-term	32,658		68,850	
Total bonds and debentures	\$ 1,138,845		\$ 1,485,437	

Credit risk associated with contributions receivable is minimized due to their nature. Contributions are collected from participating members through the payroll process. No provision for doubtful contributions receivable has been recorded in either 2022 or 2021.

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(c) Liquidity Risk

Liquidity risk is the possibility that investments of the Fund cannot be readily converted into cash when required to meet contractual obligations. The Fund may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Fund or other securities may be subject to legal or contractual restrictions on their resale. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active public market and can be readily sold. Although market events could lead to some investments becoming illiquid, the diversity of the Fund's portfolio and current contribution levels should ensure that liquidity is available for benefit payments.

The term to maturity and related market values of fixed income investments are as follows:

Term to Maturity	2022	2021
Less than one year	\$ 83,193	\$ 212,713
One to five years	210,450	316,595
Over five years	898,162	1,103,797
Total fixed income investments	\$ 1,191,805	\$ 1,633,105

(d) Fair Value

The following is a summary of the inputs used in the measurement of the fair value of the Fund's investments based on the fair value hierarchy:

	Level 1 Quoted Prices in Active Markets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs	Total 2022
Assets				
Cash	\$ 25,397	\$ -	\$ -	\$ 25,397
Short-term	-	112,640	-	112,640
Bonds and debentures	-	1,106,187	-	1,106,187
Mortgages	-	3,258	-	3,258
Equities	3,468,021	518,635	-	3,986,656
Real estate	-	-	1,108,627	1,108,627
Infrastructure	-	-	718,044	718,044
Private equity	-	-	129,849	129,849
Private credit	-	-	420,393	420,393
Total investments, Schedule 1	\$ 3,493,418	\$ 1,740,720	\$ 2,376,913	\$ 7,611,051

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	Level 1 Quoted Prices in Active Markets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs	Total 2021
Assets				
Cash	\$ 20,722	\$ -	\$ -	\$ 20,722
Short-term	-	241,381	-	241,381
Bonds and debentures	-	1,416,587	-	1,416,587
Mortgages	-	4,836	-	4,836
Equities	3,809,265	722,833	-	4,532,098
Real estate	-	-	1,149,355	1,149,355
Infrastructure	-	-	646,131	646,131
Private equity	-	-	58,544	58,544
Private credit	-	-	333,920	333,920
Total investments, Schedule 1	\$ 3,829,987	\$ 2,385,637	\$ 2,187,950	\$ 8,403,574

All securities in Level 1 can be traded in an active market. During the year ended December 31, 2022, no equity investments were transferred from Level 1 to Level 2.

During the year ended December 31, 2022, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	Real estate	Infrastructure	Private equity	Private credit	Total
Beginning Balance	\$ 1,149,355	\$ 646,131	\$ 58,544	\$ 333,920	\$ 2,187,950
Purchases	26,898	14,410	63,636	57,485	162,429
Sales and withdrawals	(155,942)	(22,072)	-	(21,364)	(199,378)
Capitalized income	112,368	26,700	1,080	20,618	160,766
Change in unrealized appreciation/ (depreciation)	(24,052)	52,875	6,589	29,734	65,146
Ending Balance	\$ 1,108,627	\$ 718,044	\$ 129,849	\$ 420,393	\$ 2,376,913

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Section 3.29 of the Manitoba Pension Benefits Act Regulation requires disclosure of each investment asset that has a fair value greater than two percent of the fair value of the investment assets of the fund. As at December 31, 2022, the Fund held the following investments that met this classification:

Equities:

ISHARES Core S&P 500 ETF	\$ 214,340
Marathon M-L Investment Fund	\$ 519,632

Infrastructure:

Borealis Infrastructure Fund	\$ 375,627
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Private credit:

Antares Capital	\$ 166,685
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(e) Securities Lending

The Fund is entered into a securities lending program through the lending agent, State Street Trust Company Canada. Under the program, the Fund will lend various securities in its possession to borrowers approved by the lending agent. The loans can be secured by either securities or cash collateral. The Fund has risks under this program including borrower default and reinvestment risk, mitigated by an indemnification clause in the securities lending agreement with State Street Bank and Trust Company.

4. Debt due from the Province of Manitoba

Under Section 24(1) of the Act, the Province of Manitoba assumed an accrued liability of \$1,826 (2021 - \$1,826) for its employees and pensioners as at May 1, 1939. The Province of Manitoba pays semi-annual interest at 4% per annum on this amount.

5. Receivables

	2022	2021
Contributions receivable		
Employers	\$ 1,097	\$ 492
Employees	1,249	279
	2,346	771
Other receivables	8,136	16,386
	\$ 10,482	\$ 17,157

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6. The Province of Manitoba Unfunded Pension Liability Trust Account

The Province has established a fund for the purpose of accumulating funds for the eventual retirement of the Province's unfunded pension obligation.

Under the terms of a March 6, 2001 agreement between the Province and the Board, the Province established a fund with the Board and the Province is making the required contributions to this fund. As well, the Province is making contributions to this fund that is related to the Special Operating Agencies unfunded pension liabilities. Contributions received by the Board from the Province are held by the Board (as invested assets) in trust for and on behalf of the Province and are invested by the Board on behalf of the Province. The contributions received are not assets of the Plan and accordingly, they are accounted for by the Fund in the Unfunded Pension Liability Trust Account. This trust account earns investment income at a rate of return equal to the rate of return earned by the Fund. The Board receives an investment management fee for its services. The contributions made by the Province to the Board do not reduce the pension benefit obligations and deficit of the Fund.

The Trust Agreement was amended effective December 31, 2008, to make the trust irrevocable. Accordingly, the assets in the Trust Account can not be used for any purposes other than to fund the payment of pension benefits for which the Province is responsible and to pay the costs and expenses that are directly attributable to the administration of the Trust Account.

In October 2007, The Financial Administration Act was amended to allow for withdrawals from the fund to pay, or fund the payment of, pension benefits for which the Province is responsible.

A continuity schedule of this trust account is as follows:

	2022	2021
Contributions received	\$ 102,429	\$ 91,859
Interest earned (charged)	(133,983)	247,488
Pension and refund payments made	(192,006)	(229,477)
Investment management fees charged	(9,653)	(9,726)
Change during the year	(233,213)	100,144
Balance, beginning of year	2,416,746	2,316,602
Balance, end of year	\$ 2,183,533	\$ 2,416,746

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7. Manitoba Hydro Enhanced Benefit Trust Account

Effective January 1, 2012, Manitoba Hydro employees with pensionable service after May 31, 2006 are eligible for an additional benefit. The Enhanced Hydro Benefit Plan enhances the formula used in calculating pension benefits from 1.6% to 1.7% of earnings up to the Canada Pension Plan average Yearly Maximum Pensionable Earnings at the time of retirement. Manitoba Hydro will fund the enhanced pension benefit through contributions to a trust account that will be used to fund the additional benefit to employees. A continuity schedule of this trust account is as follows:

	2022	2021
Contributions received	\$ 2,165	\$ 2,112
Interest earned (charged)	(2,510)	4,366
Pension and refund payments made	(1,197)	(2,111)
Investment management fees charged	(181)	(171)
Change during the year	(1,723)	4,196
Balance, beginning of year	44,069	39,873
Balance, end of year	\$ 42,346	\$ 44,069

8. Correctional Officers' Trust Account

Effective November 19, 1996 employees who are members of the Province of Manitoba's Corrections Component are required to contribute an additional 1% of pensionable earnings. These additional contributions are credited to this trust account and are intended to fund the additional pension benefits for eligible employees who may retire as early as age 50 with no reduction for early retirement providing the total of age and qualifying service equals 75 or greater. A continuity schedule of this trust account is as follows:

	2022	2021
Contributions received	\$ 1,392	\$ 1,268
Interest earned (charged)	(1,164)	1,759
Pension and refund payments made	(1,015)	(975)
Expenses paid	(8)	(8)
Change during the year	(795)	2,044
Balance, beginning of year	18,518	16,474
Balance, end of year	\$ 17,723	\$ 18,518

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9. Employer Trust Accounts

The Fund is responsible for providing enhanced benefits enacted in the 1992 legislation agreed to by the Employee Liaison Committee and the Employer Pension Advisory Committee. These benefits are 100% financed from the Fund's net assets available for benefits. To facilitate this funding, trust accounts were established for payment funding employers participating in the Fund for their share of the actuarial valuation of these future benefit enhancements. Specific contributions from eligible employees are being transferred to the applicable trust account. A continuity schedule of this trust account is as follows:

	2022	2021
Contributions	\$ 17	\$ 13
Interest earned (charged)	(8,559)	13,144
Change during the year	(8,542)	13,157
Balance, beginning of year	137,402	124,245
Balance, end of year	\$ 128,860	\$ 137,402

10. Money Purchase Accounts Plan

Effective January 2, 1985 a separate Money Purchase Accounts Plan was established to enhance the portability of pensions. Contributors include employees, recipients of superannuation allowances, annuities, or pensions payable under the Act, or persons on whose behalf the Board is required or requested to transfer moneys to this Plan. Refunds are made upon written request by the contributor. Administrative costs are recovered by the Board. A continuity schedule of this liability account is as follows:

	2022	2021
Contributions received	\$ 5,766	\$ 5,714
Interest earned	1,375	3,616
Refunds and administration fees paid	(3,632)	(1,899)
Annuities made	(1,705)	(1,629)
Change during the year	1,804	5,802
Balance, beginning of year	53,697	47,895
Balance, end of year	\$ 55,501	\$ 53,697

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11. Obligations for Pension Benefits

(a) Basic Benefits Account

In accordance with the Pension Benefits Act of the Province of Manitoba, actuarial valuations are required every three years. The stated purpose of the actuarial valuation is to:

- determine the financial position of the Plan as at the valuation date,
- determine the adequacy of the contributions being received in relation to the portion of the benefits financed by the Fund, and
- provide recommendations as to the future course of action based on the financial position revealed.

Actuarial valuations (going concern basis) for the Fund and Payment Funding Employers' pension obligations were prepared as at December 31, 2021 by Ellement Consulting Group. The actuarial present value of the accrued basic pension benefit obligations, based on service to date, was extrapolated by the actuary to December 31, 2022. The principal components of the changes in pension obligations during the year are presented in Exhibit C.

The payment funding employers' portion of the accrued basic pension benefit obligation is unfunded. These payment funding employers defer contributing their share of employee pension benefits until they are billed for approximately 50% of the benefit payments processed. Payment funding employers are not billed for the cost of the pension formula improvement that was effective from September 1, 2000.

Significant long-term actuarial assumptions used in the December 31, 2021 and 2020 valuations of the present value of the accrued basic pension benefit obligations were:

	2021	2020
Discount rate:		
(i) inflation component	2.00%	2.00%
(ii) real rate of return	<u>3.75%</u>	<u>3.75%</u>
	<u>5.75%</u>	<u>5.75%</u>
Annual salary escalation rates:		
(i) general increases		
a) inflation component	2.00%	vary by year/2.00%
b) productivity component	<u>0.50%</u>	<u>vary by year/0.50%</u>
	<u>2.50%</u>	<u>vary by year/2.50%</u>
(ii) service, merit and promotional increases *		
* the rates used vary by age groupings from a high of 3.0% to a low of 0%		
Mortality rates:		
(i) mortality	CPM 2014 Public	CPM 2014 Public
(ii) mortality improvements	Scale B	Scale B

The extrapolations to December 31, 2022 were based on the assumptions used in the 2021 actuarial valuations.

The next actuarial valuations for Basic Benefits will be prepared as at December 31, 2022 and will be completed by the fall of 2023.

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(b) Indexing Benefits Account

Under section 33(6) of the Act, the Board must approve a cost-of-living adjustment before it is in effect. The 2022 financial statements reflect the pension obligations for cost-of-living adjustments up to the change in the Consumer Price Index for 2022.

A 1.57% cost-of-living adjustment for the year ended December 31, 2022 at a cost of \$123,430 (Fund - \$66,898, Payment Funding Employers - \$56,532) was approved March 30, 2023, with payment commencing July 2023.

These pension obligations are reported in the 2022 statement of changes in pension obligations (Exhibit C).

The December 31, 2022 actuarial valuations for the Fund's Indexing Benefits Account and the Payment Funding Employers' liability for indexing benefits were prepared by Ellement Consulting Group. The actuarial assumptions were the same as those used for the December 31, 2021 actuarial valuations for basic benefits with the exception of a discount rate of 5.25%.

The next actuarial valuations on the Indexing Benefits Account and the Payment Funding Employers' indexing benefits liability will be prepared as at December 31, 2023 and will be completed during 2024.

12. Employer Assets Provided for Pension Obligations

Readers should refer to the latest audited employer financial statements, including the financial statements of the Government of the Province of Manitoba and its participating agencies, to determine how employers fund their pension obligations.

The Fund also manages monies from payment funding employers designed to help offset their share of the unfunded pension obligation and deficit. These monies have not been included in the statement of net assets available for benefits. The breakdown of these total funds under management is as follows:

	2022	2021
Province of Manitoba, Note 6	\$ 2,183,533	\$ 2,416,746
Manitoba Hydro, Note 20	1,022,938	1,134,058
Total funds managed	\$ 3,206,471	\$ 3,550,804

The funds from the Province of Manitoba are included in both the assets (investments) and liabilities in the statement of financial position (Exhibit A) and thus have no impact on the net assets available for benefits and deficit. The funds managed for Manitoba Hydro are managed separately and are excluded from the statement of financial position.

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13. Contributions

	2022	2021
Employees		
Required contributions	\$ 158,288	\$ 146,914
Voluntary contributions	326	114
Past service contributions	1,130	1,670
Special contributions	3,519	4,068
	<u>163,263</u>	<u>152,766</u>
Employers		
Required contributions	14,979	14,058
Special contributions ¹	291,619	356,835
	<u>306,598</u>	<u>370,893</u>
	<u>\$ 469,861</u>	<u>\$ 523,659</u>

¹ includes payment funding employers' pay-as-you-go portion of benefit payments

14. Current Period Change in Fair Value of Investments

	2022	2021
Net realized gains on the sale of investments	\$ 129,689	\$ 362,883
Net unrealized market (losses) gains	(837,983)	263,489
	<u>\$ (708,294)</u>	<u>\$ 626,372</u>

15. Benefits Paid

	2022	2021
Pension benefit payments	\$ 602,515	\$ 575,367
Disability benefit payments	11,600	11,220
	<u>\$ 614,115</u>	<u>\$ 586,587</u>

16. Refunds and Transfers

	2022	2021
Termination refund payments	\$ 42,820	\$ 220,062
Death refund payments	9,622	7,277
Relationship separation refund payments	2,754	4,751
Reciprocal transfers out – prefunding employers	630	275
	<u>\$ 55,826</u>	<u>\$ 232,365</u>

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17. Administrative Expenses, Net

	2022	2021
Actuary fees	\$ 343	\$ 289
Audit fees	70	66
Legal fees	30	81
Consulting fees	40	27
Professional fees	483	463
Salaries and fringe benefits	5,036	4,654
Office and administration	1,347	1,182
Gross administrative expenses	6,866	6,299
Less: Recoveries		
From other administrated funds – regular administration	(1,417)	(1,134)
From payment funding employers	(2,312)	(2,154)
Administrative expenses, net	\$ 3,137	\$ 3,011

18. Allocations to the Various Trust Accounts and Money Purchase Accounts Plan

The various trust accounts and Money Purchase Plan Account are credited (charged) with interest equivalent or comparable to the Fund's annual rate of return. The breakdown of these allocations is as follows:

	2022	2021
The Province of Manitoba Unfunded Pension Liability Trust Accounts	\$ (133,983)	\$ 247,487
Manitoba Hydro Enhanced Benefit Trust Account	(2,510)	4,366
Correctional Officers' Trust Account	(1,164)	1,759
Employer Trust Accounts	(8,559)	13,144
Money Purchase Plan Account	1,375	3,616
	\$ (144,841)	\$ 270,372

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19. Deficit

	Fund	Payment Funding Employers	Total 2022	Total 2021
(Deficit) surplus, beginning of year				
Basic Benefits	\$ (600,670)	(4,276,998)	(4,877,668)	\$ (4,986,390)
Indexing Benefits	208,795	(425,614)	(216,819)	(129,319)
	<u>(391,875)</u>	<u>\$ (4,702,612)</u>	<u>\$ (5,094,487)</u>	<u>(5,115,709)</u>
Change in net assets available for benefits, Exhibit B				
Basic Benefits	(492,497)	-	(492,497)	220,594
Indexing Benefits	(64,197)	-	(64,197)	42,735
	<u>(556,694)</u>	<u>-</u>	<u>(556,694)</u>	<u>263,329</u>
Change in pension obligations during the year, Exhibit C				
Basic Benefits	(214,083)	(116,529)	(330,612)	(111,872)
Indexing Benefits	(29,282)	11,574	(17,708)	(130,235)
	<u>(243,365)</u>	<u>(104,955)</u>	<u>(348,320)</u>	<u>(242,107)</u>
(Deficit) surplus, end of year, Exhibit D				
Basic Benefits	(1,307,250)	(4,393,527)	(5,700,777)	(4,877,668)
Indexing Benefits	115,316	(414,040)	(298,724)	(216,819)
	<u>\$ (1,191,934)</u>	<u>\$ (4,807,567)</u>	<u>\$ (5,999,501)</u>	<u>\$ (5,094,487)</u>

20. Managed Investment Funds

The Board acts as investment manager for other funds, which are separate and have been excluded from the statement of financial position (Exhibit A).

The fair values of these other funds under administration on a trade date basis at December 31 are:

	2022	2021
The Manitoba Hydro Pension Fund	\$ 1,022,938	\$ 1,134,058
Joint Board of Trustees of The Municipal Employees Benefits Program	828,741	897,759
The Public Service Group Insurance Fund	268,322	308,057
Centra Gas Manitoba Inc.	130,014	146,648
Manitoba Liquor & Lotteries Corporation	7,002	7,502
Winnipeg Child and Family Services Employee Benefits Retirement Plan	22,265	25,453
University of Winnipeg	12,258	21,090
Legislative Assembly Pension Plan	39,640	42,628
	<u>\$ 2,331,180</u>	<u>\$ 2,583,195</u>

The Board recovers its administrative costs for this service by charging an investment management fee, which is deducted from investment management expenses in Schedule 3.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2022

(\$) Thousands

21. Future Commitments

The Fund has contractual obligations for future investment transactions, which may be funded over the next several years in accordance with the terms and conditions agreed to. As at December 31, 2022, the Fund's share of the outstanding commitment is \$730,842 (2021 - \$594,299).

22. Capital Disclosures

Capital is defined as the net assets available for benefits. Externally imposed capital requirements relate to the administration of the Fund in accordance with the terms of the Fund, The Pension Benefits Act of the Province of Manitoba, and the provisions of the Income Tax Act (Canada). The Fund has developed appropriate risk management strategies, as described in Note 3, to preserve the net assets available for benefits. The Fund has complied with externally imposed capital requirements during the year.

23. Comparative Figures

Certain of the 2021 comparative figures have been reclassified to conform with the presentation adopted for 2022.

THE CIVIL SERVICE SUPERANNUATION FUND
Summary of Investments
as at December 31, 2022

SCHEDULE 1

	2022	2021
(\$) Thousands		
Fixed income		
Short-term	\$ 49,702	\$ 142,832
Bonds and debentures	1,138,845	1,485,437
Mortgages	3,258	4,836
	1,191,805	1,633,105
Equities		
Domestic	905,697	1,048,282
Foreign	3,121,149	3,532,968
	4,026,846	4,581,250
Real estate	1,112,964	1,150,624
Infrastructure	724,027	646,131
Private equity	129,970	58,544
Private credit	425,439	333,920
	\$ 7,611,051	\$ 8,403,574

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

THE CIVIL SERVICE SUPERANNUATION FUND
Schedule of Contributions
For the year ended December 31, 2022

SCHEDULE 2

(\$ Thousands)	Employers	Employees	2022 Total	2021 Total
Payment Funding employers, Note 1 (b)				
Province of Manitoba Civil Service	\$ 199,247	\$ 77,038	\$ 276,285	\$ 305,393
Manitoba Hydro-Electric Board	75,347	35,915	111,262	134,065
Manitoba Public Insurance Corporation	15,453	11,367	26,820	29,001
Red River College Polytechnic	175	9,538	9,713	9,421
Addictions Foundation of Manitoba	2,090	1,033	3,123	4,490
Community Colleges				
Assiniboine Community College	-	2,135	2,135	2,119
University College of the North	121	1,759	1,880	1,768
Regional Health Authorities				
Winnipeg	-	866	866	542
Prairie Mountain	-	334	334	265
Southern	-	66	66	85
Interlake - Eastern	-	75	75	80
Northern	-	109	109	78
The Legal Aid Services Society of Manitoba	-	952	952	965
Manitoba Centennial Centre Corporation	431	204	635	623
Shared Health Inc.	-	1	1	3
Teachers' Retirement Allowances Fund Board	418	379	797	736
Communities Economic Development Fund	154	67	221	222
Manitoba Horse Racing Commission	33	11	44	34
Workers Compensation Board	1	-	1	1
Total payment funding employers	\$ 293,470	\$ 141,849	\$ 435,319	\$ 489,891

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

THE CIVIL SERVICE SUPERANNUATION FUND
Schedule of Contributions
For the year ended December 31, 2022

SCHEDULE 2

(\$ Thousands)	Employers	Employees	2022 Total	2021 Total
Total payment funding employers, continued	\$ 293,470	\$ 141,849	\$ 435,319	\$ 489,891
Prefunding employers, Note 1 (b)				
Manitoba Liquor & Lotteries Corporation	8,684	9,263	17,947	14,687
Manitoba Housing	338	266	604	2,519
Manitoba Agricultural Services Corporation	1,362	1,048	2,410	2,604
CUPE Support Workers	872	982	1,854	2,246
All Nations Coordinated Response Family Services	693	759	1,452	1,484
Manitoba Government and General Employees' Union	645	681	1,326	1,329
Liquor, Gaming and Cannabis Authority of Manitoba	645	451	1,096	762
Civil Service Superannuation Board	522	556	1,078	965
Teranet Manitoba LP	522	574	1,096	1,155
Manitoba Floodway Authority	15	-	15	15
Food Development Centre	-	-	-	75
Manitoba Hydro Utilities Services	215	242	457	408
Travel Manitoba	211	215	426	409
Industrial Technology Centre	1	-	1	148
Dairy Farmers of Manitoba	120	131	251	279
Hams Marketing Services Co-op Inc.	47	51	98	92
Manitoba Pork Council	107	104	211	185
Manitoba Arts Council	72	80	152	143
Manitoba Film and Sound	74	71	145	167
Manitoba Health Research Council	73	80	153	147
Manitoba Chicken Producers	50	53	103	96
Crown Corporations Council	7	-	7	7
Horizon Lab Ltd.	30	34	64	63
Manitoba Turkey Producers	11	12	23	23
Economic Innovation and Technology Council	5	-	5	5
Efficiency Manitoba	491	531	1,022	758
Total prefunding employers	\$ 15,812	\$ 16,184	\$ 31,996	\$ 30,771
Total employers, payment funding and prefunding	\$ 309,282	\$ 158,033	\$ 467,315	\$ 520,662

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

THE CIVIL SERVICE SUPERANNUATION FUND
Schedule of Contributions
For the year ended December 31, 2022

(\$) Thousands			2022	2021
	Employers	Employees	Total	Total
Total employers, payment funding and prefunding	\$ 309,282	\$ 158,033	\$ 467,315	\$ 520,662
Other				
Employees on loan	34	34	68	48
Employees on workers compensation	-	46	46	38
Reciprocal agreement - transfers in	-	4,983	4,983	5,841
Reciprocal agreement - transfers out	(2,718)	(3,169)	(5,887)	(6,304)
Repayment of contributions previously refunded	-	255	255	24
Contributions based on prior non-pensionable employment	-	1,376	1,376	1,721
Transfer from Money Purchase Accounts Plan	-	1,705	1,705	1,629
Total other	\$ (2,684)	\$ 5,230	\$ 2,546	\$ 2,997
Total contributions, Exhibit B	\$ 306,598	\$ 163,263	\$ 469,861	\$ 523,659

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

THE CIVIL SERVICE SUPERANNUATION FUND
Schedule of Investment Income
For the year ended December 31, 2022

SCHEDULE 3

	2022	2021
(\$) Thousands		
Fixed income		
Short-term	\$ 1,346	\$ 222
Bonds and debentures	40,189	37,225
Mortgages	338	344
	41,873	37,791
Equities		
Domestic	25,743	25,290
Foreign	62,420	67,619
	88,163	92,909
Real estate	54,418	50,674
Infrastructure	26,730	19,129
Private equity	1,302	2,550
Private credit	21,903	25,368
Security lending revenue	1,803	2,155
	236,192	230,576
Less:		
Investment management expenses, net, Note 20	21,255	20,322
Investment transaction costs	4,781	4,450
Interest allocated to employee future benefits obligations	261	269
	26,297	25,041
Net investment income, Exhibit B	\$ 209,895	\$ 205,535

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

FOR MORE INFORMATION...

You may make an appointment to view any of the following at The Civil Service Superannuation Board (Board) office, Monday to Friday (except holidays) from 8:00 a.m. to 4:30 p.m.:

- A copy of The Civil Service Superannuation Act (Act) and all amendments
- The Annual Information Return submitted each year to the Pension Commission of Manitoba
- A copy of the latest Actuarial Valuation Report

Upon request, the Board will provide members, spouses or authorized representatives with detailed information and explanations regarding benefits payable in the event of a member's retirement, death, relationship separation, or termination of employment.

For further member information, visit our website www.cssb.mb.ca.

The Civil Service Superannuation Board

1200-444 St. Mary Avenue
Winnipeg MB R3C 3T1

Telephone: 204-946-3200
Fax: 204-945-0237
Canada-Wide Toll-Free Number: 1-800-432-5134

Internet site: www.cssb.mb.ca
E-mail: askus@cssb.mb.ca



The Civil Service Superannuation Board (CSSB), 2023.

The Civil Service Superannuation Board
1200-444 St. Mary Avenue
Winnipeg, Manitoba, Canada R3C 3T1
Phone: 204-946-3200 Fax: 204-945-0237

A professional, sustainable pension plan, designed for the future of our members.

