Annual Report 2023

Civil Service Superannuation Board

Contents

Letters of Transmittal

MINISTER
OF FINANCE

Room 103
Legislative Building
Winnipeg, Manitoba R3C 0V8
CANADA

June 5, 2024

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 85th annual report of the Manitoba Civil Service Superannuation Board. This report is for the calendar year that ended December 31, 2023.

Respectfully submitted,

Adrien Sala

Honourable Adrien Sala
Minister of Finance
Minister Responsible for The Civil Service Superannuation Act

Civil Service
Superannuation
Board

June 4, 2024

Honourable Adrien Sala
Minister of Finance,
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 85th Annual Report of The Civil Service Superannuation Board.

This report covers the period from January 1, 2023 to December 31, 2023 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

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Message from the Board Chair

Carmele Peter

Welcome to the 2023 CSSB Annual Report, a summary of activities, investments, and audited financial statements from January 1 to December 31.

Investment results

In 2023, there were many challenges for investments. Rising interest rates and ongoing geopolitical conflicts to name a few. Despite these obstacles, the Fund achieved a strong overall return of 10.68%. This surpasses both our internal benchmark and the annual actuarially required rate of return.

This success highlights good management and the ability to capitalize on emerging opportunities. This was especially true in the fourth quarter when optimism grew around potential interest rate cuts. Our bonds and US equities portfolios were able to take advantage of these dynamics and performed very well.

Cost-of-living adjustment account

Despite exceeding the policy benchmark and annual actuarially required rate of return, the account that funds cost-of-living increases for pensioners is not keeping pace. Changing demographics and higher rates of inflation are just two reasons the account is under pressure. For a more complete explanation, see pages 35–37. While the Board can't change how the account is funded, we must ensure members understand the issue.

To change the cost-of-living adjustment account, both the Superannuation and Insurance Liaison Committee, which represents members' interests, and the Employer Pension and Insurance Advisory Committee which represents employers' interests, must recommend changes to the provincial government. If accepted, the government would amend plan legislation or regulation. Concerned parties should contact their respective committee representatives.

Member survey

Over 6,000 members responded to our 2023 survey. They gave valuable insights into our strengths and areas for improvement. Members reported high levels of satisfaction with service (96%), up from 88% in 2018, and pensioners reported they felt financially secure because of their pensions (97%).

Members, particularly in early and mid-career stages, want to hear more from us. In 2024, our priority is creating educational resources specifically for new plan members. We will use their insights to develop the information they need, in the formats they want.

Members also let us know the website needs improvement, with only 40% finding everything they were looking for. As more members look online first for information, we will revise the site to make it clear and searchable. This is a priority for us in 2024 and 2025.

Online Services

CSSB continues to invest in its member portal, Online Services. Last year, we made significant improvements to enhance security. In 2024, our priority is upgrading the underlying technology and updating to a more user-friendly design. Our aim is to create an easy-to-use, modern resource to help members plan for a secure retirement.

Thank you

I would like to extend my gratitude to our dedicated Board members and hardworking staff for their commitment and contributions throughout the year. Your efforts have been instrumental in driving our success and achieving significant milestones in 2023.

Message from the GM

Bruce Schroeder

Connecting with members to improve our service

In 2023, one of our initiatives was conducting an all-member survey. As part of this exercise, we asked members if they would provide additional feedback as we develop new resources and revise existing content. Over 2,000 members volunteered, with many already offering suggestions.

We looked at processes and communication related to specific, often stressful, life events. These included disability, death of a member, and maternity/parental leaves. By combining the in-depth knowledge of our staff with member insights, we have started to make these processes easier and faster.

In 2024, we will look for more ways to improve our services in collaboration with members.

Supporting better communication with improved design

In 2023 we continued our efforts to enhance the readability and accessibility of our online and print materials. Since effective communication involves thoughtful design, we have been using more visual elements to guide members through our documents with greater ease.

In 2024, we're introducing communication materials in our new visual identity, starting with this report. Members will start seeing more changes in our fact sheets, newsletters, and website in the coming months, with full implementation expected in 2025.

Cost-of-living adjustment account

As we have highlighted for many years, the cost-of-living adjustment account has struggled to keep pace with inflation. As the pension plan administrator, CSSB follows legislation that sets out how the account works. While we can't make changes to the way the account is funded or operates, we do want to ensure members understand how changes can be made.

Under our governance structure, the Superannuation and Insurance Liaison Committee represents members' interests. The Employer Pension and Insurance Advisory Committee represents employers' interests. Both committees must recommend changes regarding the account to the provincial government. If accepted, the government would then amend plan legislation or regulation.

Concerned members can contact the Superannuation and Insurance Liaison Committee at liaisoncommittee.org.

Online Services upgrades

CSSB is dedicated to continuously enhancing Online Services, our member portal. In 2023, we boosted security by adding multi-factor authentication. We also redesigned our sign-in page, making it more intuitive and easier for members to log in. Looking ahead to 2024, we will introduce new features, including options for pensioners to update their banking details and tax deduction information online.

Final thoughts

We are grateful to all the members who are helping us better meet their needs. Your engagement in this process is most welcome. We also thank the members who have graciously shared their personal stories throughout these pages.

To our Board and committee members, thank you for your continued efforts and dedication. To our staff, your excellent work and commitment are crucial to ensuring our members receive the best possible service and support. Thank you.

Civil Service Superannuation Board

About

The Civil Service Superannuation Board (CSSB) plays a pivotal role in securing a financially stable future for its members. At its core, CSSB administers the defined benefit pension plan for the Province of Manitoba and other employers.

CSSB manages the $8.1 billion Civil Service Superannuation Fund along with several smaller plans, all designed to maximize benefits for plan members. The pension is funded by member and employer contributions as well as investment earnings.

As plan administrators, the CSSB team is guided by key pieces of legislation: *The Civil Service Superannuation Act*, the *Income Tax Act*, and *The Pension Benefits Act of Manitoba*.

This framework ensures investments and administration are transparent and follow provincial and national standards.

Beyond administration, legislation, and investments, CSSB is committed to ensuring every member enjoys the peace of mind that comes with having lifelong retirement income. This commitment to a secure pension is a promise of stability and ensures members look forward to their retirement years with confidence. This promise is at the heart of everything CSSB does.

Established in 1939 and headquartered in Winnipeg, Manitoba, CSSB currently has:

60
CSSB employees

56,110
Pension plan members

39
Employers

Vision, Mission, Values

Vision

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

Mission and 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-focused 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 and retains motivated, talented people

Values

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

- staying resolutely member-focused; 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

Member Focused

Professional

Transparent

Innovative

Collaborative

2023 Snapshot

$53.8 Million pensioner payroll per month

1.57% Cost-of-living adjustment

56,110 2023 members

96% Member service satisfaction

986 Retirements

59 Average age at retirement

Financial Overview		
	2023*	2022*
Rate of return on investments	10.68	(5.63)
Investments at market value	$8,143,610	$7,611,051
Employee contributions	$157,878	$163,263
Employer payments	$317,744	$306,598
Pension payments	$643,804	$614,115
Refunds and transfers	$55,117	$55,826
General expenses – net	$3,309	$3,137

* thousands unless otherwise noted

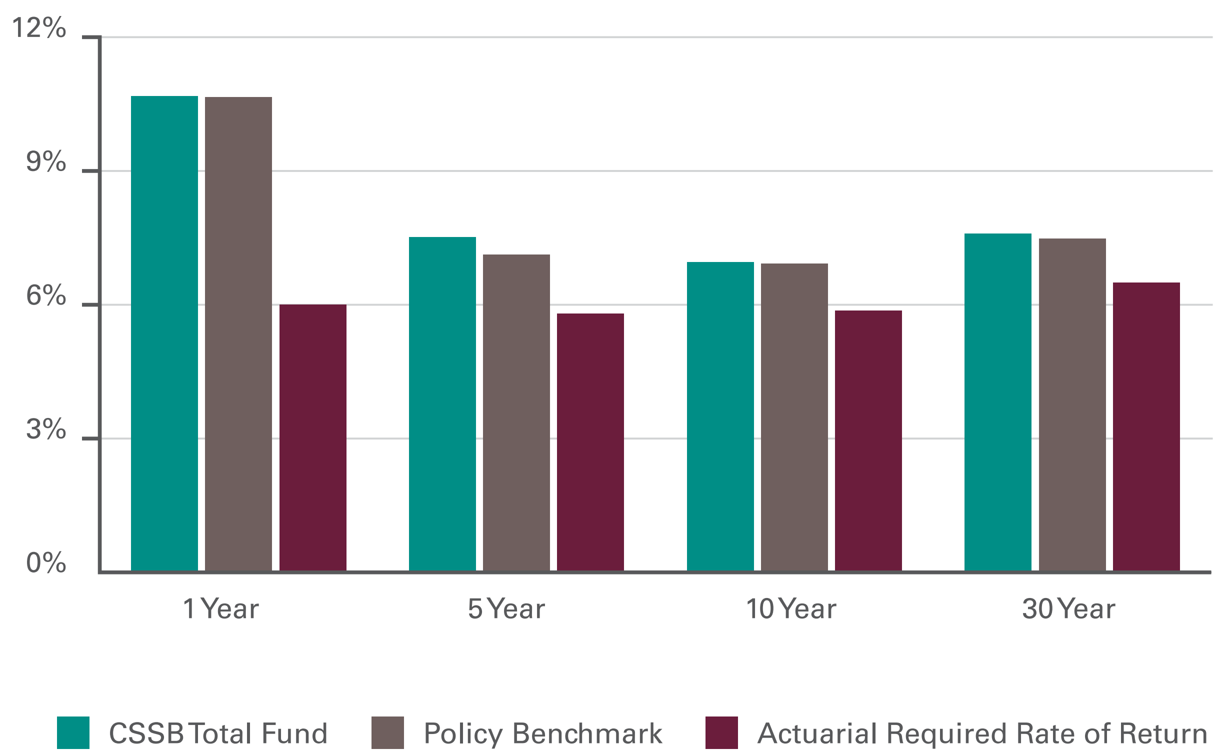
Investments Overview

10.68%
Rate of return

10.66%
Policy benchmark

$8.1 billion
Total assets

Annualized Return Comparison



CSSB Leadership

Administration

Bruce Schroeder
General Manager

Hans Berger
Director
Management Information Systems

Erin Polcyn Sailer
Director
Communications and Member Services

Dawn Prokopowich
Director
Client Services Administration

Rick Wilson
Director
Finance and Investment Communications
and Management Services

Investments

Peter Josephson, CFA
Chief Investment Officer

Clancy Ethans, MBA, CFA
Managing Director, Alternative Assets

Advisory Services and Regulatory Oversight

Consulting Actuary
Ellement Consulting Group

Legal Counsel
Fillmore Riley

Auditor
Office of the Auditor General

Governance

The Civil Service Superannuation Board

The Board is the pension plan trustee. They are fiduciaries, responsible for overseeing the pension plan's administration and management of the Fund, ensuring investments benefit all members and beneficiaries.

The Board also...

- ensures the Fund is managed according to governing legislation
- delegates the day-to-day management to the General Manager and staff
- provides overall direction and approval of policy items

Board member selection

The Board includes eight members and one Chair. The Superannuation and Insurance Liaison Committee selects four Board members to represent employees. The Manitoba government selects four Board members to represent employers.

The government also selects the Board Chair. They do so based on a joint recommendation from the Employer Pension and Insurance Advisory Committee and the Superannuation and Insurance Liaison Committee.

Committees

Three committees support the work of the Board.

Finance and Audit Committee

- reviews financials and budgets
- makes recommendations to the Board

Human Resources and Governance Committee

- reviews compensation and larger policy issues
- makes recommendations to the Board

Investment Committee

- within parameters, they can make investment decisions without going to the Board for approval

Board meets five times per year

1 Actuarial valuation every year

1 Independent audit every year

The Board

Chair

Carmele Peter
President
Exchange Income Corporation

Employee Representatives

Jody Gillis

Doug Troke

Samantha Probetts

C. Reed Winstone

Employer Representatives

JoAnne Reinsch

Randal T Smith

Scott Wilson

Lynn Zapshala-Kelln

Finance and Audit Committee

Doug Troke
Chair
Employee Representative

Scott Wilson
Employer Representative

Lynn Zapshala-Kelln
Employer Representative

Samantha Probetts
Employee Representative

Human Resources and Governance Committee

C. Reed Winstone
Chair
Employee Representative

JoAnne Reinsch
Employer Representative

Randal Smith
Employer Representative

Jody Gillis
Employee Representative

Investment Committee

The Investment Committee manages the assets of the Civil Service Superannuation Fund, the Legislative Assembly Pension Plan, three Centra Gas portfolios, and the Province of Manitoba trust account. They also manage three Centra Gas portfolios and the Province of Manitoba trust account.

The committee includes one elected employee representative, the Deputy Minister of Finance, the CSSB General Manager, a chairperson, the Board Chair, and up to four outside investment professionals.

Elizabeth Marr, CFA*
Chair
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.

BJ Reid*
Retired, IG Wealth Management
Chief Financial Officer, Mutual Funds and
Vice President, Fund Services

Sil Komlodi^
Deputy Minister of Finance
Province of Manitoba

C. Reed Winstone^
Civil Service Representative

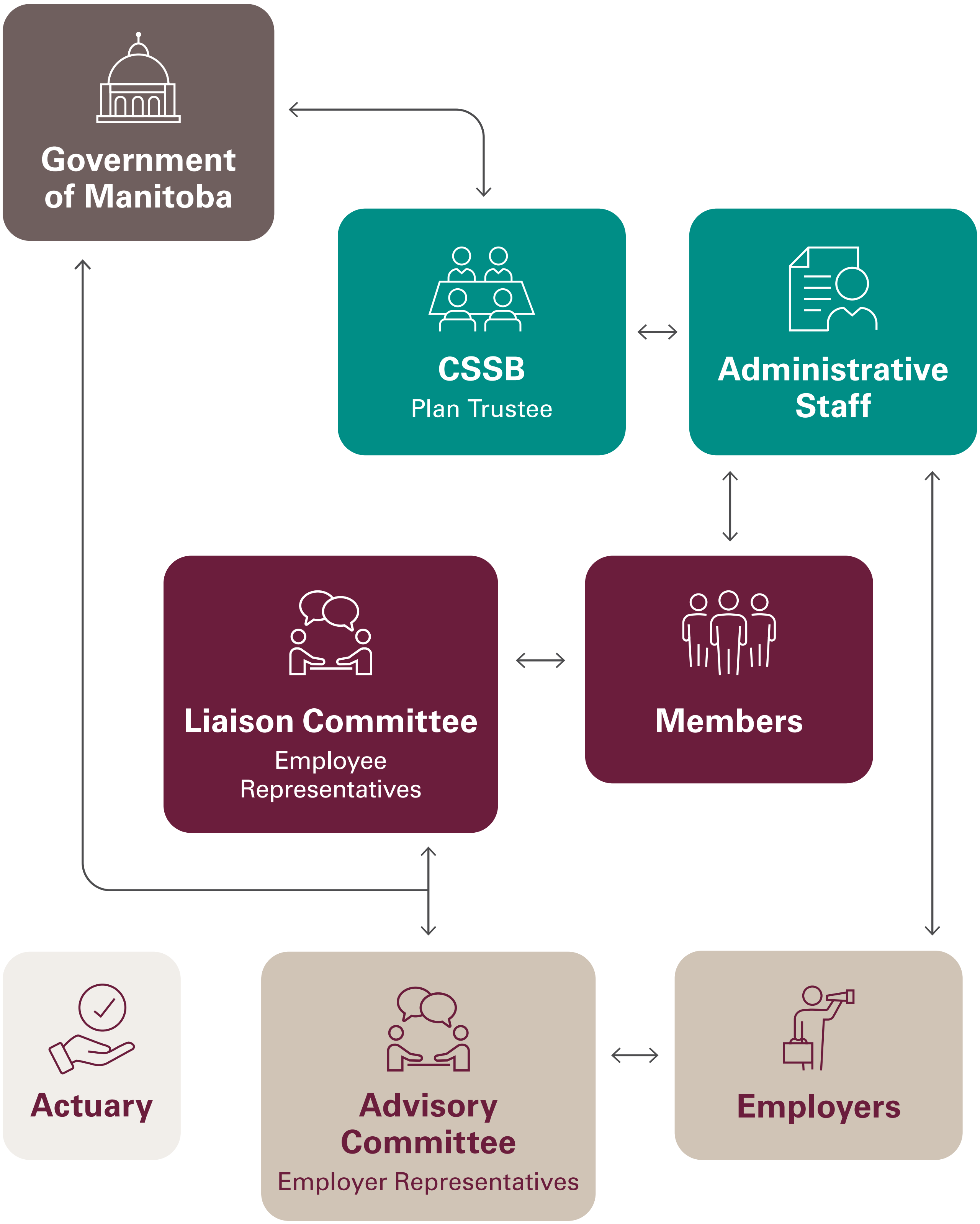
Carmele Peter^
Chair
The Civil Service Superannuation Board

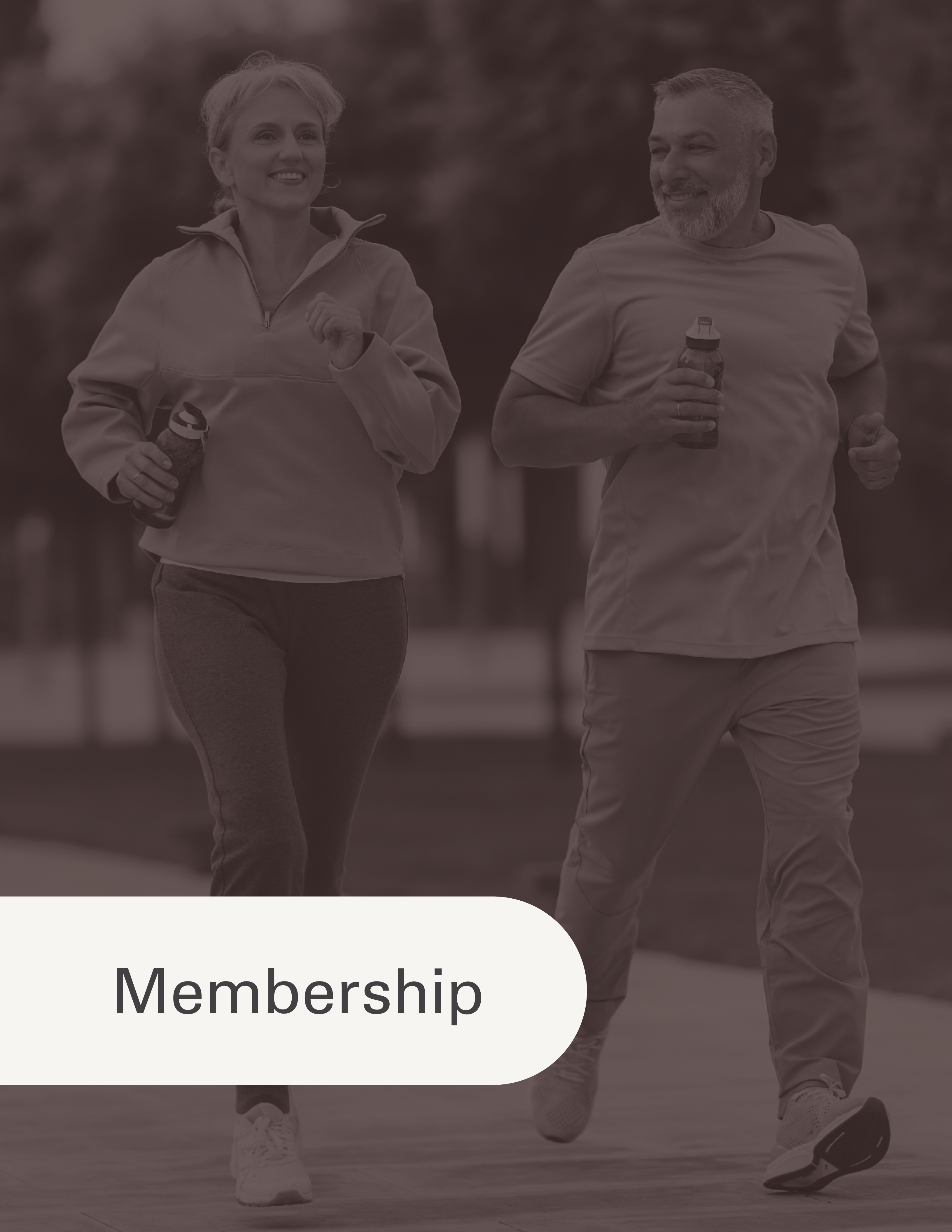
Bruce Schroeder^
General Manager
The Civil Service Superannuation Board

Susan Stephen+
Treasurer
Manitoba Hydro-Electric Board

* Appointed based on investment expertise
^ Required by legislation
\+ Appointed by Manitoba Hydro to represent Hydro Fund only

Governance Overview





Membership

Membership Profile 2023

At CSSB, our members are at the heart of everything we do. We are dedicated to being a trusted partner, guiding them through every stage of their pension journey.

30,990
Non-retired members

25,120
Pensioners and beneficiaries

56,110
Total members

45
Average age of working members

71
Average age of pensioner

59
Average retirement age

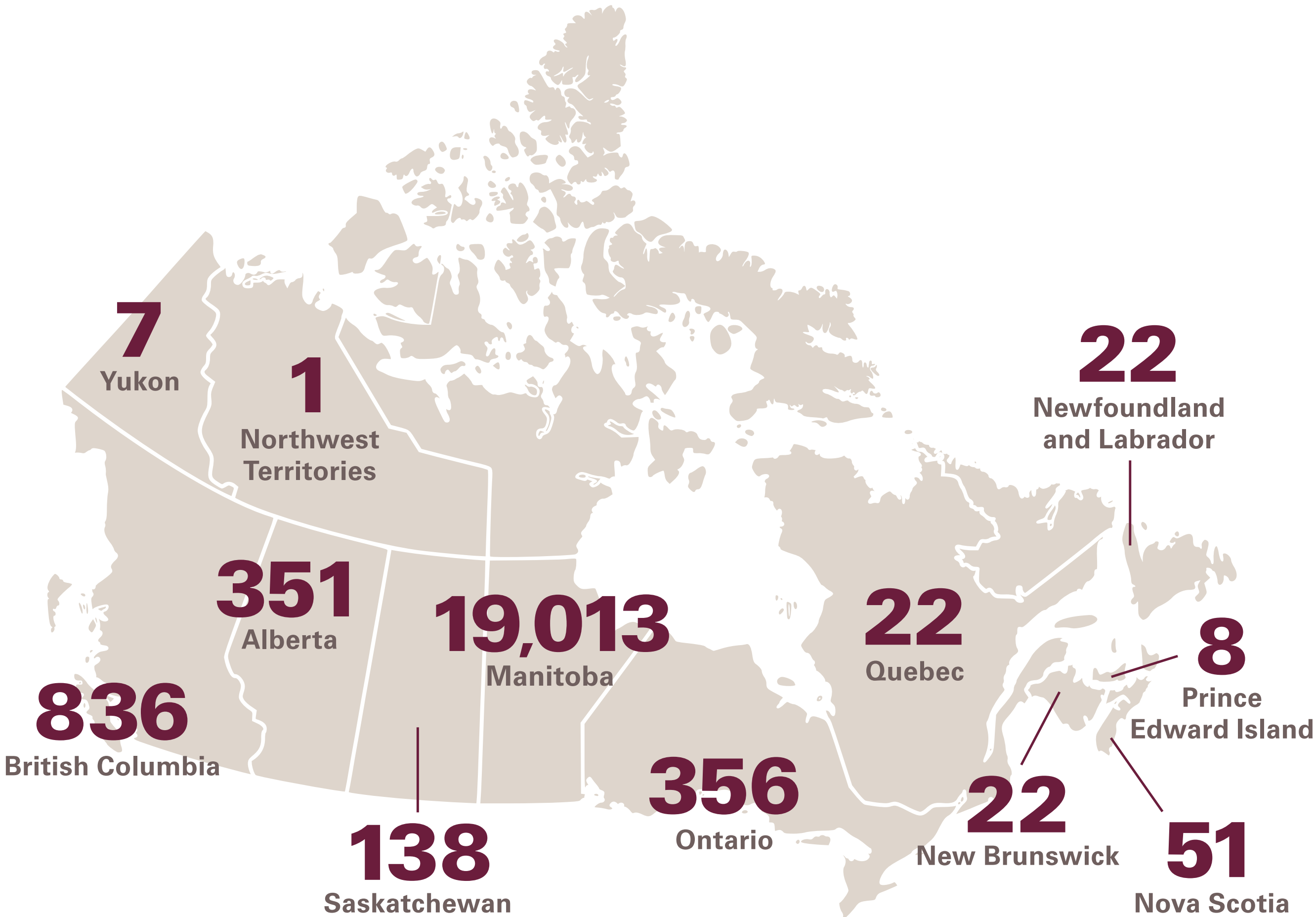
986
New retirees 2023

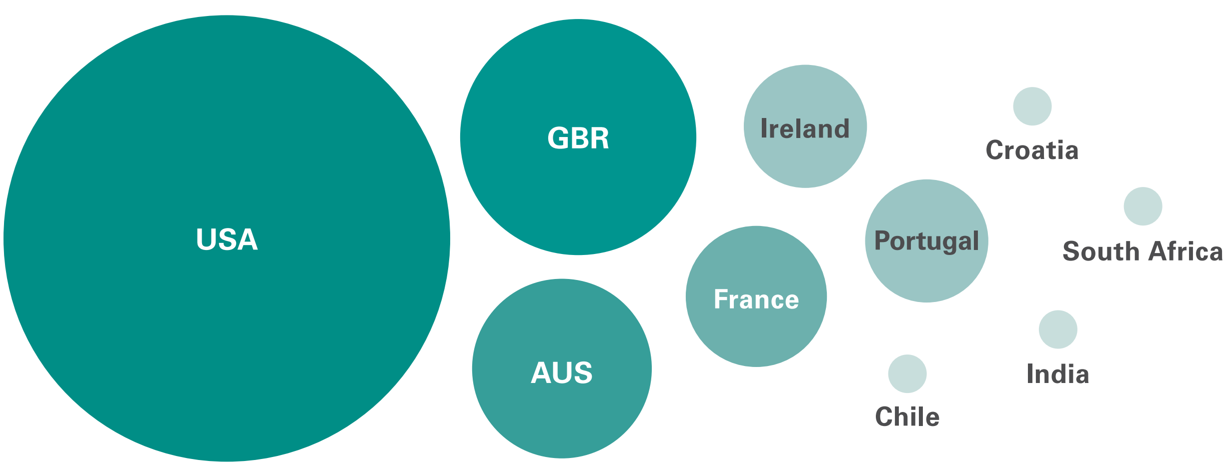
$28,000
Average yearly pension

Membership total		2023	2022
Membership	Non-retired members	30,990	30,572
	Retired members & other recipients	25,120	24,680
	Total	56,110	55,252
Other plans	Money Purchase	3,314	3,332
	Centra Gas	718	721
	WCFS	192	203
	MLA	80	83
	LAPP	148	124
	Total	**60,562**	**59,529**

Retired Members Around the Globe

CSSB pensioners live around the world and enjoy quality service no matter where they call home. This map shows where our members live across Canada and the top ten locations abroad.





Member Survey

Over 6,000 members participated in our 2023 survey, providing feedback that informs us about our strengths and guides our planning to better address members' needs in the future.

Highlights

94% trust information provided by CSSB

Overall satisfaction

96% overall satisfaction with service by phone

95% overall satisfaction with service by email

97% overall satisfaction with service in-person or virtual meetings

Among active members

74% pension plan played significant role in choosing employer

91% pension plan plays a significant role in staying with employer

CSSB pensioners

96% happy in retirement

91% retired with a good understanding of their pension

97% feel more secure in retirement knowing they have a pension

Looking forward

As more members look for self-service options, the website will play an increasingly important role in their education and planning. Our member survey highlighted that our website is falling short. In 2024 and 2025, we will make improvements to our site, guided by member input along the way.

Members also let us know they'd like to hear more from us throughout all stages of their careers. We are committed to improvement, ensuring that from the moment they join until retirement, members receive high-quality service and information.

Our Members

Chic

30 years with Manitoba Hydro

"Retirement is fan-freakin'-tastic!"

Overall, Hydro was a very good employer with good work conditions, benefits, and pension. The new downtown location was also a nice bonus. I was lucky I enjoyed my work, which gave me skills that allowed me to work overseas.

From day one, I have loved being retired. It's the greatest gift I've given myself. It truly is fan-freakin'-tastic! Knowing I had a guaranteed pension meant everything to me from feeling secure to allowing me to make more risky investments. The security of having a defined benefit pension allows me the luxury of knowing I will have sufficient means to cover my lifestyle for the rest of my life.

Amanda

15 years with Red River Polytech

"Who knew that retirement would be so invigorating!"

I loved the 15 years I spent teaching at Red River—it was creative and fulfilling work that I had come to late, and I discovered I was good at it. At 61, when I realized I could retire and keep doing the work I had come to love, I set the date to start my life's next chapter.

My public service pension is not huge but it is a significant cornerstone of my financial security. Today, I develop writing courses and deliver them in a variety of community settings. For me, retirement is about having the time to pursue my own writing goals, meeting new people, and growing a community of fellow writers.

Every day I come across retirees who, like me, are reinventing themselves in new lines of work. I am not alone in wanting more than pure leisure to fill my time. My days are satisfyingly full and I am content with the opportunities I am creating for myself. Who knew that retirement would be so invigorating!

Freya

31 years with Manitoba Department of Education, Blind and Visually Impaired

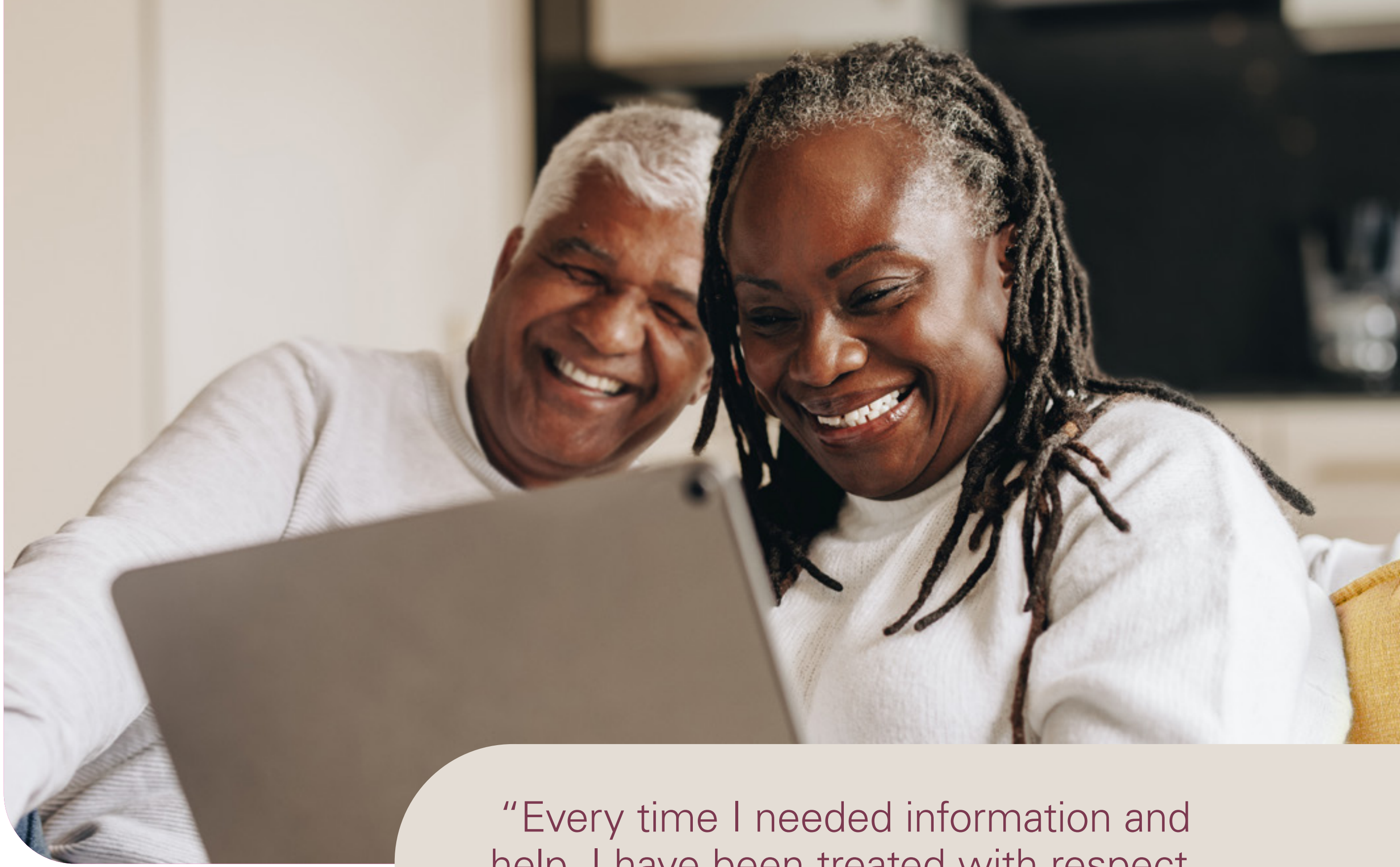
"Working for the province provided a unique career and security for retirement."

My colleagues and I travelled to schools all over the province to provide one-on-one instruction in Braille, adaptive technology, and travel skills for visually impaired students, including white cane travel. As teachers we were given autonomy to work and travel to all ends of the province and even to Nunavut. We were a close-knit group that supported each other with our different skill areas.

I miss the camaraderie of the staff and meeting so many students and teachers in so many schools where our work was appreciated. It was a great way to see the province but I don't miss the winter drives. Now, I enjoy travel to warmer destinations each winter and to farther places on different continents as well. Working for the province provided a unique career and security for retirement.

96%

overall member satisfaction with CSSB service



"Every time I needed information and help, I have been treated with respect, kindness, and understanding."

CSSB Member Services

Throughout the year, the CSSB Member Services team provides a variety of educational sessions and opportunities for members to meet with staff. CSSB also offers self-serve online planning tools and resources to help members understand their pension and insurance benefits at their convenience.

Individual Meetings

Whether in person, virtually, or by phone, members can meet with CSSB staff with pension expertise. Members are encouraged to bring anyone they like—be it a spouse or a financial planner. CSSB staff make regular trips to rural areas, ensuring every member, no matter their location, enjoys the same great service.

Pre-Retirement Planning Seminars

Designed for members planning retirement, CSSB offers live online and in-person seminars in Winnipeg and throughout Manitoba. As with individual meetings, members are welcome to bring anyone involved in key financial decisions, such as a spouse or financial planner. Seminars are designed to help members understand their pension and insurance options leading up to and in retirement.

Mid-Career Seminars

Designed for members in mid-career, employee seminars focus on pension and insurance benefits as well as life events such as maternity and parental leave, divorce or separation, and ways to increase pensions at retirement.

Phone, Email, and Mail

Members can connect with CSSB anytime by phone, email, or regular mail. Our dedicated team can help members with their needs, ranging from basic inquiries to complex pension scenarios.

Online Services

Members can log into their Online Services (member portal) account for secure, instant access to personal pension information. They can also explore tools like the pension estimator, service buyback calculator, and more.

8,987

Members contacted CSSB by email

76,863

Visitors to the CSSB website

19,392

Members are enrolled in Online Services (60.2% overall)

178,121

Pension estimates run through Online Services

59%

of pension applications completed through Online Services

730

Members attended an online seminar (mid-career and pre-retirement)*

463

Members attended in-person seminar (pre-retirement)

*excludes some employer-requested seminars

Funding

Contribution Rates for 2023

In 2023, members contributed to the plan at a rate of 8% of their salary up to $66,600 (Canada Pension Plan maximum) and 9% of their salary over $66,600.

This example is for a member earning $74,000/year.

8%
on salary up to $66,600
(2023 Canada Pension Plan Maximum)

+

9%
on salary above $66,600
(earnings over Canada Pension Plan Maximum)

$5,328 + **$667** = **$5,995**
Total in 2023

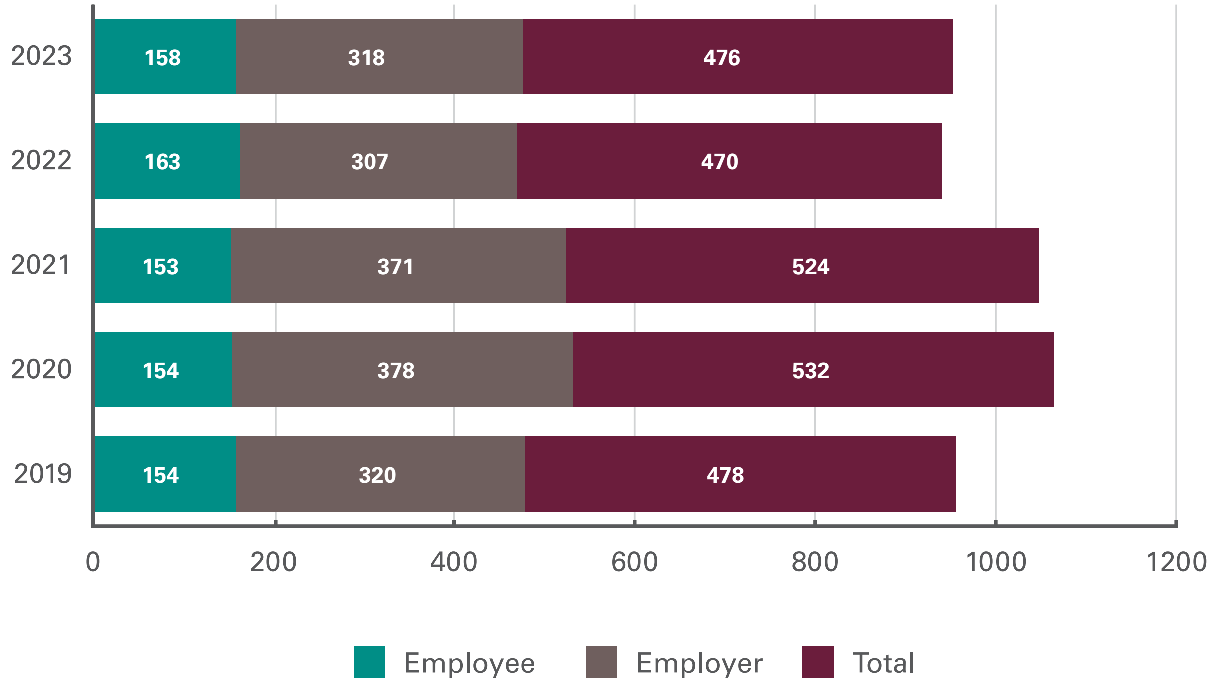
Contributions and Payments

Employees and employers share the cost of the plan. Some employers make their contributions at the same time as the member; others pay later when the member retires.

Employee and employer contributions are split between two separate accounts:

- 89.8% basic pension and beneficiary benefits
- 10.2% cost-of-living benefits

Contributions and Payments ($millions)



Employer payments include about 50% of pensions paid and transfer values for terminations, relationship separations, and deaths for payment-funding employers and payments made by pre-funding employers.

The Pension Formula

As a defined benefit pension plan, CSSB provides retirement income for life. This income is based on a formula that considers a member's earnings and years of service.

2% x average **best five years** pensionable earnings x pensionable service

MINUS

0.4% x average of the CPP earnings based on the same five years x pensionable service

=

Annual Pension

Example – pension calculation

Retirement date: December 31, 2024

Employee age: 55

Pensionable service: 30 years

Average salary: $67,000

Average CPP pensionable earnings: $64,060

	.02 x $67,000 x 30 =	$40,200*
Less:	.004 x $64,060 x 30 =	$7,687*
	Annual pension of =	$32,512*

Monthly pension = $2,709* **

**Lifetime pension option and assumes no early retirement reduction (Rule of 80).

*Rounded to the nearest dollar

Benefits of Being a CSSF Member

Valuable features of the plan include:

- regular monthly income for life, with no changes regardless of how plan investments perform
- a diverse and professionally invested portfolio with no decisions required of members
- potential for partial inflation protection at retirement
- survivor and disability benefits
- pension funded by members and employers

One of our pensioners is

103

years young.

This member has received

$1,579,000

over 36 years.

Cost-of-Living Adjustment

A cost-of-living adjustment is an increase to pensioners monthly benefit payments. The adjustment helps to partially offset inflation.

Adjustments falling short of target

CSSB targets an increase equal to 66.67% of the prior year's Canadian Consumer Price Index. The index measures inflation by comparing the cost of the same goods and services (e.g., food, housing, clothing) at different points in time.

In 2022, the index was 6.32%. The adjustment increase of 1.57% is equal to 24.9% of the index, falling well below our target. This has been a trend over the last two years.

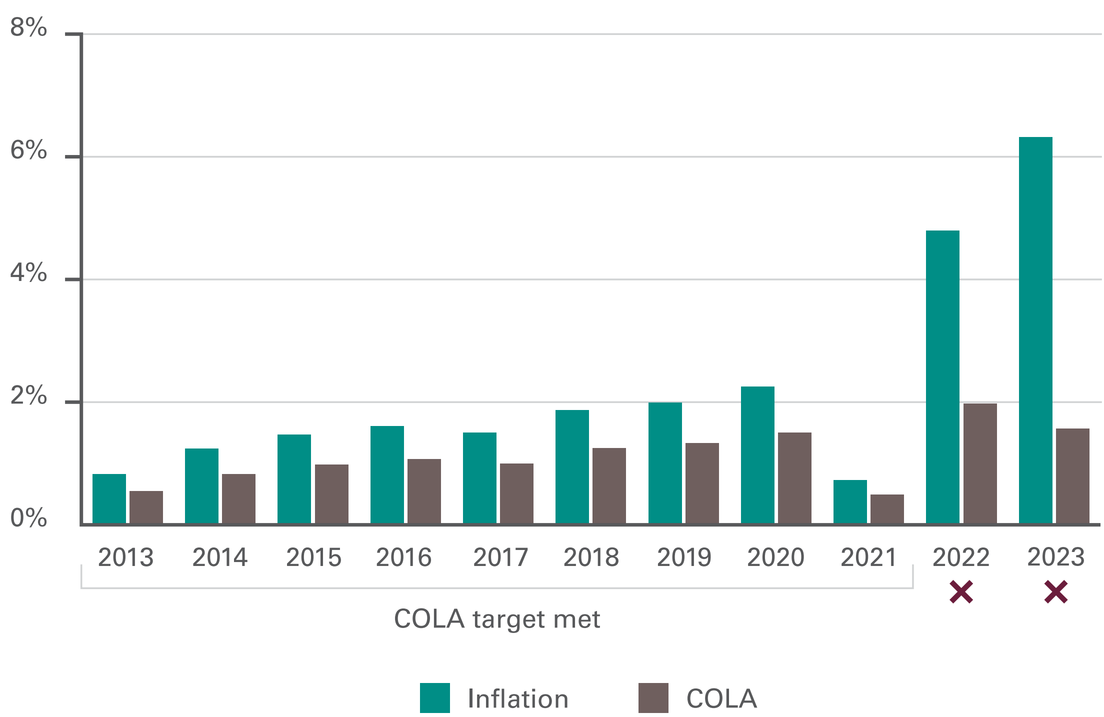
The amount of the adjustment is determined by the Plan actuary and recommended to the Board. Cost-of-living adjustments are not guaranteed.

Why the cost-of-living account can't keep up

The account can't meet its target for several reasons:

- rising inflation
- the funding formula
- changes to membership
- increased longevity

Rising Inflation

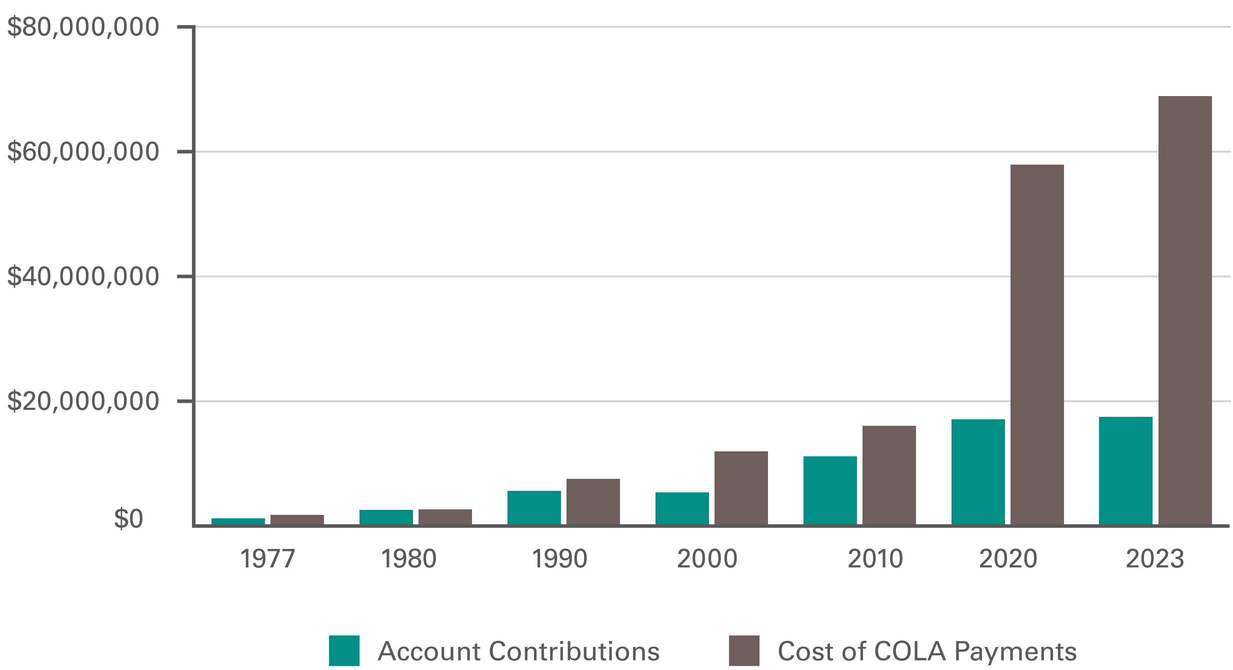


Changes in Membership

The employee to pensioner ratio has changed dramatically over the last forty-six years. In 1977, there were 12 employees contributing to the cost-of-living account for every one pensioner receiving an adjustment. Now there are only 1.2 employees for every pensioner receiving an adjustment.

The Funding Formula

With the current funding formula, contributions can't keep up with payments.



Looking Forward

If pension payments stay the same while the price of goods and services continue to rise, pensioners lose their buying power, leading to a lower standard of living.

For more than two decades, the Board and Plan actuary have warned that the cost-of-living account can't meet its target. They have also indicated this trend is likely to continue unless changes are made.

Changes start with the Superannuation and Insurance Liaison Committee (representing employees) and the Employer Pension and Insurance Advisory Committee (representing employers). Both committees must make recommendations to the provincial government, based on an actuarial report that supports their plan.

Investments

Message from the CIO

Peter Josephson, CFA

Total Fund

Investment Overview

After a difficult year in 2022, global equity markets posted strong returns in 2023. While markets trended in a positive direction, 2023 still had its share of headwinds. These came in the form of a banking crisis and geopolitical conflicts in Europe, the Middle East, and Asia.

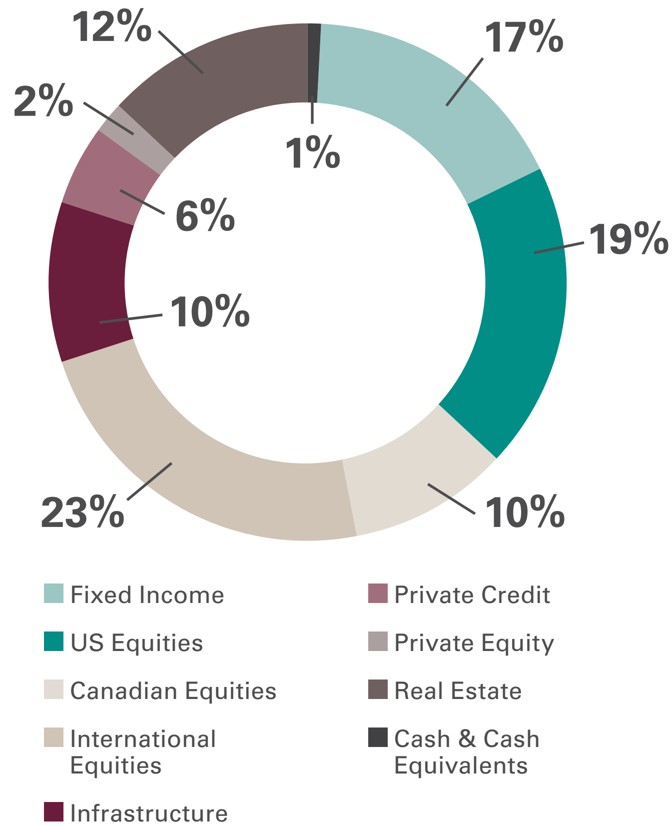
While overall returns of equity markets in the developed world were impressive, volatility remained high and breadth was very narrow for much of the year. Between excitement around artificial intelligence and budding conviction that the Fed can achieve a soft landing, investors chose optimism over caution toward the end of 2023.

Capital Markets

The Nasdaq was up a spectacular 43.4% in USD. The S&P 500 also performed well, posting a 26.3% USD return. The Magnificent 7 stocks (Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla) dominated performance. They helped the market-cap-weighted S&P 500 nearly double the performance of the average stock in the index (26.3% vs. 13.8%).

The following table highlights global equity market returns over the period.

Asset Mix



Annual Return
10.68%

Total Assets
$8.1 B

Benchmark
10.66%

Global Equity Market Returns

The global fixed income markets in 2023 were extremely volatile. They were highly sensitive to macro-economic data releases and Federal Reserve commentary.

In the US, the 10-year treasury yield was over 5% at its peak and the Canadian 10-year treasury reached 4.2% early in the fourth quarter, prior to both markets tumbling over 100 basis points during the last two months of 2023. This historic move down in yields was driven by a seemingly unimportant announcement by the US Treasury department. As reported in *The Wall Street Journal*, "Treasury officials cut back on the size of increases in 10- and 30-year debt auctions. They also signaled a willingness to rely more on short-term debt, which investors were happy to snap up."[1]

This change in debt auction strategy sparked a plunge in bond yields and a corresponding rise in prices. In the US, long-term treasuries surged 9.2% in November and another 8.6% in December, bringing the fourth quarter return to 12.7%. In Canada, for the fourth quarter, the broad composite index gained 8.3% (6.4% YTD). The short-term index advanced 4.1% (4.9% YTD), the mid-term index gained 8.3% (5.9% YTD), and the long-term index surged 14.8% (8.9% YTD). The CSSB custom index advanced 10.38% for the quarter and 7.66% for the year.

Currently, fixed income yields have risen from the end of 2023, as economic data has been stronger than expected. We

Global Equity Market Returns

For the 12 months ended December 31, 2023

Index total returns	Returns ($CAD)
S&P/TSX Composite	11.8%
DJIA	13.6%
S&P 500	23.5%
S&P 400	13.8%
S&P 600	13.4%
NASDAQ	41.2%
MSCI EAFE	15.4%
MSCI Emerging	7.2%
MSCI All World	20.8%
MSCI Japan	17.45%
MSCI China	-13.3%
MSCI Hong Kong	-16.8%
MSCI Australia	12.05%

[1] Duehren, A. (2024, January 27). The most important man in finance you've never heard of. The Wall Street Journal. https://www.wsj.com/finance/investing/the-most-important-man-in-finance-youve-never-heard-of-58069d32

anticipate fixed income markets will remain volatile over the near term. We think global monetary tightening policies have peaked and global central banks seem ready to start cutting interest rates sometime in the second quarter of 2024.

2023 Performance

For 2023, the total Fund returned 10.68% versus the policy benchmark return of 10.66%. This was mostly due to an underweight in fixed income and the strong relative performances of our bond and US equity portfolios. Our infrastructure and private equity portfolios also performed well. The return was offset by manager underperformance in international equities and real estate.

Policies and Procedures

The policies and procedures that guide or impact investment decisions include:

- Statement of Investment Policies and Procedures (SIP&P)
- Compliance with investment manager mandates
- Proxy Voting Policy and Guidelines

Statement of Investment Policies and Procedures

SIP&P guides the investment decision-making process. This document is created with input from an independent consultant, the Investment Committee, and the investment management team. It recommends how the Fund's assets should be invested while considering the structure and size of the Fund's liabilities and cash flows, now and into the future.

Recommendations from the consultant are reviewed and approved by the Investment Committee and Board. These recommendations are then formalized in the SIP&P.

Examples include:

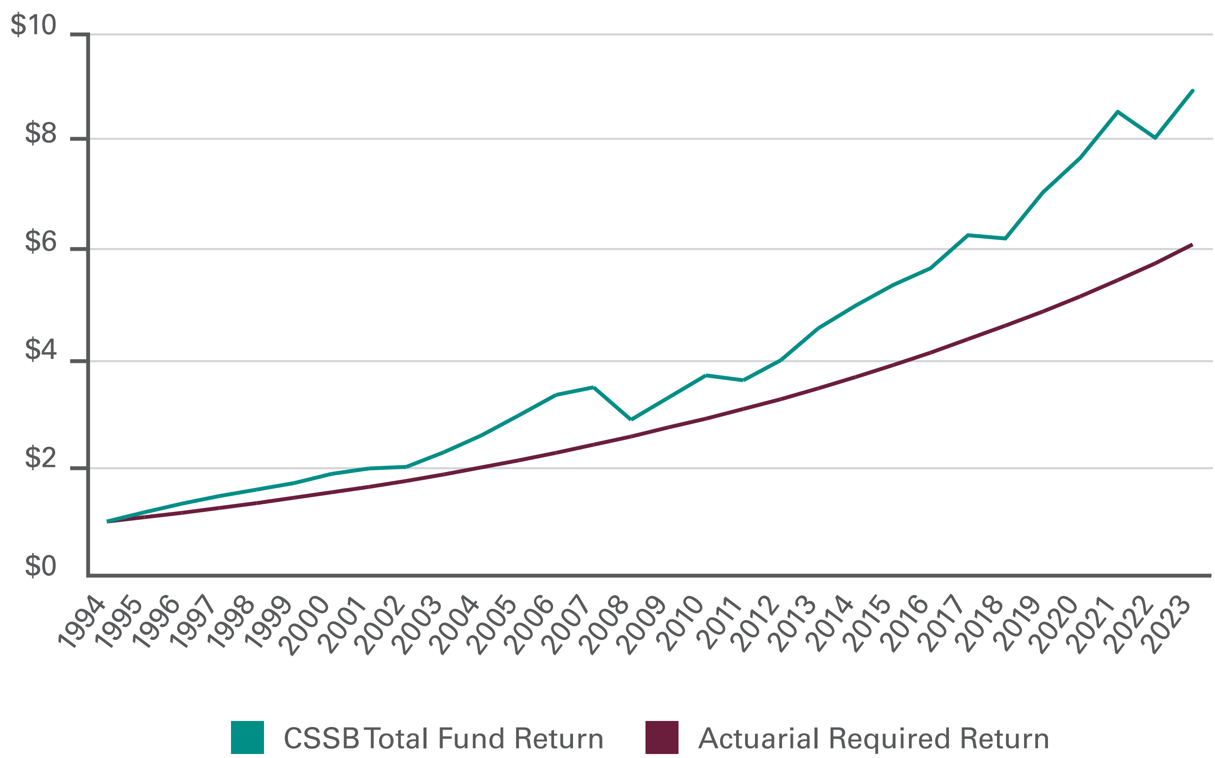
- recommended target asset mix
- appropriate asset class ranges
- fixed-income investment grade quality
- individual holding limits
- investment objectives
- valuation procedures
- investment management structure

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. 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 to its members. An actuarial valuation on the Fund is the best way to measure this.

Growth of $1 Invested

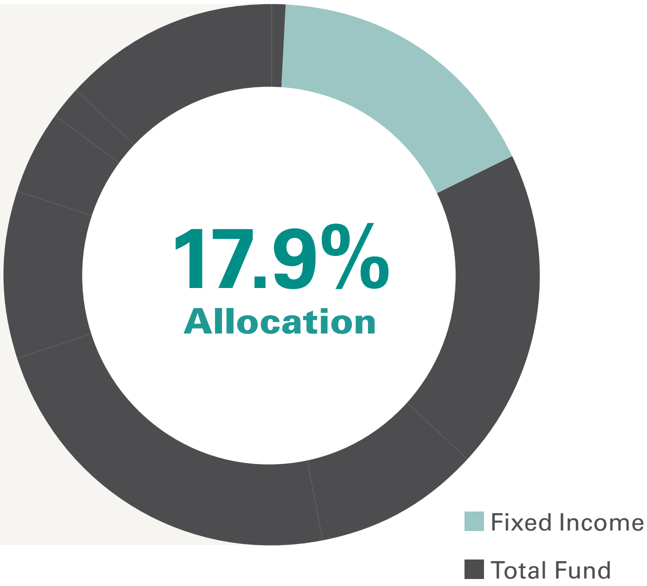


Asset Class Performance

Annual Return
8.48%

Exposure
$1.46 B

Benchmark
7.66%



Fixed Income

Investment Approach

We manage the fixed income portfolio with a focus on liquidity and safety. The portfolio's sector weights, curve, and duration are determined by an overall view of the economy. We also look for trading opportunities within and amongst the different sectors.

To ensure we can sell our investments quickly, we invest in the largest issuers in the market. These tend to be regulated utilities and other infrastructure-related companies. Because of their size in the benchmark, the Big Five Canadian banks tend to make up the bulk of corporate holdings.

2023 Performance

In 2023, the fixed income portfolio earned 8.48%, compared to a benchmark return of 7.66%. This success came mainly from a higher allocation to corporate credit than the benchmark.

Strong economic growth in the US and Canada led yields significantly higher in late summer and early fall. The shift higher in yields resulted in negative year-to-date returns in fixed income up until the end of October.

The final two months of the year saw a sharp reversal in the direction of yields. Inflation continued to decline, which increased the probability that interest rates could be cut as soon as the beginning of 2024.

Overall, 10-year yields in Canada reached 4.25% before falling to 3.11% at year end. The year-over-year change in 10-year yields was a decrease of 20 basis points. In the US, 10-year yields reached 5% before declining to 3.89% at year end. The year-over-year change in 10-year yields was an increase of five basis points.

Sector Allocation

We started the year with a corporate weighting of 40% (25% benchmark). Credit spreads were wide to begin the year and, as a result, the mix of carry and potential for spread tightening was favourable for generating excess return.

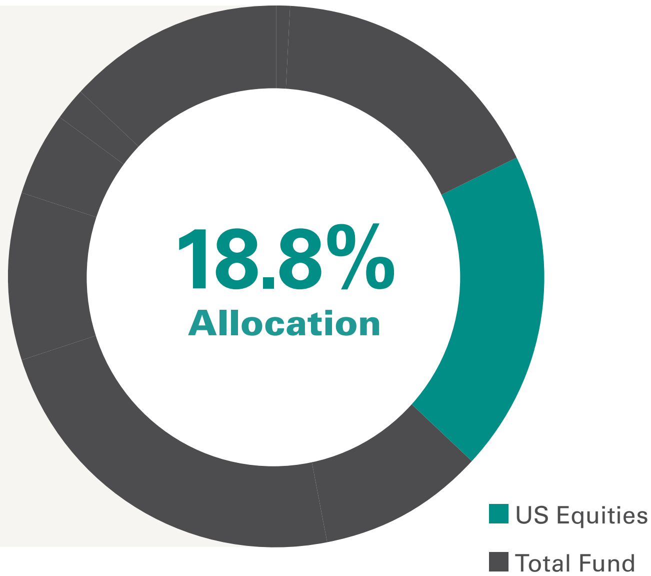
After a regional banking crisis early in the year widened credit spreads by 30 basis points, we increased our corporate weighting to 45%.

Thanks to strong economic growth and the highest yields since 2008, spreads tightened 40 basis points by year end. As corporate spreads tightened, we decreased corporate exposure to 38% and increased provincial exposure from 37% to 40% (43% benchmark). The biggest reduction in corporate exposure occurred in longer dated maturities where valuations were the most stretched due to a lack of corporate new issue supply.

Annual Return
25.17%

Exposure
$1.53 B

Benchmark
19.44%



US Equities

Investment Approach

Most of the Fund's US equity assets are invested in our internally managed US Large Cap Equity Fund. This fund is benchmarked to the S&P 500 Index and primarily focuses on large cap US equities.

We manage an internal US Low Volatility Dividend Fund. It is benchmarked to the S&P 500 Low Volatility High Dividend Index. This fund is used to lower overall volatility of the US equity exposure.

We also invest 20% of the US equity assets split between two index funds. One replicates the S&P 500 return. The other replicates the midcap area of the US market.

2023 Performance

In 2023, our US equities returned 25.17%, versus the benchmark of 19.44%.

The outperformance over the benchmark was attributable to the strong performance of the two internally managed US equity funds. The internal Large Cap US Equity Fund beat its benchmark by 804 basis points. The internal US Low Volatility Dividend Fund beat its benchmark by 642 basis points. The two index funds met their targets, exactly as expected.

The five-year return generated by our US equity program is 14.63% per year, outperforming our US equity benchmark return of 13.89% per year.

Capital Allocation

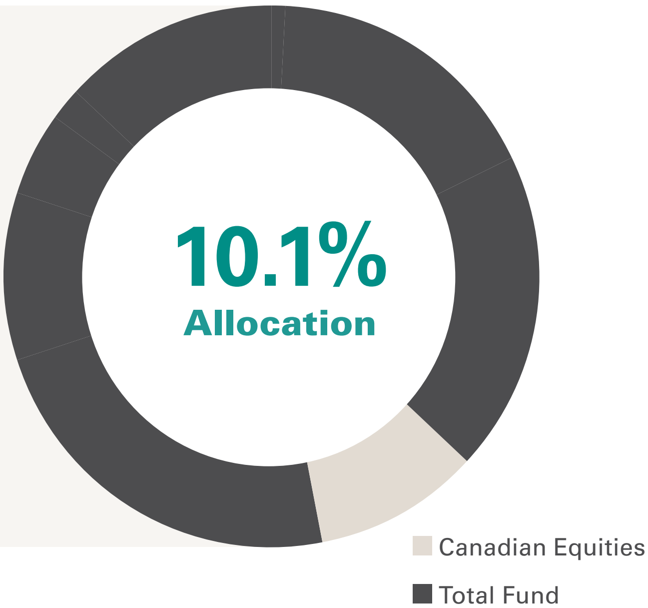
The Fund has an 18.8% allocation to US equities, which is more than our policy benchmark target of 17.5%. The share of US stocks relative to the Fund's total public equity allocation was 36.5% at the end of the year.

In the US equity allocation, we have 80% in large cap equities, 11.3% in midcap equities, and 8.6% in a less risky low-volatility dividend strategy.

Annual Return
11.25%

Exposure
$824 M

Benchmark
11.75%



Canadian Equities

Investment Approach

The Canadian equity fund is managed in-house with the goal of achieving better long-term returns than the S&P/TSX benchmark. We do this by managing risk effectively, a challenge given the heavy cyclical and commodity exposure in the Canadian market.

We focus on companies with solid business models, good margin profiles, strong cash flow, and clear opportunities for growth.

Recognizing the favourable risk-to-reward ratio offered by low-volatility investments in Canada, we launched a Low Volatility Fund, which will replace the XIC Index Fund in 2024.

2023 Performance

The Canadian Equity Fund returned a strong 11.25% during the year, trailing the benchmark by 50 basis points. While the fund benefitted from its overweight in information technology and underexposure in energy and materials, selection proved a headwind for a number of the fund's positions during the year.

The S&P/TSX posted an 11.75% return in 2023. It overcame headwinds including a US banking crisis, ongoing geopolitical tensions, and Bank of Canada rate increases. Most of the double-digit gain happened in the fourth quarter. That's when global interest rates peaked and equity markets started to expect and factor in central bank rate cuts. Despite all the ups and downs, US 10-year interest rates ended 2023 almost exactly where they began, at 3.9%.

Information technology was the standout sector, increasing by 65% over the year, largely driven by Shopify, which soared with a return of 120%. In contrast, after two years of strong performance, the energy sector posted a modest return of 6%. Materials and telecommunications were the only sectors that ended the year lower.

Capital Allocation

The Fund's 10.1% allocation to Canadian equities represents a similar exposure compared to the policy benchmark weight of 9.5%. The share of Canadian stocks relative to the Fund's total public equity allocation was 20% at the end of the year.

In the Canadian equity allocation, 90% of the capital was invested in the Canadian Equity Fund and the remaining 10% in the XIC Index Fund.

Investment Spotlight

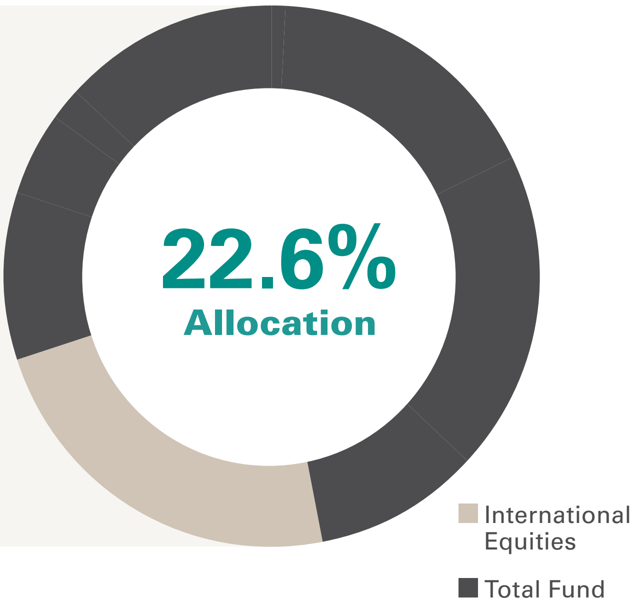
Photo Credit: Duke Energy

Through an infrastructure investment managed by Brookfield Asset Management, CSSB owns a stake in the 350 MW Frontier II wind farm located in Kay County, Oklahoma. AT&T and Ball Corporation have signed long-term agreements to receive power generated by the project.

Annual Return
9.12%

Exposure
$1.84 B

Benchmark
12.53%



International Equities

Investment Approach

Our international equities portfolio is managed by a variety of expert teams, each focusing on different global regions and investment styles. The benchmark is roughly 74% developed markets (established economies) and 26% emerging markets (developing economies).

We have three managers focused on developed markets, one manager for Asia Pacific, and one manager for emerging markets. We tend to invest in stocks in larger companies and with a fairly even split across value, core, and growth.

2023 Performance

The international equities portfolio returned 9.12%, compared to its benchmark return of 12.53%.

This lower than benchmark return was mainly because we invested more in emerging markets, which did not perform as well as expected and managers did not meet their respective benchmarks.

All international managers underperformed their benchmarks except for Jennison Associates. Jennison beat its benchmark of 15.07% with a return of 17.85%. William Blair returned 10.10% vs 15.07%; Mackenzie Investments returned 4.33% vs 6.45%; Marathon returned 13.61% vs 15.07%; and Somerset returned -1.75% vs 6.88%.

The Fund terminated Somerset Capital Management who had been managing the emerging markets allocation since 2007. Performance had been challenging and the firm was experiencing asset outflows. The funds have been placed in an emerging market exchange traded fund until we onboard a new manager, which we expect to happen by the end of the second quarter in 2024.

Capital Allocation

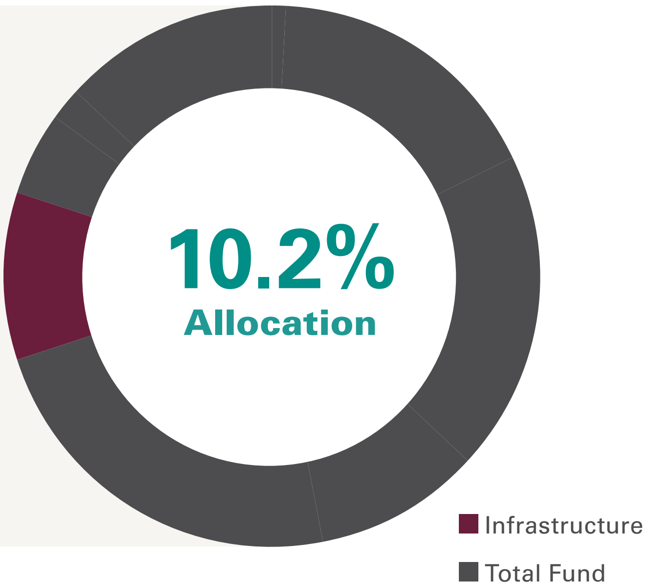
At the end of 2023, total investments in international equities increased to $1.843 billion, up from $1.641 billion in 2022. Total Fund allocation to international equities was 22.8% at the end of 2023 compared to 21.5% at the end of 2022. This is slightly under our target of 23%.

Investments in emerging markets represent 32.4% of international holdings compared to 26.5% for the benchmark.

Annual Return
11.29%

Exposure
$828 M

Benchmark
6.15%



Infrastructure

Investment Approach

We invest in medium and large-scale infrastructure services or businesses predominantly operating within the transportation, digital and social infrastructure, and energy and utilities sectors. We take a patient and disciplined approach to infrastructure investing, actively diversifying our portfolio across industries, technologies, and geographies. We focus on investments that have high barriers to entry or that are supported by public regulation or by substantially contracted revenue streams, which are typically protected with inflation adjustments. The portfolio consists of funds (85%) and co-investments (15%).

2023 Performance

Our infrastructure assets generated a return of 11.29% in 2023, compared to the benchmark of 6.15% (five-year forward inflation rate plus 4% for a risk premium). Our returns were supported by steady income generation and valuation gains across several assets, particularly AMPORTS. This asset drove outperformance in our co-investment portfolio. Performance was adversely impacted by unrealized losses in a few specific assets in the OMERS Infrastructure portfolio and from the Instar Essential Infrastructure Fund II.

Overall, the infrastructure portfolio continues to perform well and has benefited from inflationary tailwinds.

Capital Allocation

By the end of 2023, total investments in infrastructure increased to $828 million, up from $726 million in 2022. This represents 10.2% of total Fund assets.

After year end, we came to an agreement with OMERS Infrastructure to unwind our agreement early. As a result, 50% of the infrastructure portfolio will be returned to CSSB in three payments made over 24 months, beginning Q1 of 2024. The priority now is to find new high-quality infrastructure investments to maintain the asset class weighting at its current level.

Investment Spotlight

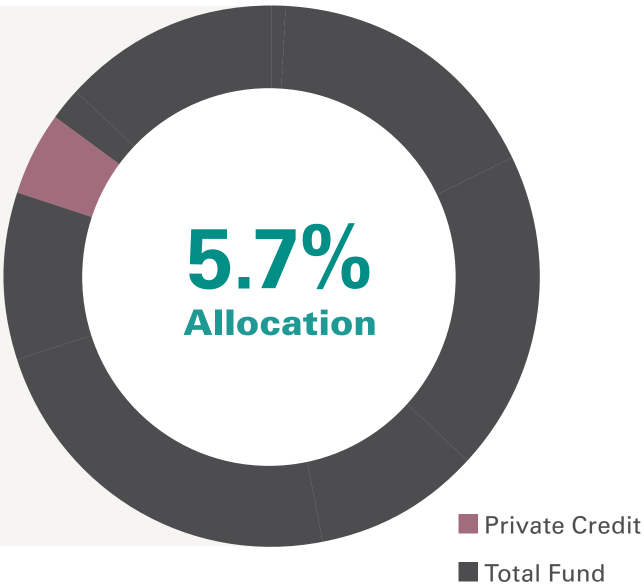
Photo Credit: AMPORTS

Through a co-investment with Instar Asset Management, CSSB owns a stake in the infrastructure company AMPORTS. AMPORTS portfolio includes the Jacksonville, Florida location where automobiles are received from overseas manufacturers and processed before being delivered to dealerships.

Annual Return
8.17%

Exposure
$464 M

Benchmark
10.83%



Private Credit

Investment Approach

Private credit refers to debt investments that are not financed by banks and are not issued or traded in an open market.

Examples include:

- loans to corporate borrowers
- loans made against real estate assets
- lending against contractual revenue streams like royalties

2023 Performance

Private credit generated a net gain of 8.17% in 2023 compared to our benchmark of 10.83% (LSTA +50 basis points). The return was driven primarily from interest income. Almost all of the program is exposed to floating rate debt. Because of this, the portfolio benefited from higher short-term rates and were less sensitive to changes in long-term yields.

The largest driver of return was our co-investment in Antares, the largest mid-market private lender in the United States. Detractors of performance included Brookfield Real Estate Finance V. The difficulties in this fund relate to office exposure across the United States where work-from-home culture since the COVID-19 pandemic has negatively impacted office vacancy.

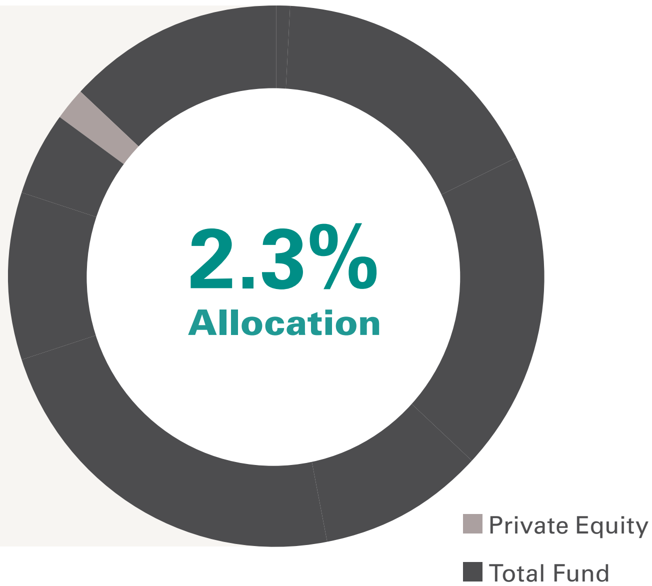
Capital Allocation

By the end of 2023, total investments in private credit increased to $464 million, up from $429 million in 2022. This increase was mainly driven by net investment income, more capital invested in existing funds, and a valuation increase from our co-investment in Antares. The private credit program ended 2023 at 5.7% of total Fund assets. In 2024, our goal is to reach a 7.5% asset allocation.

Annual Return
15.42%

Exposure
$187 M

Benchmark
9.69%



Private Equity

Investment Approach

We invest in companies with solid business fundamentals, strong management teams, and opportunities to grow both organically and through acquisitions. We focus on four core verticals: business services, healthcare, industrials, and software and technology. The companies we invest in are primarily headquartered in North America and Europe. The portfolio consists of funds (70%) and co-investments (30%).

2023 Performance

Private equity assets generated a return of 15.42% in 2023, compared to our benchmark of 9.69%.

Returns were driven by organic earnings growth and our mergers and acquisitions activities across portfolio companies. This was particularly true in our software and industrial sectors. The challenging business environment and elevated interest rates did, in limited circumstances, impact top-line growth and operating margins. Valuations for high-quality and recession-resilient assets we own generally remained stable or increased throughout the year. Two of our co-investments, Clarios and CDK, performed exceptionally well in 2023.

Capital Allocation

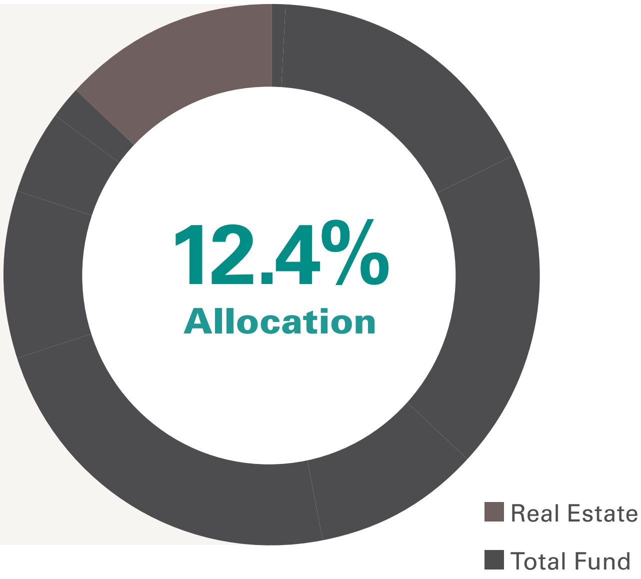
At the end of 2023, total investment in private equity was $187 million, up from $130 million in 2022. Private equity now makes up 2.3% of total Fund assets. The increase was driven by valuation gains, additional investments in existing funds, and new co-investments in CDK and Ping Identity.

In 2024, we plan to continue growing our investments prudently, aiming to reach the 3% allocation target for this asset class.

Annual Return
-2.81%

Exposure
$1.01 B

Benchmark
1.00%



Real Estate

Investment Approach

We work with top real estate managers who oversee our properties around the world. Our focus is on retail, office, industrial, and residential properties.

Our goal is to generate stable and growing income streams in our core portfolio of assets with long-term leases in place. We try to increase the value of these properties through upgrades and by making them more attractive for sale. We also add value by developing market-leading properties for long-term ownership.

2023 Performance

In 2023, the real estate portfolio generated a -2.81% return compared to our benchmark of 1.00%. As central banks around the world continued their fight against inflation, interest rates went up and real estate values went down.

Offices, where we had an overweight position of 20.01% (target 6.37%), were the least profitable type of property this year.

We held an equal weight to the benchmark in residential assets, which was the top performing property asset class for 2023.

Capital Allocation

We sold some of our properties. As a result, total real estate allocation decreased from the end of 2022 by $23 million.

We are shifting our focus from Canadian properties to those in other parts of the world. At the end of 2023, 18.15% of our investments were in global properties. We plan to increase this percentage moving forward.

FX Hedging Program

On September 28, 2018, we began hedging the USD portion of our alternative assets through forward agreements based on the latest valuations. We update our hedge amounts quarterly and hedge new funding immediately as it is called by our counterparties. This hedging reduces FX volatility in our alternative assets, which have grown from $295 million at inception to $842 million USD by mid-June this year.

Hedging costs are periodically offset by investing surplus cash allocated at the program's inception. At the end of the recent quarter, we had $8.5 million in surplus cash which we invest in money market instruments. The total annualized cost of the program since inception is 14 basis points.

Hedging costs, indicated by Forward Points, have surged since early 2023 due to diverging strength in the Canadian and US economies and central banking expectations. For context, the last quarter's hedging cost roughly matched the total cost for the entirety of 2020-2022. The current forward point cost is 90 basis points annualized, near the upper limit of our estimated costs laid out at the beginning of the program. We believe these costs will moderate over time, and the annualized cost remains reasonable to eliminate FX exchange volatility from our alternative assets.

Environmental, Social, and Governance

Socially responsible corporate behaviour, which includes environmental, social, and governance (ESG) policies and procedures, can reduce the risk to long-term corporate profitability and investment performance. Our managers incorporate ESG into their investment processes.

One of our most important rights as investors is to cast votes in a way that is consistent with the long-term best economic interests of the company. As such, careful consideration of social responsibility by companies and their Boards will enhance long-term shareholder value.

Our fund managers and analysts review each proxy resolution based on our voting guidelines. Managers also consider the research provided by our ESG data partner, Sustainalytics.

The Board and Investment Committee have a fiduciary responsibility to ensure the Fund's assets are invested to achieve the highest possible return while maintaining acceptable levels of risk. Our ESG approach focuses on maximizing risk-adjusted returns.

Investment Spotlight


Photo Credit: Carttera

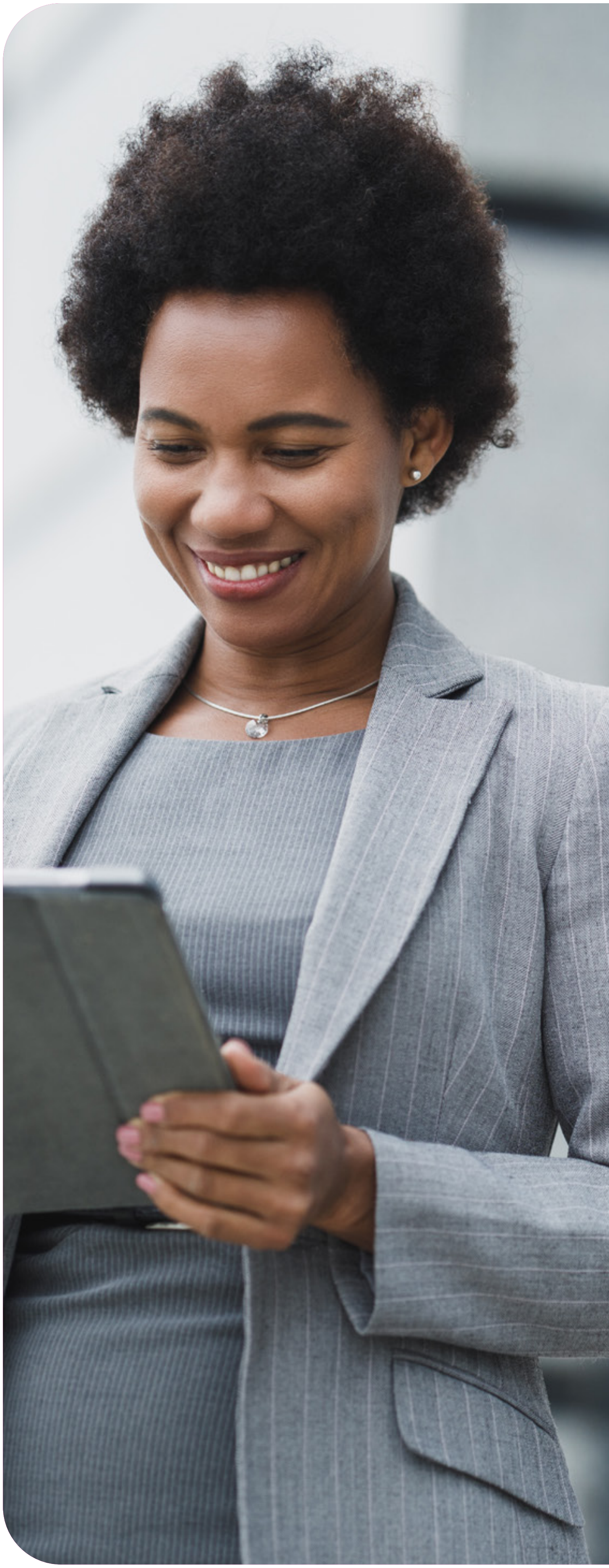
The Fund invested in Avonhead Industrial Campus, located in the Greater Toronto Area. The campus includes 740,000 square feet of modern industrial space. Avonhead is a testament to sustainability and showcases two zero-carbon industrial buildings that pioneer a new era of energy efficiency and environmental responsibility. Solar arrays are integrated into the exterior of the building seen as dark vertical panels; 83% of the rooftop has been designated for additional solar production.

Monitoring

In 2023, CSSB implemented a new risk-management program provided by actuarial consulting firm Eckler, which uses tools to safeguard the assets and interests of plan members.

Using different economic scenarios, the software calculates expected returns, standard deviation, and the likelihood of achieving our actuarial required rate of return of 6% over ten years. It also compares our current asset allocation with the expected returns of our target portfolio.

If CSSB feels there is a strong likelihood one of these scenarios will occur, different asset mixes can be tested using the software to reduce risk or lower volatility for the Plan's assets.



Financials

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 30, 2024.

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

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, 2023, 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, 2023, 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.

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.

Original signed by
Tyson Shtykalo

Winnipeg, Manitoba
May 30, 2024

Tyson Shtykalo, FCPA, FCA
Auditor General

EXHIBIT A

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Financial Position
As at December 31, 2023

($) Thousands	2023	2022
Assets		
Investments, Schedule 1 and Note 2(b)	$ 8,143,610	$ 7,611,051
Capital assets	521	398
Prepaid expenses	497	565
Debt due from the Province of Manitoba, Note 4	1,826	1,826
Receivables, Note 5	12,766	10,482
Accrued dividends and interest	15,298	13,753
Total assets	8,174,518	7,638,075
Liabilities		
Accounts payable and accrued liabilities	21,155	19,183
The Province of Manitoba Unfunded Pension Liability Trust Account, Note 6	2,346,636	2,183,533
Manitoba Hydro Enhanced Benefit Trust Account, Note 7	47,616	42,346
Correctional Officers' Trust Account, Note 8	19,690	17,723
Employer Trust Accounts, Note 9	142,261	128,860
Money Purchase Accounts Plan, Note 10	58,058	55,501
Total liabilities	2,635,416	2,447,146
Net assets available for benefits, Exhibit B	**$ 5,539,102**	**$ 5,190,929**
Pension Obligations and Deficit		
Actuarial value of pension obligations, Exhibit C, Note 11	$ 11,173,865	$ 11,190,430
Deficit, Exhibit D, Note 1(b), 11, 12 and 19	(5,634,763)	(5,999,501)
Pension obligations and deficit	**$ 5,539,102**	**$ 5,190,929**

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

EXHIBIT B

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in Net Assets Available for Benefits
For the year ended December 31, 2023

($) Thousands	Basic Benefits Account	Indexing Benefits Account	2023 Total	2022 Total
Increase in assets				
Contributions, Schedule 2, Note 1(b) and 13				
Employees	$ 141,932	$ 15,946	$ 157,878	$ 163,263
Employers	277,123	40,621	317,744	306,598
Total contributions	419,055	56,567	475,622	469,861
Net investment income, Schedule 3	143,741	61,286	205,027	209,895
Current period change in fair value of investments, Note 14	624,433	-	624,433	-
Other	82	-	82	81
Total increase in assets	1,187,311	117,853	1,305,164	679,837
Decrease in assets				
Current period change in fair value of investments, Note 14	-	-	-	708,294
Benefits paid, Note 15	558,215	85,589	643,804	614,115
Refunds and transfers, Note 16	55,117	-	55,117	55,826
Administrative expenses, net, Note 17	3,309	-	3,309	3,137
Interest allocations to various trust accounts and Money Purchase Accounts Plan, Note 18	254,761	-	254,761	(144,841)
Total decrease in assets	871,402	85,589	956,991	1,236,531
Increase (Decrease) in net assets	315,909	32,264	348,173	(556,694)
Net assets available for benefits, beginning of year	4,585,648	605,281	5,190,929	5,747,623
Increase (Decrease) in net assets	315,909	32,264	348,173	(556,694)
Net assets available for benefits, end of year, Exhibit A	**$ 4,901,557**	**$ 637,545**	**$ 5,539,102**	**$ 5,190,929**

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

EXHIBIT C

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in Pension Obligations
For the year ended December 31, 2023

($) Thousands	Fund	Payment Funding Employers	2023 Total	2022 Total
Basic Benefits Account				
Pension obligations, beginning of year	$ 5,892,898	$ 4,393,526	$ 10,286,424	$ 9,955,812
Change in pension obligations				
Experience loss	(131,610)	(122,206)	(253,816)	96,121
Benefits accrued	143,854	98,293	242,147	261,588
Benefits paid	(327,857)	(285,475)	(613,332)	(593,029)
Interest accrued on benefits	340,157	250,664	590,821	565,932
	24,544	(58,724)	(34,180)	330,612
Pension obligations, end of year	**$ 5,917,442**	**$ 4,334,802**	**$ 10,252,244**	**$ 10,286,424**
Indexing Account				
Pension obligations, beginning of year	$ 489,965	$ 414,041	$ 904,006	$ 886,298
Change in pension obligations				
Experience (gain)	(5,764)	(6,571)	(12,335)	(71,415)
Benefits accrued, Note 11(b)	50,734	42,694	93,428	123,430
Benefits paid	(46,477)	(39,112)	(85,589)	(76,912)
Interest accrued on benefits	24,503	20,620	45,123	42,605
Change in actuarial assumptions	(12,496)	(10,516)	(23,012)	-
	10,500	7,115	17,615	17,708
Pension obligations, end of year	**$ 500,465**	**$ 421,156**	**$ 921,621**	**$ 904,006**
Combined				
Pension obligations, beginning of year	$ 6,382,863	$ 4,807,567	$ 11,190,430	$ 10,842,110
Change in pension obligations	35,044	(51,609)	(16,565)	348,320
Pension obligations, end of year, Exhibit A	**$ 6,417,907**	**$ 4,755,958**	**$ 11,173,865**	**$ 11,190,430**

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, 2023

($) Thousands	Fund	Payment Funding Employers	2023 Total	2022 Total
Basic Benefits Account				
Deficit, beginning of year	$ (1,307,250)	$ (4,393,527)	$ (5,700,777)	$ (4,877,668)
Increase (Decrease) in net assets	315,909	-	315,909	(492,497)
Change in pension obligations	(24,544)	58,724	34,180	(330,612)
	291,365	58,724	350,089	(823,109)
Deficit, end of year	**$ (1,015,885)**	**$ (4,334,803)**	**$ (5,350,688)**	**$ (5,700,777)**
Indexing Account				
Surplus (Deficit), beginning of year	$ 115,316	$ (414,040)	$ (298,724)	$ (216,819)
Increase (Decrease) in net assets	32,264	-	32,264	(64,197)
Change in pension obligations	(10,500)	(7,115)	(17,615)	(17,708)
	21,764	(7,115)	14,649	(81,905)
Surplus (Deficit), end of year	**$ 137,080**	**$ (421,155)**	**$ (284,075)**	**$ (298,724)**
Combined				
Deficit, beginning of year	(1,191,934)	(4,807,567)	(5,999,501)	(5,094,487)
Change during the year	313,129	51,609	364,738	(905,014)
Deficit, end of year, Exhibit A, Note 19	**$ (878,805)**	**$ (4,755,958)**	**$ (5,634,763)**	**$ (5,999,501)**

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, 2023

($) 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.

($) 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.

($) Thousands

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 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.

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 18% (2022 – 16%) of its assets in fixed income securities as at December 31, 2023 which generated a rate of return of 8.48% (2022 – -14.68%). The returns on fixed income securities are particularly sensitive to changes in nominal interest rates. As at December 31, 2023, 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 $130,891 (2022 - $106,983). 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, 2023, the notional amount of all forward contracts held by the Fund was $925,038 (2022 - $886,335) with unrealized (losses) gains of ($1,003) (2022 – ($5,199)).

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, 2023		Actual Currency Exposure	Percentage
Canadian dollar	$	4,091,631	50.2%
US dollar		2,303,343	28.3
Euro		448,474	5.5
Japanese yen		307,688	3.8
Pound sterling		239,098	3.0
Hong Kong dollar		116,001	1.4
Australian dollar		148,412	1.8
Other currencies		488,963	6.0
Total investments	$	8,143,610	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 $405,198 (2022 - $363,372).

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 $668,410 (2022 - $641,925).

(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, 2023, the Fund's maximum credit risk exposure relating to bonds and debentures, cash and short-term investments and mortgages totaled $1,459,513 (2022 - $1,191,805), receivables of $12,766 (2022 - $10,482) and accrued interest of $8,123 (2022 - $6,587) totaled $1,480,402 (2022 - $1,208,874). 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		2023 Fair Value			2022 Fair Value	
AAA	$	315,225	23.8%	$	234,735	21.2%
AA		249,949	18.9		79,505	7.2
A		643,742	48.5		701,325	63.4
BBB+		73,314	5.5		77,297	7.0
BBB and lower		44,138	3.3		13,325	1.2
		1,326,368	100.0%		1,106,187	100.0%
Cash and short-term		49,846			32,658	
Total bonds and debentures	$	1,376,214		$	1,138,845	

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 2023 or 2022.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2023

($) Thousands

(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	2023	2022
Less than one year	$ 131,657	$ 83,193
One to five years	305,778	210,450
Over five years	1,022,078	898,162
Total fixed income investments	$ 1,459,513	$ 1,191,805

(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 2023
Assets				
Cash	$ 105,512	$ -	$ -	$ 105,512
Short-term	-	216,779	-	216,779
Bonds and debentures	-	1,326,368	-	1,326,368
Mortgages	-	2,072	-	2,072
Equities	3,432,912	596,571	-	4,029,483
Real estate	-	-	999,979	999,979
Infrastructure	-	-	823,928	823,928
Private equity	-	-	186,163	186,163
Private credit	-	-	453,326	453,326
Total investments, Schedule 1	$ 3,538,424	$ 2,141,790	$ 2,463,396	$ 8,143,610

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2023

($) Thousands

	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

All securities in Level 1 can be traded in an active market. During the year ended December 31, 2023, no equity investments were transferred from Level 1 to Level 2.

During the year ended December 31, 2023, 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	$ 1,108,627	$ 718,044	$ 129,849	$ 420,393	$ 2,376,913
Purchases	66,169	20,445	36,881	24,534	148,029
Sales and withdrawals	(132,271)	(20,186)	-	(42,313)	(194,770)
Capitalized income	119,361	25,883	1,641	23,061	169,946
Change in unrealized appreciation/ (depreciation)	(161,907)	79,742	17,792	27,651	(36,722)
Ending Balance	$ 999,979	$ 823,928	$ 186,163	$ 453,326	$ 2,463,396

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2023

($) Thousands

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, 2023, the Fund held the following investments that met this classification:

Equities:	
ISHARES MSCI Emerging Markets	$ 195,896
Marathon M-L Investment Fund	$ 588,523
ISHARES Russell Mid Cap ETF	$ 174,317
Infrastructure:	
Borealis Infrastructure Fund	$ 401,804
Private credit:	
Antares Capital	$ 201,755

(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 (2022 - $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

	2023	2022
Contributions receivable		
Employers	$ 1,909	$ 1,097
Employees	1,198	1,249
	3,107	2,346
Other receivables	9,659	8,136
	$ 12,766	$ 10,482

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2023

($) Thousands

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:

	2023	2022
Contributions received	$ 146,049	$ 102,429
Interest earned (charged)	230,970	(133,983)
Pension and refund payments made	(202,663)	(192,006)
Investment management fees charged	(11,253)	(9,653)
Change during the year	163,103	(233,213)
Balance, beginning of year	2,183,533	2,416,746
Balance, end of year	$ 2,346,636	$ 2,183,533

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2023

($) Thousands

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:

	2023	2022
Contributions received	$ 2,276	$ 2,165
Interest earned (charged)	4,576	(2,510)
Pension and refund payments made	(1,359)	(1,197)
Investment management fees charged	(223)	(181)
Change during the year	5,270	(1,723)
Balance, beginning of year	42,346	44,069
Balance, end of year	$ 47,616	$ 42,346

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:

	2023	2022
Contributions received	$ 1,389	$ 1,392
Interest earned (charged)	1,848	(1,164)
Pension and refund payments made	(1,261)	(1,015)
Expenses paid	(9)	(8)
Change during the year	1,967	(795)
Balance, beginning of year	17,723	18,518
Balance, end of year	$ 19,690	$ 17,723

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2023

($) Thousands

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:

	2023	2022
Contributions	$ 17	$ 17
Interest earned (charged)	13,384	(8,559)
Change during the year	13,401	(8,542)
Balance, beginning of year	128,860	137,402
Balance, end of year	$ 142,261	$ 128,860

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. Interest earned on this plan is guaranteed at the Bank of Canada five-year personal fixed-term rate. An additional interest adjustment may be paid depending on the performance of the fund. 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:

	2023	2022
Contributions received	$ 3,071	$ 5,766
Interest earned	3,982	1,375
Refunds and administration fees paid	(3,377)	(3,632)
Annuities made	(1,119)	(1,705)
Change during the year	2,557	1,804
Balance, beginning of year	55,501	53,697
Balance, end of year	$ 58,058	$ 55,501

($) Thousands

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, 2022 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, 2023. 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, 2022 and 2021 valuations of the present value of the accrued basic pension benefit obligations were:

	2022	2021
Discount rate:		
(i) inflation component	2.00%	2.00%
(ii) real rate of return	4.00%	3.75%
	6.00%	5.75%
Annual salary escalation rates:		
(i) general increases		
a) inflation component	2.00%	2.00%
b) productivity component	0.50%	0.50%
	2.50%	2.50%
(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, 2023 were based on the assumptions used in the 2022 actuarial valuations.

The next actuarial valuations for Basic Benefits will be prepared as at December 31, 2023 and will be completed by the fall of 2024.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2023

($) Thousands

(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 2023 financial statements reflect the pension obligations for cost-of-living adjustments up to the change in the Consumer Price Index for 2023.

A 1.20% cost-of-living adjustment for the year ended December 31, 2023 at a cost of $93,428 (Fund - $50,734, Payment Funding Employers - $42,694) was approved March 28, 2024, with payment commencing July 2024.

These pension obligations are reported in the 2023 statement of changes in pension obligations (Exhibit C).

The December 31, 2023 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, 2022 actuarial valuations for basic benefits with the exception of a discount rate of 5.50%.

The next actuarial valuations on the Indexing Benefits Account and the Payment Funding Employers' indexing benefits liability will be prepared as at December 31, 2024 and will be completed during 2025.

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:

	2023	2022
Province of Manitoba, Note 6	$ 2,346,636	$ 2,183,533
Manitoba Hydro, Note 20	1,078,989	1,022,938
Total funds managed	$ 3,425,625	$ 3,206,471

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.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2023

($) Thousands

13. Contributions

	2023	2022
Employees		
Required contributions	$ 158,971	$ 158,288
Voluntary contributions	190	326
Past service contributions	876	1,130
Special contributions	(2,159)	3,519
	157,878	163,263
Employers		
Required contributions	15,180	14,979
Special contributions [1]	302,564	291,619
	317,744	306,598
	$ 475,622	$ 469,861

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

14. Current Period Change in Fair Value of Investments

	2023	2022
Net realized gains on the sale of investments	$ 304,574	$ 129,689
Net unrealized market (losses) gains	319,859	(837,983)
	$ 624,433	$ (708,294)

15. Benefits Paid

	2023	2022
Pension benefit payments	$ 632,134	$ 602,515
Disability benefit payments	11,670	11,600
	$ 643,804	$ 614,115

16. Refunds and Transfers

	2023	2022
Termination refund payments	$ 44,417	$ 42,820
Death refund payments	8,242	9,622
Relationship separation refund payments	1,964	2,754
Reciprocal transfers out – prefunding employers	494	630
	$ 55,117	$ 55,826

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2023

($) Thousands

17. Administrative Expenses, Net

		2023		2022
Actuary fees	$	247	$	343
Audit fees		72		70
Legal fees		61		30
Consulting fees		61		40
Professional fees		441		483
Salaries and fringe benefits		4,886		5,036
Office and administration		1,797		1,347
Gross administrative expenses		7,124		6,866
Less: Recoveries				
From other administrated funds – regular administration		(1,293)		(1,417)
From payment funding employers		(2,522)		(2,312)
Administrative expenses, net	$	3,309	$	3,137

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:

		2023		2022
The Province of Manitoba Unfunded Pension Liability Trust Accounts	$	230,970	$	(133,983)
Manitoba Hydro Enhanced Benefit Trust Account		4,576		(2,510)
Correctional Officers' Trust Account		1,848		(1,164)
Employer Trust Accounts		13,384		(8,559)
Money Purchase Plan Account		3,983		1,375
	$	254,761	$	(144,841)

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2023

($) Thousands

19. Deficit

	Fund	Payment Funding Employers	Total 2023	Total 2022
(Deficit) surplus, beginning of year				
Basic Benefits	$ (1,307,250)	$ (4,393,527)	$ (5,700,777)	$ (4,877,668)
Indexing Benefits	115,316	(414,040)	(298,724)	(216,819)
	(1,191,934)	(4,807,567)	(5,999,501)	(5,094,487)
Change in net assets available for benefits, Exhibit B				
Basic Benefits	315,909	-	315,909	(492,497)
Indexing Benefits	32,264	-	32,264	(64,197)
	348,173	-	348,173	(556,694)
Change in pension obligations during the year, Exhibit C				
Basic Benefits	(24,544)	58,724	34,180	(330,612)
Indexing Benefits	(10,500)	(7,115)	(17,615)	(17,708)
	(35,044)	51,609	16,565	(348,320)
(Deficit) surplus, end of year, Exhibit D				
Basic Benefits	(1,015,885)	(4,334,803)	(5,350,688)	(5,700,777)
Indexing Benefits	137,080	(421,155)	(284,075)	(298,724)
	$ (878,805)	$ (4,755,958)	$ (5,634,763)	$ (5,999,501)

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:

	2023	2022
The Manitoba Hydro Pension Fund	$ 1,078,989	$ 1,022,938
Joint Board of Trustees of The Municipal Employees Benefits Program	901,397	828,741
The Public Service Group Insurance Fund	289,607	268,322
Centra Gas Manitoba Inc.	134,539	130,014
Manitoba Liquor & Lotteries Corporation	7,733	7,002
Winnipeg Child and Family Services Employee Benefits Retirement Plan	22,996	22,265
University of Winnipeg	10,642	12,258
Legislative Assembly Pension Plan	41,998	39,640
	$ 2,487,901	$ 2,331,180

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, 2023

($) 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, 2023, the Fund's share of the outstanding commitment is $618,445 (2022 - $730,842).

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.

SCHEDULE 1

THE CIVIL SERVICE SUPERANNUATION FUND
Summary of Investments
As at December 31, 2023

($) Thousands	2023	2022
Fixed income		
Short-term	$ 81,227	$ 49,702
Bonds and debentures	1,376,214	1,138,845
Mortgages	2,072	3,258
	1,459,513	1,191,805
Equities		
Domestic	824,198	905,697
Foreign	3,375,345	3,121,149
	4,199,543	4,026,846
Real estate	1,006,234	1,112,964
Infrastructure	827,828	724,027
Private equity	186,759	129,970
Private credit	463,733	425,439
Investments, Exhibit A	**$ 8,143,610**	**$ 7,611,051**

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

SCHEDULE 2

THE CIVIL SERVICE SUPERANNUATION FUND
Schedule of Contributions
For the year ended December 31, 2023

($) Thousands	Employers	Employees	2023 Total	2022 Total
Payment Funding employers, Note 1 (b)				
Province of Manitoba Civil Service	$ 209,647	$ 72,731	$ 282,378	$ 276,285
Manitoba Hydro-Electric Board	79,273	37,705	116,978	111,262
Manitoba Public Insurance Corporation	16,701	11,196	27,897	26,820
Red River College Polytechnic	120	10,612	10,732	9,713
Addictions Foundation of Manitoba	72	-	72	3,123
Community Colleges				
Assiniboine Community College	498	2,440	2,938	2,135
University College of the North	-	1,775	1,775	1,880
Regional Health Authorities				
Winnipeg	-	3,911	3,911	866
Prairie Mountain	-	455	455	334
Southern	-	94	94	66
Interlake - Eastern	-	82	82	75
Northern	-	203	203	109
The Legal Aid Services Society of Manitoba	-	893	893	952
Manitoba Centennial Centre Corporation	471	218	689	635
Shared Health Inc.	-	3	3	1
Teachers' Retirement Allowances Fund Board	428	420	848	797
Communities Economic Development Fund	203	74	277	221
Manitoba Horse Racing Commission	47	10	57	44
Workers Compensation Board	1	-	1	1
Total payment funding employers	**$ 307,461**	**$ 142,822**	**$ 450,283**	**$ 435,319**

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

SCHEDULE 2

THE CIVIL SERVICE SUPERANNUATION FUND
Schedule of Contributions
For the year ended December 31, 2023

($) Thousands	Employers	Employees	2023 Total	2022 Total
Total payment funding employers, continued	**$ 307,461**	**$ 142,822**	**$ 450,283**	**$ 435,319**
Prefunding employers, Note 1 (b)				
Manitoba Liquor & Lotteries Corporation	8,081	8,614	16,695	17,947
Manitoba Housing	52	1	53	604
Manitoba Agricultural Services Corporation	2,327	1,185	3,512	2,410
CUPE Support Workers	1,032	1,165	2,197	1,854
All Nations Coordinated Response Family Services	839	887	1,726	1,452
Manitoba Government and General Employees' Union	649	686	1,335	1,326
Liquor, Gaming and Cannabis Authority of Manitoba	415	454	869	1,096
Civil Service Superannuation Board	514	548	1,062	1,078
Teranet Manitoba LP	543	592	1,135	1,096
Manitoba Floodway Authority	15	-	15	15
Manitoba Hydro Utilities Services	202	223	425	457
Travel Manitoba	293	302	595	426
Industrial Technology Centre	1	-	1	1
Dairy Farmers of Manitoba	126	137	263	251
Hams Marketing Services Co-op Inc.	50	54	104	98
Manitoba Pork Council	97	98	195	211
Manitoba Arts Council	74	83	157	152
Manitoba Film and Sound	76	74	150	145
Manitoba Health Research Council	83	88	171	153
Manitoba Chicken Producers	55	59	114	103
Crown Corporations Council	7	-	7	7
Horizon Lab Ltd.	32	35	67	64
Manitoba Turkey Producers	11	12	23	23
Economic Innovation and Technology Council	5	-	5	5
Efficiency Manitoba	492	536	1,028	1,022
Total prefunding employers	**$ 16,071**	**$ 15,833**	**$ 31,904**	**$ 31,996**
Total employers, payment funding and prefunding	**$ 323,532**	**$ 158,655**	**$ 482,187**	**$ 467,315**

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

SCHEDULE 2

THE CIVIL SERVICE SUPERANNUATION FUND
Schedule of Contributions
For the year ended December 31, 2023

($) Thousands	Employers	Employees	2023 Total	2022 Total
Total employers, payment funding and prefunding	**$ 323,532**	**$ 158,655**	**$ 482,187**	**$ 467,315**
Other				
Employees on loan	34	34	68	68
Employees on workers compensation	-	45	45	46
Reciprocal agreement - transfers in	-	3,675	3,675	4,983
Reciprocal agreement - transfers out	(5,822)	(6,954)	(12,776)	(5,887)
Repayment of contributions previously refunded	-	317	317	255
Contributions based on prior non-pensionable employment	-	987	987	1,376
Transfer from Money Purchase Accounts Plan	-	1,119	1,119	1,705
Total other	**$ (5,788)**	**$ (777)**	**$ (6,565)**	**$ 2,546**
Total contributions, Exhibit B	**$ 317,744**	**$ 157,878**	**$ 475,622**	**$ 469,861**

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

SCHEDULE 3

THE CIVIL SERVICE SUPERANNUATION FUND
Schedule of Investment Income
For the year ended December 31, 2023

($) Thousands	2023	2022
Fixed income		
Short-term	$ 2,531	$ 1,346
Bonds and debentures	47,814	40,189
Mortgages	309	338
	50,654	41,873
Equities		
Domestic	23,823	25,743
Foreign	70,660	62,420
	94,483	88,163
Real estate	38,792	54,418
Infrastructure	25,876	26,730
Private equity	1,577	1,302
Private credit	22,379	21,903
Security lending revenue	1,551	1,803
Gross investment income	235,312	236,192
Less:		
Investment management expenses, net, Note 20	24,995	21,255
Investment transaction costs	5,018	4,781
Interest allocated to employee future benefits obligations	272	261
	30,285	26,297
Net investment income, Exhibit B	**$ 205,027**	**$ 209,895**

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

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