Canada Post Pension Plan

Report to Members 2021

Contents

Privacy of pension records
Canada Post Corporation is subject to the *Privacy Act* and complies with the Canada Post *Employee Privacy Policy*. Personal information, including pension information, is treated in a secure and confidential manner.

Note
For the purposes of this Report, "Plan" and "Pension Plan" refer to the Canada Post Corporation Registered Pension Plan, which includes the defined benefit component and the defined contribution component, unless otherwise specified. Canada Post Corporation provides pension benefits to members through the Plan, which is registered under the federal *Pension Benefits Standards Act, 1985*.

This Report presents the financial position and results of the operations of the Plan on an accrual basis. The financial information presented is an unaudited extract of the financial statements. This Report and the complete audited financial statements, including notes, are available at **cpcpension.com** or by request.

Terms that appear in **bold grey** the first time they are used are defined in the glossary at the back of the Report.

DK20418

Message from the Chair

Suromitra Sanatani
Chair of the Board of Directors

On behalf of the Board of Directors, I am pleased to share the 2021 Canada Post Pension Plan Report to Members. It is the Board's role to provide oversight of Canada Post's decisions and activities as sponsor and administrator of the Canada Post Corporation Registered Pension Plan (the Plan).

Board members have enormous respect for the employees and retirees who are Plan members. Their dedicated service to Canadians reminds us to take to heart our responsibility to act in their best interest.

In 2021, the pension team continued its journey to integrate environmental, social and governance (ESG) principles in its investment strategy. The Pension Committee approved a commitment to support the global goal of achieving net-zero emissions by 2050 or sooner. We are developing a Climate Action Plan for the pension fund in support of this commitment. Among other things, we became a founding member of Climate Engagement Canada. This collaborative investor initiative engages a wider range of Canadian companies on climate change. We firmly believe that greater focus on ESG principles is the right thing to do for people and the planet, and is consistent with the goal of a strong Plan for members.

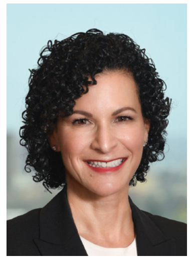
Canada Post also believes that building a diverse and inclusive workplace is critical to the Corporation's long-term success. In 2021, we developed a strategy to foster such a culture and to integrate these values in our investment practices.

In April 2022, the Government of Canada introduced the *Canada Post Corporation Pension Plan Funding Regulations*. These approved regulations will provide Canada Post with temporary relief from its solvency funding obligations until December 31, 2024. Without this relief, Canada Post expected to make estimated special payments of $796 million for 2022, because the solvency relief of 15% available under the *Pension Benefits Standards Act, 1985*, would be fully utilized during the year. Funding relief will not reduce or eliminate Canada Post's obligation to fully fund the Plan.

In closing, I would like to thank Acting Chair Claude Germain and all the members of the Pension Committee of the Board for their oversight on behalf of Plan members.

Message from the Chief Financial Officer and the Chief People and Safety Officer

Jan Faryaszewski
Chief Financial Officer



Susan Margles
Chief People and Safety Officer

Canada Post's vision is for all Pension Plan members to have a financially secure retirement after their years of service. We would like to assure all Plan members that Canada Post continues to fulfill its mission to prudently administer the Plan for the benefit of its members.

We are pleased to inform Plan members that in 2021, the surplus in the defined benefit (DB) component of the Canada Post Registered Pension Plan grew from $3.8 billion to $4.8 billion on a going-concern basis. This was a funded ratio of 119.3% (which was up from 115.9% in 2020).

A going-concern valuation has a long-term focus; it assumes that the Plan will continue to operate. By this measure, the DB component has more than enough assets to meet all its obligations to Plan members. In 2021, the rate of return for the DB component was 11.3%. This compares to a benchmark of 8.6%. Assets in the DB component grew from $29.6 billion to $32.3 billion.

The Plan's solvency deficit to be funded decreased from $6.4 billion to $4.9 billion, changing the funded ratio from 82.6% to 85.9%. We are grateful that the Government of Canada approved regulations, to provide Canada Post relief from special solvency payments until the end of 2024. Canada Post acknowledges that it needs to find long-term solutions for the Plan to be sustainable and affordable for Plan members and the Corporation.

A growing number of employees are members of the defined contribution (DC) component of the Plan. As of September 1, 2021, Canada Life became the new service provider for the DC component. This change in provider means lower investment management fees and a one-stop service both for DC members' pension benefits and their health benefits in one integrated website. Supporting employees' retirement planning is an important aspect of our total compensation offering in an increasingly competitive market for talent.

Assets in the DC component grew from $100.2 million in 2020 to $139.7 million as at December 31, 2021. Canada Post contributed $17.1 million, and members contributed $10.2 million to the DC component in 2021. The average rate of return in 2021 in the DC component of the Plan was 14.6%. We encourage DC members to look at their personalized DC statement mailed to their home or visit **mycanadalifeatwork.com** to see their personal rate of return.

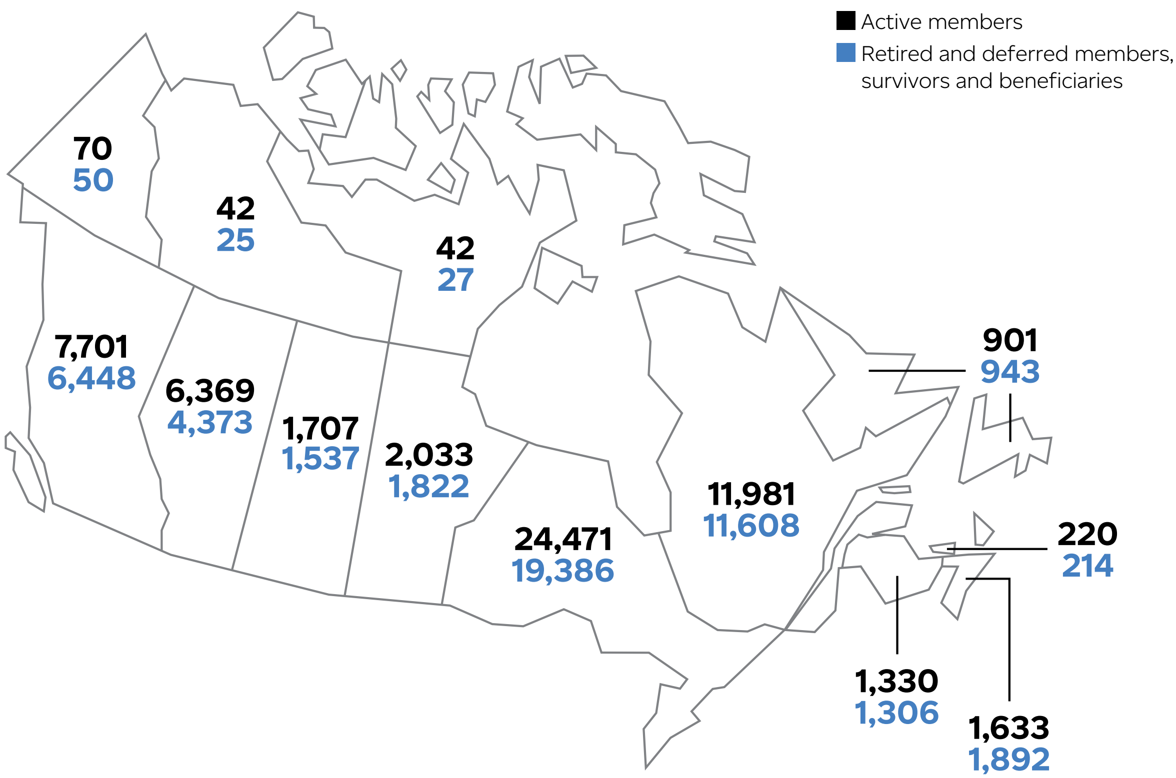
In closing, we would like to thank Irshaad Ahmad, Vice-President, Pension Fund and Chief Investment Officer, for his leadership and work on behalf of Plan members – and our employees and retirees for their service to Canadians.

Membership Snapshot

	2017	2018	2019	2020	2021[1]
Active members	53,606	55,586	56,074	57,312	58,500
Percentage	56.3%	56.1%	55.2%	55.2%	55.2%
Retired members	37,644	39,395	41,157	42,711	44,496
Percentage	39.5%	39.8%	40.0%	40.0%	40.5%
Deferred members, survivors and beneficiaries	3,953	4,094	4,431	4,759	5,212
Percentage	4.2%	4.1%	4.4%	4.4%	4.4%
Total	**95,203**	**99,075**	**101,662**	**104,782**	**108,208**

1. For 2021, the information includes 102,625 members of the defined benefit (DB) component and 5,583 members of the defined contribution (DC) component of the Plan (5,103 active and 480 deferred members in the DC).

Members across Canada – December 31, 2021



Age of active and retired members – December 31, 2021

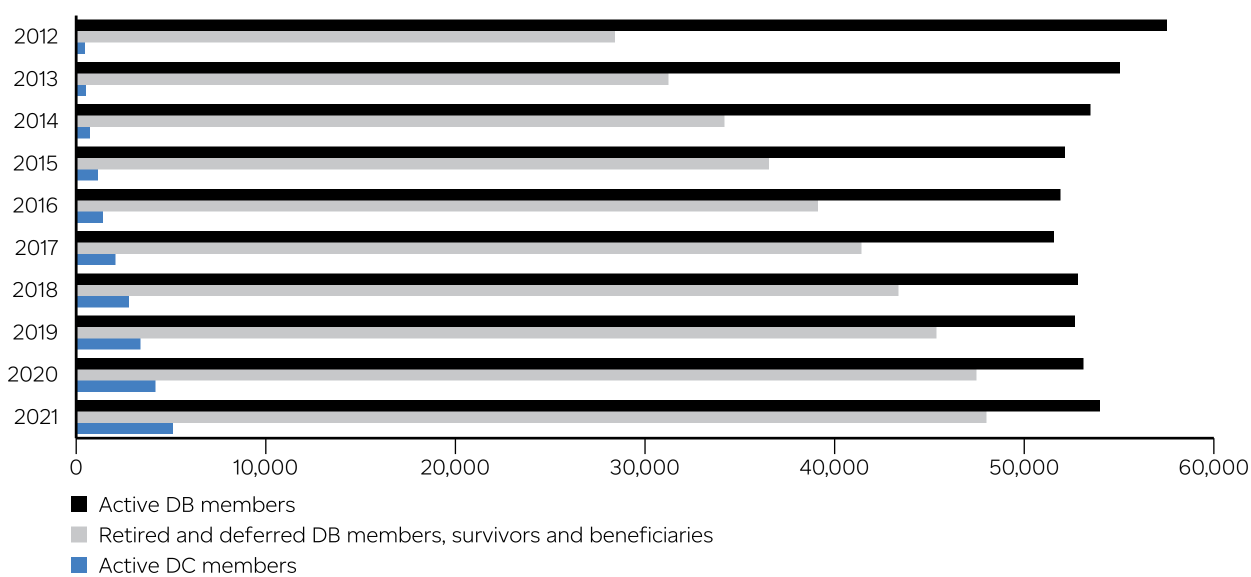
Age	Less than 30	30-39	40-49	50-59	60-69	70-79	More than 79
Active DB members	1,809	7,972	15,688	19,107	8,533	285	3
Active DC members	534	1,530	1,529	1,143	352	15	0
Retired DB members	0	21	132	2,959	22,898	16,661	1,825

Average age	2020	2021
Active DB members	49.9	49.7
Active DC members	42.5	43.0
DB members at retirement	59.1	59.2
Retired DB members	68.1	68.7

Did you know?

Over the next five years, 18,664 active DB members will reach age 60.

Changes in membership



The Plan continues to mature with retired members now representing 40% of the membership and close to 60% of the solvency obligations.

Our Services to Members

Personalized pension statements

In 2021, Pension Policy prepared almost 94,736 annual personalized pension statements for DB active members, retirees, deferred members and survivors. Canada Life issued 5,257 opening balance statements for DC members in October 2021.

cpcpension.com

cpcpension.com provides information about all the Canada Post pension programs: the defined benefit and defined contribution components of the Plan as well as the Voluntary Savings Plan.

144,043	**cpcpension.com** visits
97,741	Unique visitors were recorded in 2021, compared to 63,356 in 2020

mycanadalifeatwork.com

DC members have access to **mycanadalifeatwork.com** as their Plan member website where they can view their health and pension benefits. Members can view personal and workplace account balances, transaction history, statements and personal rates of return. The **welcome.canadalife.com/canadapost** website was developed to assist members with the transition over to Canada Life and will be updated as an onboarding website in 2022 to assist new DC enrollees.

2,513	**welcome.canadalife.com/canadapost** visits

Pension Centre for DB members

The Pension Centre is at the heart of member services, answering members' requests by telephone or mail and completing transactions. The team provides services related to issues such as marriage breakdown, processing of retirements, terminations and deaths as well as new retirees' pension payments, processing of elective service purchases, updating of retirees' life insurance beneficiaries and collecting of employee contributions for leaves of absence. In addition, the RBC Investor Services Trust provides to retired members services related to the payment of their DB pension benefits.

53,972	Telephone calls from members to the Pension Centre
12,173	Telephone calls to members
4,027	Telephone calls from retirees to the RBC Investor Services Trust
63,718	Transactions completed for members by the Pension Centre
152,989	Pension estimates using the online calculator
4.2/5.0	Members' satisfaction score
4.3/5.0	Target score

The Pension Centre is committed to prompt, proactive and compassionate service for all Plan members.

Canada Life Call Centre for DC members

Representatives at the Canada Life Call Centre provide services such as helping members determine their investment personality, assist with selecting their investment options and completing the retirement goal-setting tool. In addition, Plan members have access to Canada Life's member guides. They are licensed health and wealth professionals dedicated to delivering personalized support to help members reach their wealth and health goals.

737	Telephone calls from members; top-three reasons for calls were balance inquires, assistance with using **mycanadalifeatwork.com** and termination/retirement options
59	Calls with member guides
82%	Members' satisfaction score
85%	Target score

Pre-retirement webinar for DB members

The pre-retirement webinar is offered to DB members to help them get ready to embark on the retirement journey. This webinar is by invitation only for members who are within 10 years of an unreduced pension. Topics include the features of the Canada Post Pension Plan, post-retirement benefits, government programs, financial planning, wills and estate planning, and health and wellness.

1,176	Webinar registrations

Webinars for DC members

DC members have access to a series of free live educational webinars offered by Canada Life. These interactive webinars are designed to provide easy-to-understand information about financial and retirement planning for members at all career stages. Visit **mycanadalifeatwork.com** to register for an upcoming session.

2	Canada Life webinars
428	Webinar registrations

Online tools for DC members

Review your investments at **mycanadalifeatwork.com**. Are you on track to reach your retirement goals? Use the retirement goal-setting tool to see if you are on track with your savings. To find out which investment options are right for you, use the investment personality questionnaire. Discover the tools and resources available to you in the Info centre of **mycanadalifeatwork.com**. You can view or update your investment instructions, find out when investments reach their maturity date or activate the automatic investment rebalancing feature.

In November 2021, Canada Life ran a contest and gave away a $100 Visa gift card to five lucky members who completed the retirement goal-setting tool.

As at December 31, 2021

8%	Completed the retirement goal-setting tool

Defined Benefit (DB) Component – Overview of 2021

DB assets

$32.3 billion

Net investment **assets** as at December 31, 2021

Rate of return in 2021

11.3%

Benchmark

8.6%

Funded status estimated as at December 31, 2021

Solvency deficit to be funded[1]
(three-year average)

$4.9 billion

85.9% funded

Going-concern surplus

$4.8 billion

119.3% funded

Solvency deficit market value[1]
(wind-up basis)

$2.5 billion

92.7% funded

Beyond the relief level of 15% in the regulations, Canada Post did not have to make additional special payments in 2021.[2]

Contributions in 2021

Members

$297 million[3]

Canada Post current service

$326 million

Canada Post special payments

$32 million

Benefits paid in 2021

$1,109 million

1. See page 29.
2. See page 30.
3. Amount includes $3 million of elective service contributions.

Calls from members to Pension Centre

53,972

Members' satisfaction score

4.2/5.0

Unique visitors at cpcpension.com

97,741

Defined Contribution (DC) Component – Overview of 2021

DC assets $139.7 million

VSP[1] assets $21.4 million

Total assets $161.1 million

Net investment assets as at December 31, 2021

1. Voluntary Savings Plan.

Range of rates of return in 2021

-2.7% **14.6%*** **27.5%**

Benchmark: Members can refer to the investment performance section on **mycanadalifeatwork.com** to view fund reports including benchmarking information.

*The numbers shown above represent the range of the 2021 returns of all the funds available in the DC component, from the lowest to the highest, with 14.6% being the average. See page 23 for the list of the DC fund investment rates of return.

As at December 31	2020	2021
Active members	4,180	5,103
Deferred members	283	480
DC assets	$100.2M	$139.7M
Canada Post contributions	$15.5M	$17.1M
Members' contributions	$9.2M	$10.2M
Investment income	$8.6M	$19.9M
Withdrawals and expenses	($4.1M)	($7.7M)
Average contribution (% of pay)	**2020**	**2021**
Canada Post	6.3%	6.3%
Members	3.9%	3.9%
Voluntary Savings Plan (VSP)	**2020**	**2021**
Assets	$16.0M	$21.4M
VSP member average contribution (% of pay)	3.9%	3.9%
VSP members	979	1,045

Calls from members
to the Canada Life Call Centre

737

Members' satisfaction score

82%

Visitors at welcome.canadalife.com/canadapost

2,513

Want to know how your investments did in 2021?

Refer to your Canada Life personalized statement dated December 31, 2021, sent to your home, or visit **mycanadalifeatwork.com**.

Plan Governance

Canada Post's vision is for all Pension Plan members to have a financially secure retirement, and its mission is to prudently administer the Plan for the benefit of its members.

Canada Post, as Plan sponsor, is responsible for the funding of the Plan and its design as it determines the benefits offered to Plan members. Canada Post is also the Plan administrator and is responsible for managing the Plan and investing the pension funds.

The Board of Directors of Canada Post oversees these activities to ensure they are conducted responsibly and in the best interest of all Plan members. In carrying out its responsibilities, the Board follows its standards of conduct, which contain ethical rules on matters such as conflict of interest, care, diligence and skill (available at **canadapost.ca** > Our company > About us > Corporate governance).

A robust governance structure was established by the Board for the Plan (below).

The committees that report directly to the Board are made up of selected Board members with expertise in pension plans. The Investment Advisory Committee and the Pension Advisory Council (PAC) include representatives of the bargaining agents and advise the Pension Committee on investment and administrative matters. The reports of the PAC meetings can be found at **cpcpension.com** > Governance > Pension Advisory Council > PAC meetings.

For more information, visit **cpcpension.com** under Governance.

Canada Post Board of Directors
Oversees activities conducted by the Plan sponsor and Plan administrator.

Audit Committee
Reviews and recommends approval of the financial statements and reviews Plan audits.

Pension Committee
Oversees the strategic direction of the Plan, fund investments and administration activities.

Human Resources and Compensation Committee
Reviews and recommends pension benefit policies, Plan design and employee/employer contribution rates.

Investment Advisory Committee
Provides expert investment advice.

Pension Advisory Council
Reviews communication, financial, actuarial and administrative aspects of the Plan.

Membership of the Canada Post Board of Directors and committees as at December 31, 2021

Board of Directors

Suromitra Sanatani LL.B, ICD.D (Chair)[1,2,3]
Doug Ettinger
Lloyd Bryant[2]
Krista Collinson[2]
Michèle Desjardins[1,3]
Mélanie Dunn[3]
Claude Germain[1,2]
André Hudon[2,3]
Ann MacKenzie[1,3]
Jim Sinclair

1. Member of the Pension Committee
2. Member of the Audit Committee
3. Member of the Human Resources and Compensation Committee

APOC Association of Postal Officials of Canada
CPAA Canadian Postmasters and Assistants Association
CUPW Canadian Union of Postal Workers
PSAC Public Service Alliance of Canada
UPCE Union of Postal Communications Employees

Member biographies are available at **cpcpension.com**.

Investment Advisory Committee

Richard L. Knowles HBA, CFA (Chair)
Irshaad Ahmad
Phillip H. Doherty BComm, MBA, FCPA, FCA
Claude Germain MBA
Barbara MacKenzie CPA, CMA
Aida Tammer CFA, ICD.D

Union representatives
Isla Carmichael Ph.D
Chris Roberts Ph.D

Pension Advisory Council

Canada Post representatives
Irshaad Ahmad (Chair)
Rindala El-Hage CPA, CA
Lou Greco MBA, CPA, CMA
Julie Philippe CHRP
Ariane Sauvé MBA, B.Com

Elected representatives
Karen Kennedy (retired members)
Jaye Poirier (management and exempt members)
David Taylor (retired members)
Raymond Tsang (all active members)
Peter Whitaker (retired members)

Union and association representatives
Jean-Charles Bédard (PSAC/UPCE)
Beverly Collins (CUPW)
Rona Eckert (CUPW)
Jean-Philippe Grenier (CUPW)
Dwayne Jones (CPAA)
Sylvain Sicotte (CUPW)
Rick Williams (APOC)
Vacant (PSAC/UPCE, APOC, CPAA)

Delegated duties and responsibilities to qualified professionals

The Pension Committee of the Board delegates the investment and administrative activities of the Plan to the Canada Post Investment Division, Pension Finance and Pension Policy teams. These are teams of qualified professionals who have the knowledge, skills, information resources and expertise to fulfill their specialized functions. In addition to the internally managed investment mandates, the Investment Division team also selects reputable external investment managers to execute specific investment mandates in accordance with our statements of investment policies and procedures.

The Pension Committee also uses other external service providers with specialized expertise, such as actuarial and consulting firms, as required. For more information on how the Plan is administered and supported, visit **cpcpension.com** under Governance overview.

Our good governance practices

Risk management

The Board has established a risk management framework that defines the risk tolerance for the Plan in matters of administration and investment. The framework guides the development of strategies to meet overall objectives. In addition, the Pension Committee consults with the Pension Risk Management Officer who provides advice on any potential risk exposures.

The risk management strategy appears on pages 12-14.

Monitoring

This practice includes the quarterly review of investment performance and funded ratios. Investment compliance checklists, service performance, service provider contracts, investment managers (internal and external) and service level agreements are also monitored regularly.

Assessment

Effective governance and prudent investment practices are reviewed annually through the questionnaires of the Canadian Association of Pension Supervisory Authorities (CAPSA). The Pension Committee reviews results to determine how successfully the Plan follows CAPSA's guidelines. See **capsa-acor.org**.

Audit

Regular audits are conducted by independent external auditors and by our internal auditors. In addition, the Office of the Superintendent of Financial Institutions (OSFI) can carry out on-site governance reviews from time to time.

Communication

Communication with DB and DC members of the Plan occurs through a number of publications and initiatives. In 2021, we communicated with members by producing the 2020 Report to Members, personalized pension statements for active members and retired DB members, and the *Pension Plan News* and *Intouch* newsletters. DC members received additional communications from Canada Life, the DC service provider. Most of the publications noted here, as well as the Plan's audited financial statements, are available at **cpcpension.com**.

In 2021, the Communications and Consultation Group (C&C Group) met jointly with PAC members on three occasions. The C&C Group held an election for the representative of management and exempt DB Plan members. To stay informed and connected on the activities of the C&C Group, visit **cpcpension.com** > C&C Group. Plan members are invited to send their questions and concerns to the C&C Group at **GroupeCCGroup@canadapost.ca**.

Environmental, Social and Governance (ESG) Framework

The Canada Post Corporation Registered Pension Plan continues to integrate environmental, social and governance (ESG) factors into its investment strategy, while keeping a focus on returns for employees and pensioners. Our approach is based on our beliefs that long-term value creation requires effective management of environmental and social risks and opportunities, and that good governance leads to better returns.

Our responsible investment strategy has four key pillars:

- **Integration** – We will work to incorporate ESG issues into our investment strategy, analysis and decision-making.
- **Engagement** – We will engage with companies on ESG issues, and expect our asset managers to engage as well.
- **Advocacy** – We will advocate for policies and practices that support a more sustainable and inclusive future.
- **Investment** – We will seek opportunities to invest in solutions that contribute to the improved long-term sustainability outcomes.

The Pension Plan had two strategic priorities related to ESG issues in 2021: climate change and equity, diversity and inclusion.

Climate change

The investment team undertook a climate change scenario analysis to better understand the risks and opportunities for the pension fund under different climate change scenarios. This analysis showed that over the long term, global failure to mitigate the causes of climate change would be the worst outcome for the pension fund. As a result the Pension Committee has approved a commitment to support the global goal of achieving net-zero emissions by 2050 or sooner and we are developing a Climate Action Plan for the pension fund in line with this commitment.

In 2021, we achieved the following:

- Assessed over 30 of our asset managers on ESG issues, including capacities in climate change risks and opportunities.
- Supported 37 (or 90% of) shareholder resolutions asking companies to provide climate-related disclosures and/or set targets to reduce greenhouse gas emissions.
- Updated our **proxy voting guidelines** to reflect the Pension Plan's expectation that all companies align with the ambition of the net-zero target by 2050 or sooner.
- Engaged with portfolio companies for more ambitious climate strategies through **Climate Action 100+** (a collaborative investor initiative), including Enbridge, TC Energy and Caterpillar Inc.
- Became a founding member of **Climate Engagement Canada** (a collaborative investor initiative focused on engaging a wider range of Canadian companies on climate change).
- Advocated for public policy that is supportive of climate action.

Green investments

The defined benefit (DB) component of the Pension Plan has over $1.1 billion (or 64% of our commercial real estate portfolio) invested in buildings that have LEED[1] or BOMA BEST[2] ratings (environmental assessment and sustainable building certification programs for real estate).

In our infrastructure portfolio, we have $242 million invested in renewable energy (15% of the portfolio), which includes wind power, hydroelectric power, solar power, biomass and energy from waste.

1. Leadership in Energy and Environmental Design.
2. Building Owners and Managers Association – Building Environmental Standards.

Equity, diversity and inclusion (EDI)

Recent events in Canada and around the world have brought systemic racism and social injustice into focus. We believe that promoting equity, diversity and inclusion is not only the right thing to do but that it can also be financially material. Research shows that the ability to draw on a wide range of viewpoints, background, skills and experience is increasingly critical to businesses' long-term success.

During 2021, an EDI strategy was developed with a dual focus on fostering an inclusive culture at work and integrating EDI practices in our investments.

On EDI practices for the pension investment team:

- we provided unconscious bias training to all members;
- we developed team guidelines to support inclusive recruitment practices;
- we launched Indigenous cultural awareness training.

On integrating EDI into our investment practices:

- we conducted 68 portfolio company engagements on EDI through our engagement partner, **SHARE** (Shareholder Association for Research and Education), on topics like Indigenous reconciliation and racial justice;
- we voted against 700 directors across 590 companies due to lack of gender or racial/ethnic diversity on the board;
- we supported 33 EDI-related shareholder proposals in support of improved workforce disclosures, board and executive diversity, and racial equity audits, among other important issues;
- we integrated EDI into asset manager due diligence and engagement;
- we responded to consultations by the Canadian Securities Administrators, CFA Institute, and Institutional Limited Partners Association (ILPA) in support for increased diversity disclosure and performance.

Indigenous rights and inclusion

We engage our Canadian asset managers and portfolio companies on respecting Indigenous rights and promoting Indigenous economic inclusion.

- Through the **Reconciliation and Responsible Investment Initiative**, our partner SHARE engaged with companies to respond to call to action 92 of the Truth and Reconciliation Commission of Canada's Final Report, which is directed at the corporate sector in Canada. For example, SHARE engaged with the TMX Group to file a **landmark shareholder proposal on Indigenous reconciliation**, which garnered 98% support from shareholders at the annual general meeting.
- The pension investment team met with TC Energy to discuss the steps the company is taking to promote strengthened relationships with Indigenous Peoples within business operations including its recently released Reconciliation Action Plan.

One of the most important rights we have as an institutional investor is the right to vote on our publicly traded shares and exercise our shareholder voice. Canada Post will exercise its right to vote the shares in line with the Corporate Governance Principles and Proxy Voting Guidelines, which can be found at **cpcpension.com** under the Governance documents section. The proxy voting records can be accessed under the investment section of the defined benefit component, by clicking on Proxy voting in the dropdown menu.

For 2022, our top ESG priority is developing our Climate Action Plan, starting with our public equity portfolio. This will include embedding climate considerations into our portfolio construction and manager selection; setting interim climate-related targets in line with achieving net-zero emissions by 2050; identifying our engagement and advocacy priorities; and building climate related capabilities within the investment team.

The Pension Plan is a signatory to the Principles for Responsible Investment (PRI) and the Canadian Responsible Investment Association (RIA). During 2021, the Pension Plan become a signatory to the RIA:

- **Canadian Investor Statement on Diversity & Inclusion**
- **Canadian Investor Statement on Climate Change**

Risk Management Strategy – DB Component

There are many factors that can pose a risk to the health of a pension plan. The main ones are funding risk and investment risk.

There are three main levers available to pension plan sponsors to manage pension risks:

Funding policy
(contributions from employer and employees)

Investment policy
(return enhancement and/or risk reduction strategies and risk transfer strategies such as longevity insurance and buying annuities)

Benefits policy
(level and type of pension benefits offered)

Understanding the risk factors of a pension plan

Funding risk

Funding risk is one of the main risks faced by the Plan. It is the risk that the Plan's investment asset growth and contribution rates will not be sufficient to cover the Plan's **pension obligations**, resulting in an unfunded liability. The most significant factors in funding risk are declining **discount rates** and investments failing to achieve expected returns. Currently, the most significant risk relates to interest rates. For indexed plans like the Canada Post Pension Plan – DB component, it is real interest rates, which are interest rates net of **inflation**.

The sustained low level of interest rates in recent years has been among the most significant contributors to the growth in solvency deficits. 2021 saw supply chain disruptions which, when combined with other factors, pushed up inflation and caused interest rates to go up. While the rise in inflation and interest rates is not generally a positive development for the market, for a defined benefit pension plan, it causes **liabilities** to fall. And so, we have seen a decline in the solvency deficit. In addition to interest rate risk, investments carry market risk, arising from the fact that financial markets are unpredictable. As a consequence, returns are not guaranteed and, for some types of investments, returns can be quite volatile. The Plan's net funded position can change relatively quickly if there are changes in the value of the Plan's net investment assets or pension obligations. Such changes can result in a mismatch between the Plan's assets and its obligations.

Liability-driven investing (LDI): Asset-liability studies are conducted from time to time to inform the Plan's investment strategy. These studies evaluate how different investment strategies would perform in varying economic scenarios and examines how risks that we care about might evolve in different markets. The studies take into account Plan members' age, the number of retirees and other demographic factors ultimately showing how Canada Post contribution levels and benefit security measures such as solvency ratio and going-concern funded ratio evolve over time.

The primary focus of the investment strategy is to minimize the difference between the rate of growth between net investment assets and pension obligations, while at the same time maintaining a reasonable **rate of return** on the plan's investments. To do so, the Plan employs an approach known as liability-driven investing (LDI) – an investment strategy that manages the Plan's assets relative to its liabilities.

Funding volatility is minimized by better matching of the Plan's assets with the liabilities. The LDI strategy's **glide path** provides guideposts on when to shift the target asset allocation as the solvency ratio increases to specified levels. The **fixed income** target allocation is increased as solvency levels go up. Finally, the target allocation to **alternative assets**, i.e., private **equities**, real estate and infrastructure, is increased gradually to potentially enhance long-term returns, while diversifying risk.

The Pension Committee manages funding risk by monitoring and reviewing the funded ratio on a regular basis to ensure that funding objectives are suitable and that investment decisions are made in accordance with the Statement of Investment Policies and Procedures – DB component and in consideration of the Plan's demographics and long-term obligations.

The Investment Division team oversees compliance with the statements of investment policies and procedures approved by the Pension Committee, which establish guidelines for prudent risk levels through diversification of asset classes and types, industry sectors, geographic/economic areas, management styles, liquidity and **market capitalization**. Unintended risks, such as large exposures or concentration in a particular industry sector, are clearly identified to the appropriate investment manager, as well as to the Chief Investment Officer and the Pension Committee.

Investment risk

The Plan is subject to a variety of investment risks that could adversely affect its cash flows, financial position and income. Investment risks include equity risk through stock holdings as well as interest rate risk and credit risk within the fixed income portfolio. Investments are subject to price risk and liquidity risk. Price risk or valuation risk is when the price paid for an asset is too high. The Investment Division team and external investment managers carefully review the financial metrics prior to making an investment to prevent overpaying. Liquidity risk is the inability to buy or sell an investment in a timely manner at a fair price.

A large portion of total assets have daily liquidity and the Investment Division team monitors short-term funding needs on a weekly basis.

Investments are also made in foreign markets so there is exposure to currency risk, which is partially mitigated through **hedging** strategies. Additional measures are taken to minimize the potential adverse effect of these risks and to optimize gains over the entire portfolio in order to fulfill the promise to Plan members of providing pension benefits, at a reasonable cost.

The risk management framework guides the development of investment strategies to meet overall objectives. Each asset class has its own risks and limits, such as limits on exposures, concentrations, leverage and counterparties. Each asset class and its associated risks are closely monitored by the Investment Division team, and appropriate action is taken according to the Plan's statements of investment policies and procedures.

Every quarter, investment risks are reviewed by the Pension Committee and the Investment Advisory Committee based on reports from the Investment Division team.

Benefits policy and other risks

The Plan faces other risks that are not of a financial nature, such as demographic factors including the longevity of pensioners (how long retirees are living compared to what was expected) and the rules surrounding the funding of pension plans that are under the jurisdiction of the *Pension Benefits Standards Act, 1985*, and other applicable legislation and standards. We monitor pension industry trends and the developments in legislation to respond appropriately when changes occur.

Statement of Investment Policies and Procedures – DB

The Pension Committee has established a Statement of Investment Policies and Procedures (SIPP) to effectively monitor and manage investment risk within the Plan.

The SIPP–Defined Benefit component (SIPP-DB) is the governing document that provides guidance for investing the DB assets of the Plan. The SIPP-DB details fund governance, Plan characteristics, liabilities, investment objectives, asset-mix policy, permitted investments and constraints, as well as other requirements concerning the investment and administration of the Plan's DB assets.

The SIPP-DB is reviewed and approved once a year by the Pension Committee. The **actuary** of the Plan and the members of the Pension Advisory Council receive a copy of the updated SIPP-DB after its approval. The SIPPs of the Plan are available at **cpcpension.com** under Governance documents.

Risk Management Strategy – DC Component

DC Plan members have diverse demographics, varying levels of investment and financial experience, and different risk tolerances. The Corporation believes that the best way to address the diverse investment needs of DC Plan members is to offer a range of investment options including market-based options (investment funds) that cover the major asset classes and the risk/return spectrum appropriate for retirement funds.

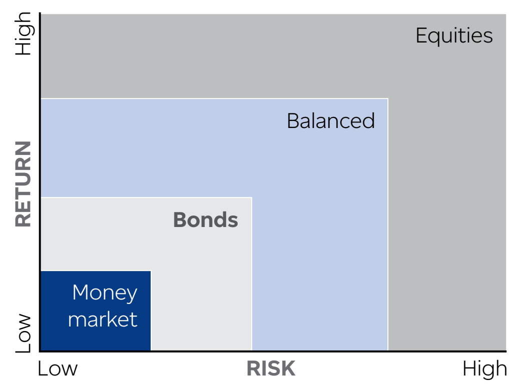
Different funds and investment approaches may be appropriate for different points in a member's career, since the options range from low risk/return to higher risk/return. Members of the DC Plan have access to Canada Life's website, **mycanadalifeatwork.com**, which has tools and information to build their investor profile and investment strategy, and revise them as life goes on. The site also offers all the information they need about the investment funds offered and historical fund returns. It is the member's responsibility to use this information and make informed choices.

If investment returns are high, for funds such as fixed income or equity funds, members reap the rewards and bear the risk. Segregated funds, in which member contributions are invested, are held separately from the assets of Canada Life and, while fund values fluctuate, the money is always used for the members' benefit.

Certain funds offered under the DC component of the Pension Plan entail more risk than others. Members need to ask themselves if they are comfortable with the level of risk that comes with their asset allocation. Tools at **mycanadalifeatwork.com** can help members with their decisions.

Canada Post reviews the performance of the funds in the DC component of the Pension Plan at least semi-annually and assesses the **fund manager**'s performance against relevant qualitative and quantitative factors, periodically, but no less frequently than annually and may propose changes to the existing fund selection or add new funds, if required.

Understanding risk against return



Statement of Investment Policies and Procedures – CAP

The Pension Committee has established a statement of investment policies and procedures to effectively monitor and manage investment risk within the Plan.

The Statement of Investment Policies and Procedures – Capital Accumulation Plans (SIPP-CAP) is the governing document for the investment structure of the **capital accumulation plans** (CAP) offered by Canada Post, including the DC component of the Plan. The SIPP-CAP covers fund governance, the investment structure and beliefs, as well as other requirements in the investment and administration of the CAP assets. The investment objectives set out in the SIPP-CAP are fulfilled as a part of the contractual obligations of the DC service provider, Canada Life.

The SIPP-CAP is reviewed and approved once a year by the Pension Committee. The actuary of the Plan and the members of the Pension Advisory Council receive a copy of the updated SIPP-CAP after its approval. The SIPPs of the Plan are available at **cpcpension.com** under Governance documents.

Outlook for 2022

Governance activities review: Canada Post will complete a review of governance activities that meets key requirements of the Joint Forum of Financial Market Regulators Guidelines for Capital Accumulation Plans.

Administration activities: Canada Post will continue to work on improving the member experience and ensure that its members have access to best-in-class products and services.

ESG integration: Canada Post will monitor the evolving responsible investing landscape, including keeping abreast of best practices for the DC component.

Our Investments – DB Component

Irshaad Ahmad
Vice-President, Pension Fund and Chief Investment Officer

2021 was another blockbuster year for investment returns as reopenings and vaccine rollouts fuelled the economic recovery throughout much of the globe.

It is my pleasure to report strong absolute and relative investment performance by the Canada Post Corporation Registered Pension Plan.

Net investment assets of the Plan totalled $32.3 billion as of December 31, 2021, compared to $29.6 billion the previous year. The Plan delivered a return of 11.3% for 2021, which was above its benchmark return of 8.6%. The Plan's 2021 return placed it in the second quartile relative to its peers.

Taking the past four calendar years together, the Plan had a return of 9.0%, which exceeded its benchmark by 1.0%. In the long term, the Plan's record of outperformance has continued. Over 10 years, the Plan's average annual return was 9.9%, meaning the Plan outperformed its benchmark of 8.6% and its return objective over time of the Canadian Consumer Price Index (CPI) + 4.5%, which was 6.3% as of December 2021. The Plan's investment strategy contributed to this investment success. By actively managing our portfolio, we have added value above the benchmark return by $2.9 billion over the last 10 years.

In 2021, a review of the investment strategy was initiated and will be completed in 2022. Until the new strategy is approved and implemented, the Plan will maintain the asset mix outlined in the 2019 investment strategy. The strategy had focused on making the Plan more sustainable by gradually reducing the volatility between net investment assets and pension obligations, while maintaining the return on investments. The disciplined approach to de-risking has increased weights in fixed income, international equities, infrastructure and private equity, and reduced weights in Canadian equities and U.S. equities in the Plan's policy benchmark.

Key drivers of Plan performance

- Economic recovery and growth driven by global reopenings and vaccination rollouts contributed to strong equity returns in Canada and the United States.
- Inflation-linked bonds benefited from higher inflation; nominal fixed income outperformed the respective benchmarks but was impacted by rising bond **yields**.
- Private equity benefited from the initiatives of underlying portfolio companies coming to fruition as well as the realization of assets sold at strong valuations.
- Infrastructure made gains in digital infrastructure and renewable power.
- Real estate gains were driven by continued strong performance in logistics/warehouse and multi-family sectors.

Here are some activities that affected the Plan's net investment assets in 2021:
We entered 2021, the second year of the pandemic, with the reopening of economies worldwide as COVID-19 vaccinations began to rollout. The world economy delivered above-trend growth as lockdowns were lifted and economic activity increased. Strong employment gains lead to robust consumer demand. Corporate earning results were strong. Manufacturing and trade activity returned to pre-pandemic levels, though some sub-sectors experienced supply chain pressures. Service sectors, which were hit hard during the pandemic, continued to recover.
Above-trend global growth and steady demand for oil supported Canada's trade balance. While the major central banks, including the U.S. Federal Reserve, and governments sent signals about the gradual withdrawal, the extraordinary monetary and fiscal support measures interest rates remained at levels that were extremely stimulative. The U.S. Federal Funds Rate and Bank of Canada policy rate remained at 0.25% in 2021.
The market movements were reflected in the Plan's strong absolute and relative return of 11.3%, which was well above its benchmark return of 8.6%. All public equities and alternative asset classes exhibited strong returns (page 18). Nominal fixed income had negative returns as a result of the increase in bond yields. The Plan's liabilities decreased with the increase in bond yields and the increase in the value of investment assets.
Some of the market gains made by U.S. equities, Canadian equities and high-yield credit were realized and the proceeds funded long bonds, inflation-linked bonds and international equities.

Investment objectives

The Plan's investment objectives are to select the appropriate asset mix and risk level to achieve returns above the benchmark and meet the Plan's long-term funding needs. Sound investment decisions contribute to the sustainability and affordability of the Plan and support Canada Post as it fulfills the promise to Plan members of providing pension benefits at a reasonable cost.

The Plan's asset-liability strategy is updated every three years. The strategy provides direction on how to maximize asset returns to meet pension promises, while minimizing fluctuations in the Plan's funded status and potential solvency payment obligations from the Plan sponsor. In late 2019, the Board of Directors approved the 2019 study that updated the asset-liability strategy by using a more robust proxy for the Plan's liabilities and better representations of expected returns and volatilities and streamlined the glide path. The study concluded that, with the updated strategy, the Plan was heading in the right direction with a disciplined approach to de-risking and utilizing the asset mix glide path. The Plan's Statement of Investment Policies and Procedures – DB Component (SIPP-DB) was updated after the Board's approval of the strategy and is updated whenever the Plan moves to the next phase in its glide path.

The asset-liability strategy ensures that the Plan's asset mix better matches its liabilities and that its interest rate risk is reduced over time. The Plan continues to move along a glide path, or a series of phases, whereby asset mix changes occur when a predetermined funded status is reached.

As a recap, since 2015, the Plan has increased bond holdings and extended **bond durations**. This has led to a better match of assets to liabilities. Additional investments in alternative investment holdings continue to be made gradually to reduce the volatility of returns. The long bond, inflation-linked bond and alternative assets allocations continue to be increased, while universe bonds and equity allocations have been reduced. The adoption of the strategy had reduced the Plan's funded status volatility.

In the long term, the Plan's record of outperformance relative to its benchmark portfolio has continued. The Plan's benchmark portfolio represents the performance of the market index for each of the asset classes in the Plan. Over 10 years, the Plan's average annual return was 9.9%, meaning the Plan outperformed its benchmark of 8.6% and its return objective over time of 6.5%. Over the short term, the Plan relies on a benchmark portfolio to evaluate investment performance.

Asset mix

The Plan's asset mix is designed to maximize growth opportunities, minimize risks and meet the requirements of risk management. In accordance with the strategy, the Plan's asset mix targets and ranges were adjusted with the implementation of each phase in the strategy's glide path. As of year-end 2021 the asset mix targets are 54.9% in equities, real estate and infrastructure and 45.1% in fixed income.

The asset class mix is meant to provide the Plan with a long-term net rate of return of 4.5% above the estimated inflation rate of 2.0% for a total of 6.5%. It is estimated that this rate can support the Plan's investment objectives and the growth of its pension obligations.

At any given time, the asset mix may vary from the long-term targets. The SIPP-DB has minimum and maximum limits to allow for flexibility as market conditions change. The Plan's actual asset mix as of December 31, 2021, was 55.8% in equities, real estate and infrastructure, and 44.2% in fixed income and cash. The strong absolute returns in 2021 were attributable to the fund's above-target allocation to equities, infrastructure, real estate and private equity. This year the Plan terminated both high-yield bond portfolios after taking advantage of the market gains experienced over the last few years.

The performance of each asset class is measured against its own relevant benchmark. During the year, the Plan took advantage of market gains in Canadian and U.S. equities. These gains were reallocated to long bonds, international equities, and inflation-linked bonds. The investment team uses its knowledge and expertise to manage the investment portfolio in accordance with the guidance provided by the SIPP-DB.

Market review and financial market performance

Global economic growth continued 2021, boosted by increasing COVID-19 vaccination rates, loosening pandemic-related restrictions and strong corporate earnings.

Developed market equities lead by the United States, Europe (excluding the United Kingdom) and Canada exhibited strong double-digit returns and continued to benefit from the low interest rate environment. Most emerging market equities had modest gains or losses, while India experienced a strong recovery from its sharp recession and Brazil's equity market sold off due to high inflation and monetary tightening. Cyclically sensitive stocks outperformed more economically defensive ones. While technology dominated in the U.S., industrial and financial sectors were among the strongest contributors across markets. The small-cap rally gave way to large-cap growth stock outperformance. Private markets experienced substantial gains relative to more modest returns of 2020. Inflation-linked bonds strongly outperformed government and corporate bond returns, which were mostly flat or lower. The U.S. dollar appreciated relative to most developed and emerging-market currencies, with the yen and the Turkish lira suffering the sharpest declines.

In a reversal of the prior year, strong demand boosted the prices for base metals, such as zinc and copper, while precious metals (like silver, palladium and gold) along with iron ore were the worst-performing commodities. Oil prices increased in 2021 as demand increased more than global petroleum production.

Persistent inflation, higher energy and commodity prices, labour shortages and the disruption in global supply chains added volatility in financial markets.

Bond yields rose as equity markets reached all-time highs.

Volatility increased in the last month of 2021 with the emergence of a fast-spreading Omicron variant causing COVID-19, higher-than-expected inflation readings and specific details on U.S. Federal Reserve tightening threatened global growth. Despite geopolitical tensions, more persistent than anticipated inflations, the increase in energy prices and a pandemic resurgence as the omicron variant threatened to overwhelm healthcare systems most economic indicators confirm that the expansion is self-sustaining. Global recovery is expected to continue, but it will decelerate as monetary and fiscal policy supports are gradually withdrawn.

Fund performance

The Plan earned a rate of return of 11.3% in 2021, compared to its benchmark return of 8.6%.

In the midterm, the four-year average annual return was 9.0%, and in the long term, the 10-year average annual return was 9.9%. This compares favourably with the fund's portfolio benchmarks of 8.0% and 8.6% for the same periods. The Plan's evolving investment strategy contributed to this investment success.

The Plan's private equity, real estate and infrastructure, as well as Canadian, U.S. and international equities provided the best returns for the year. Inflation-linked bonds also provided positive returns, while private debt and nominal Canadian bonds decreased in value over the year.

Canadian equities had strong absolute and relative returns in 2021 driven by the industrial and financial sectors and cyclically sensitive industries such as energy and other commodities. U.S. equities had strong double-digit returns; technology dominated while industrial and financial sectors were strong contributors. International equities had modest single-digit returns – strong returns in Europe (excluding the U.K.) were offset by modest gains in the Asia-Pacific region and Japan and underperformance in emerging markets with double-digit losses in China and Brazil.

During 2021, all internally managed fixed-income portfolios outperformed their benchmarks, with significant outperformance in the corporate bond mandate. This performance was largely achieved with timely trades in the top-performing industry sectors.

Outperformance in the other portfolios was due to overweight credit exposure, as well as positive yield curve and duration management. All portfolios remain marginally overweight credit exposure, with a bias toward higher-quality names.

Private equity generated significant gains as economic activity recovered during the year and initiatives taken by underlying portfolio companies during the pandemic, such as setting up ecommerce, began to take hold. The private equity portfolio also benefited from a record year of realizations, as many of our underlying portfolio companies were sold at strong valuations.

The infrastructure portfolio also outperformed its benchmark in 2021. The negative impacts from COVID-19 on certain sectors such as airports, were more than offset by gains in other areas such as digital infrastructure and renewable power. In 2021, the infrastructure investment team was expanded, which gave us the opportunity to bring in new people with extensive experience in the sector. This expansion will enable us to implement a more active strategy as we seek to grow the portfolio.

The real estate asset class generated strong performance in 2021, which was driven by continued momentum in operating performance, particularly in the logistics/warehouse and multi-family sectors. Although uncertainty in the office and retail sectors due the pandemic is still present, rent collections continued to be strong across the portfolio throughout the year, allowing for good income return. We continued our sales of non-core assets, which resulted in gains.

Outlook for 2022

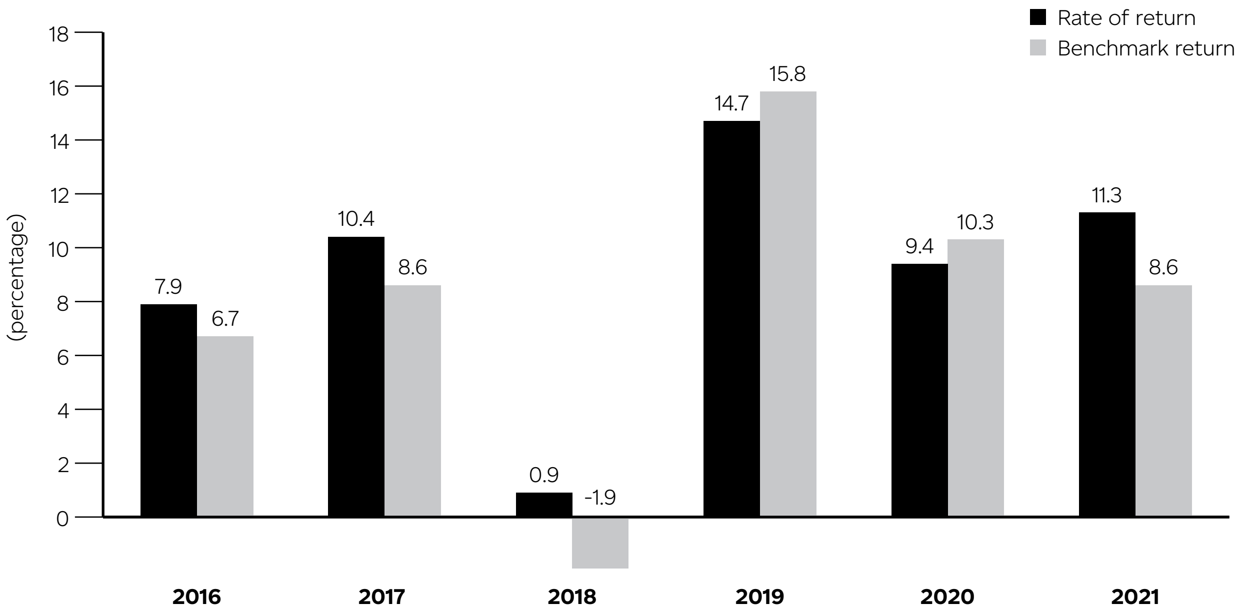
Funded status volatility, the movement of investment returns and pension obligations will continue to be monitored closely. The triennial asset-liability study was initiated in 2021 and is expected to be completed and approved by the Board later in 2022.

The Plan's strategic asset allocation will be finalized. Investments in alternative assets will continue to grow. A revised equity structure will be incorporated to ensure sufficient and sustainable returns. The Investment Division team will continue to execute on its strategic priorities.

For 2022 our top ESG priority is developing our Climate Action Plan, starting with our public equity portfolio. This plan will include embedding climate considerations into our portfolio construction and manager selection; setting interim climate-related targets in line with achieving net-zero emissions by 2050; identifying our engagement and advocacy priorities; and building climate-related capabilities within the investment team.

We will maintain our commitment to meeting the Plan's long-term funding objectives. Through appropriate asset allocation and risk mitigation regarding our liabilities, we aim to earn returns above the benchmark portfolio, while considering economic and demographic changes. We will continue to implement strategies designed to increase sustainable returns without taking undue risks.

Rate of return against benchmark

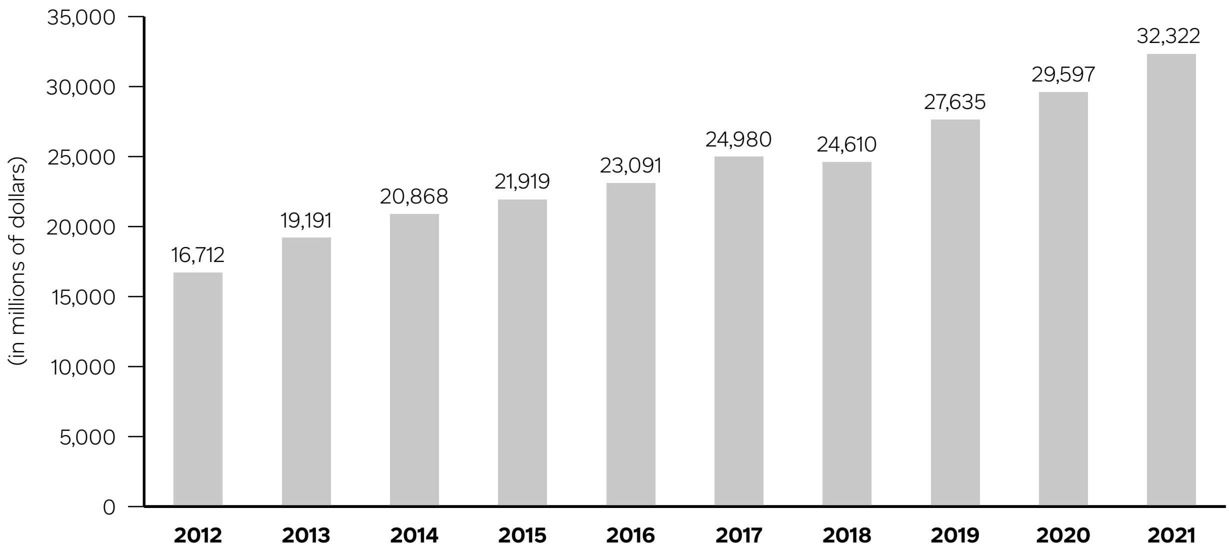


Rate of return

	Since Plan inception	Over the last 10 years	Over the last 5 years	2020	In 2021
Our Plan	7.3%	9.9%	9.2%	9.4%	**11.3%**
Our benchmark	5.8%	8.6%	8.1%	10.3%	**8.6%**
Peer group return[1]		9.5%	9.1%	9.4%	**9.6%**
Rate of return objective over time			6.3%		

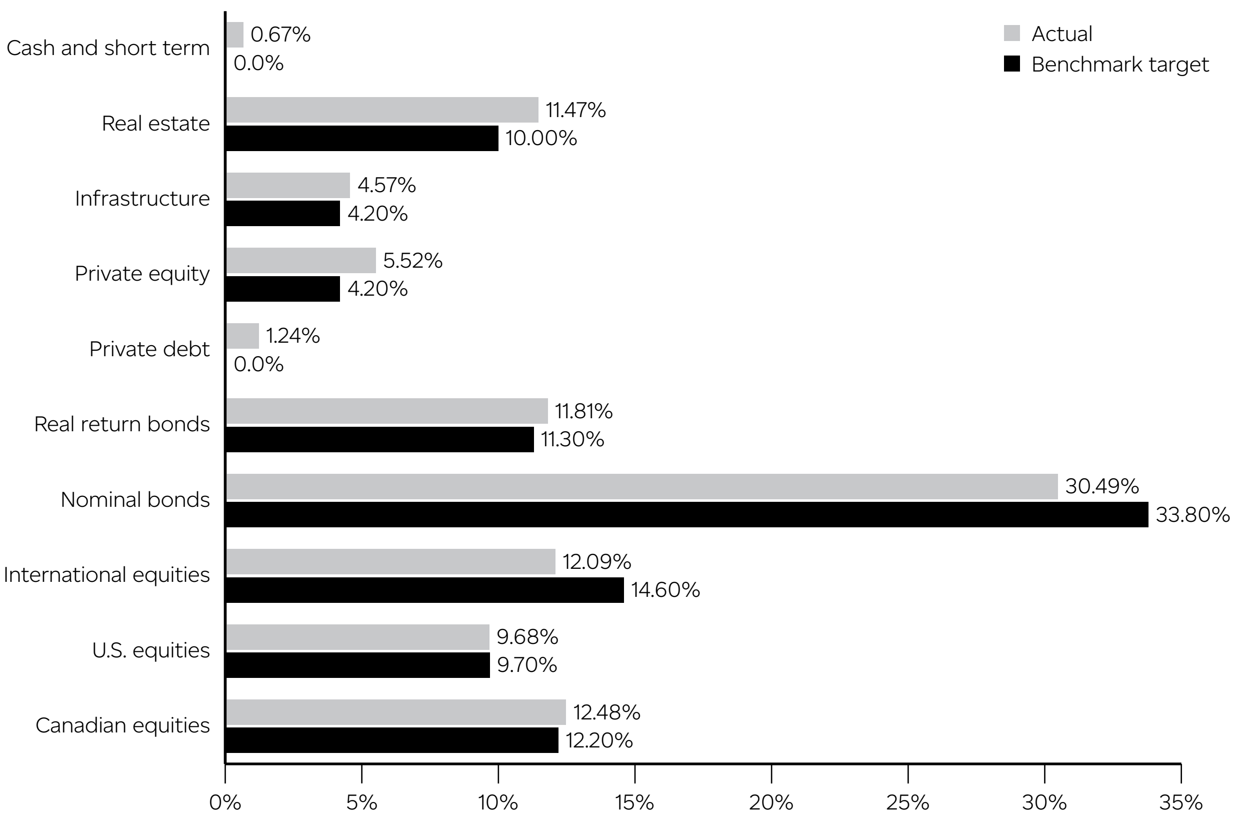
1. RBC Investor Services based on the median performance of large Canadian pension plans (more than $1 billion).
(Previously called peer group benchmark, peer group return refers to the median peer plan return, not the median peer benchmark return.)

Net investment assets



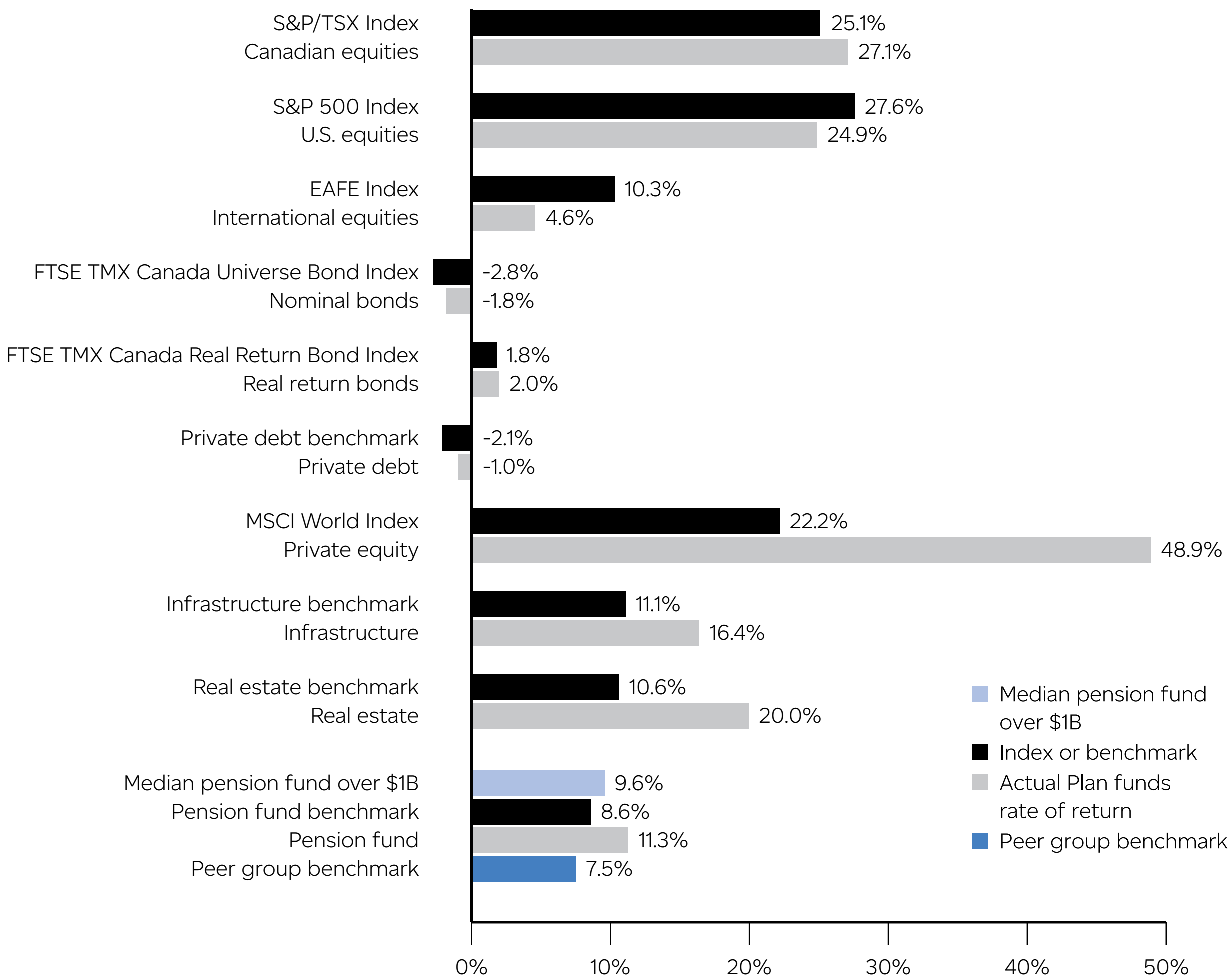
Net investment assets are defined as investments plus investment-related receivables, minus investment-related liabilities.

Asset mix



International equities include emerging markets. Numbers may not add up due to rounding.

Rates of return by asset class and total Plan



The real estate benchmark is 50% S&P/TSX Capped Composite Index and 50% FTSE TMX Canada Universe Bond Index. The infrastructure benchmark is 50% FTSE TMX Canada Real Return Bond Index and 50% MSCI World Index.

Investment management costs

CEM Benchmarking Survey

Per $100 of average assets	2018	2019	2020
Plan	$0.41	$0.42	$0.41
Peer group	$0.48	$0.47	$0.47
Benchmark	$0.48	$0.46	$0.43
The Plan's investment costs were $4.9 million below benchmark costs.			

Equity holdings greater than 0.25% of Plan assets

As at December 31, 2021 (in millions of dollars)

	Market value	Percentage of overall fund
Bank of Nova Scotia	159.4	0.49
Apple Inc	157.7	0.49
Microsoft Corp	153.6	0.48
Royal Bank of Canada	147.8	0.46
Toronto Dominion Bank	133.5	0.41
Shopify Inc Class A Subordinate Vtg Shs	124.6	0.39
Brookfield Asset Manage Cl A Com	116.1	0.36
Canadian National Railway	113.5	0.35
Manulife Financial Corp Com	104.6	0.32
Bank of Montreal	101.3	0.31
Alphabet Inc Capital Stock Cl A Common	101.2	0.31
Nutrien Ltd Common	84.1	0.26
Amazon.com Inc	82.1	0.25
Restaurant Brands Intl Inc Common	79.3	0.25
Suncor Energy Inc New Common	78.3	0.24
BCE Inc Common New	78.3	0.24
Magna International Inc Common	76.7	0.24
	$ 1,892.1	**5.85%**

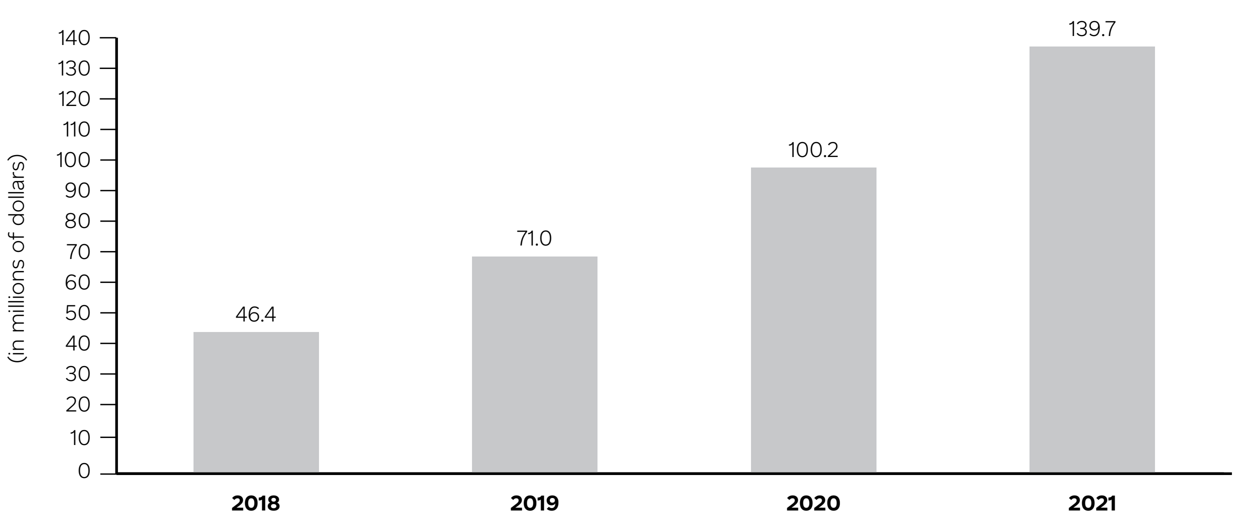
Our Investments – DC Component

Rates of return

As at December 31, 2021

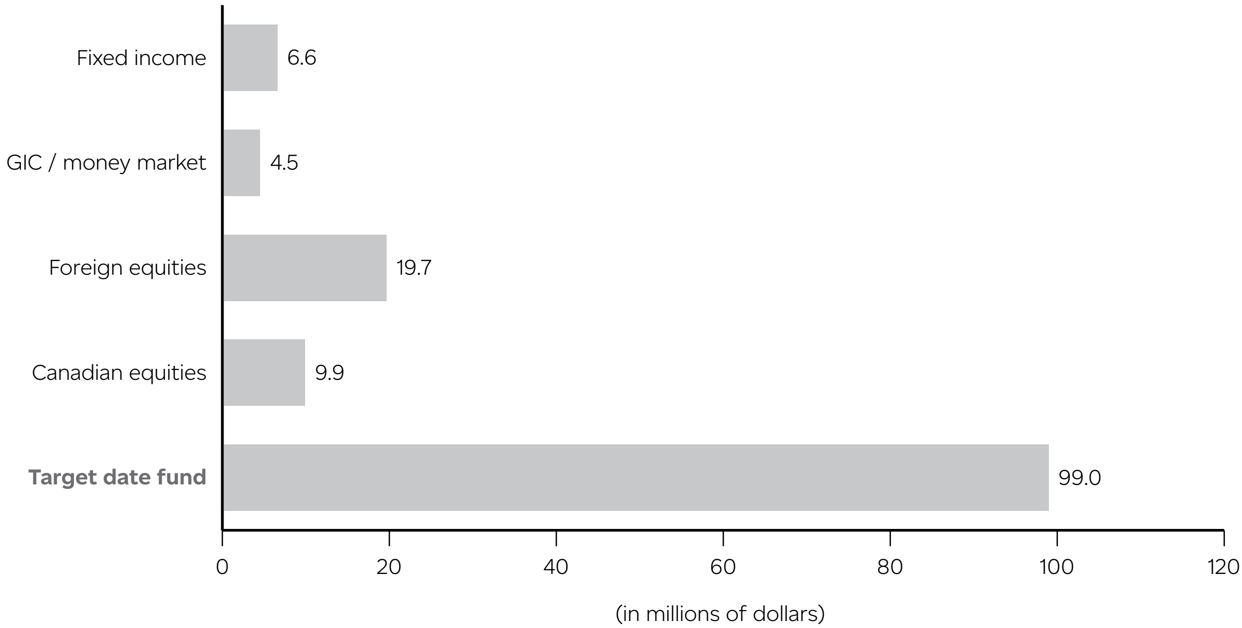
Fund	1 year	5 years	10 years
BlackRock LifePath® Index 2020	6.16	6.69	7.50
BlackRock LifePath® Index 2025	8.29	7.54	8.50
BlackRock LifePath® Index 2030	10.91	8.47	9.38
BlackRock LifePath® Index 2035	13.48	9.37	10.24
BlackRock LifePath® Index 2040	15.99	10.24	11.06
BlackRock LifePath® Index 2045	18.17	10.97	11.77
BlackRock LifePath® Index 2050	19.45	11.42	N/A
BlackRock LifePath® Index 2055	19.67	11.50	N/A
BlackRock LifePath® Index 2060	19.56	N/A	N/A
BlackRock LifePath® Index Retirement	6.18	6.47	N/A
BlackRock U.S. Equity Index	27.53	16.97	19.07
CC&L Group Canadian Equity	26.53	11.31	11.35
MFS Global Equity	18.22	15.13	15.39
MFS International Equity	15.15	12.64	12.76
Mackenzie Money Market	0.23	1.01	0.98
TDAM Canadian Bond Index	-2.70	3.15	3.12
TDAM Canadian Equity Index	25.08	10.06	9.13

Investment assets

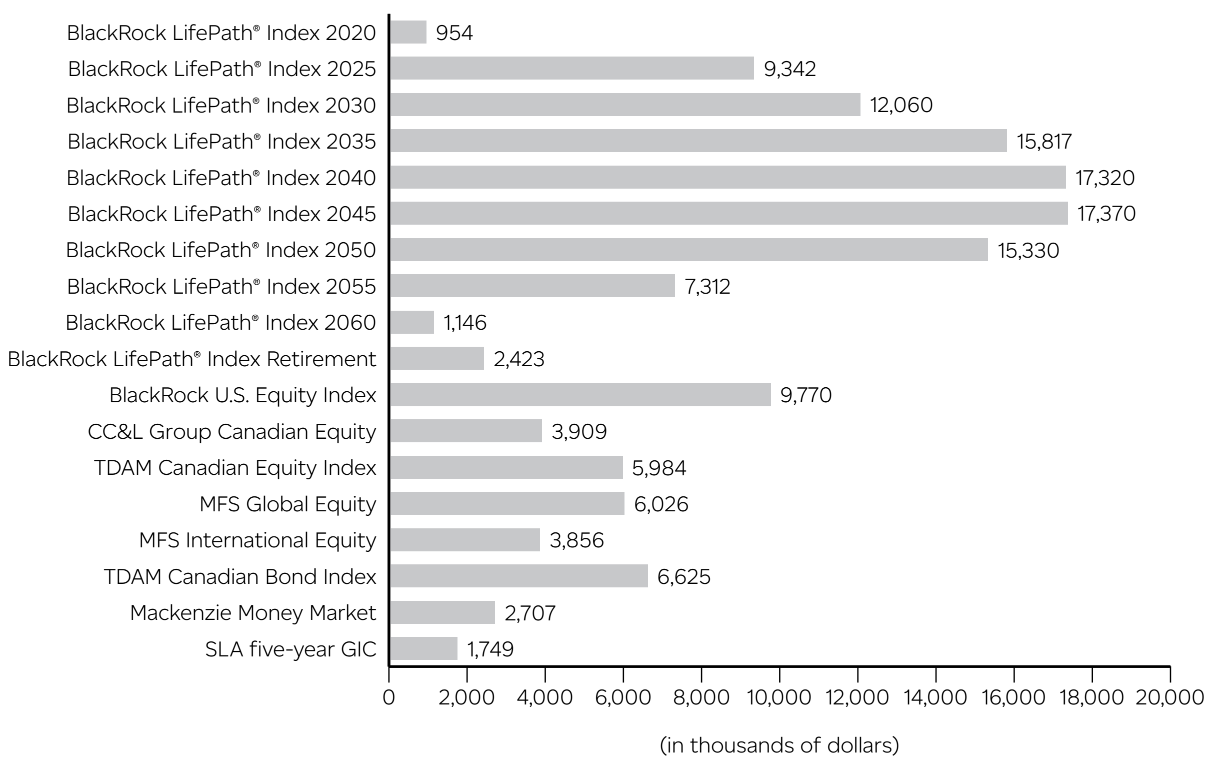


Asset mix

As at December 31, 2021



Detailed asset mix



Fund management fees

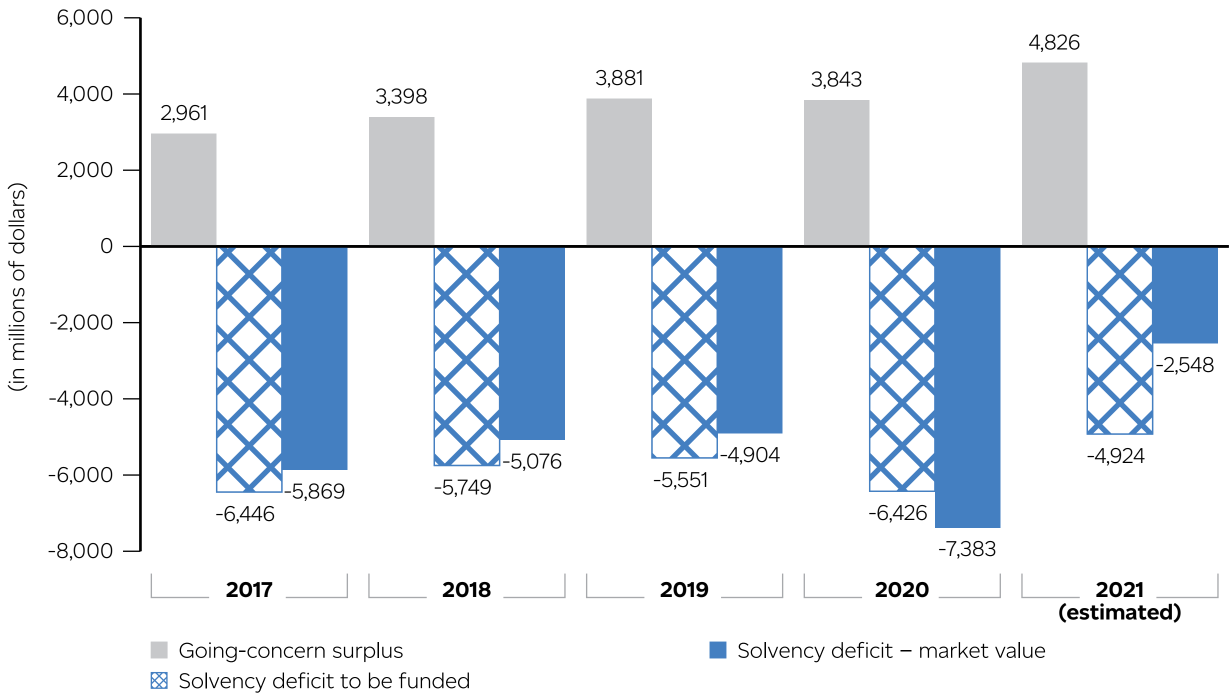
As at December 31, 2021

Fund	Annualized percentage
BlackRock LifePath® Index 2025	0.23%
BlackRock LifePath® Index 2030	0.24%
BlackRock LifePath® Index 2035	0.25%
BlackRock LifePath® Index 2040	0.25%
BlackRock LifePath® Index 2045	0.26%
BlackRock LifePath® Index 2050	0.26%
BlackRock LifePath® Index 2055	0.26%
BlackRock LifePath® Index 2060	0.29%
BlackRock LifePath® Index Retirement	0.22%
BlackRock U.S. Equity Index	0.18%
CC&L Group Canadian Equity	0.35%
MFS Global Equity	0.57%
MFS International Equity	0.59%
Mackenzie Money Market	0.09%
TDAM Canadian Bond Index	0.12%
TDAM Canadian Equity Index	0.12%

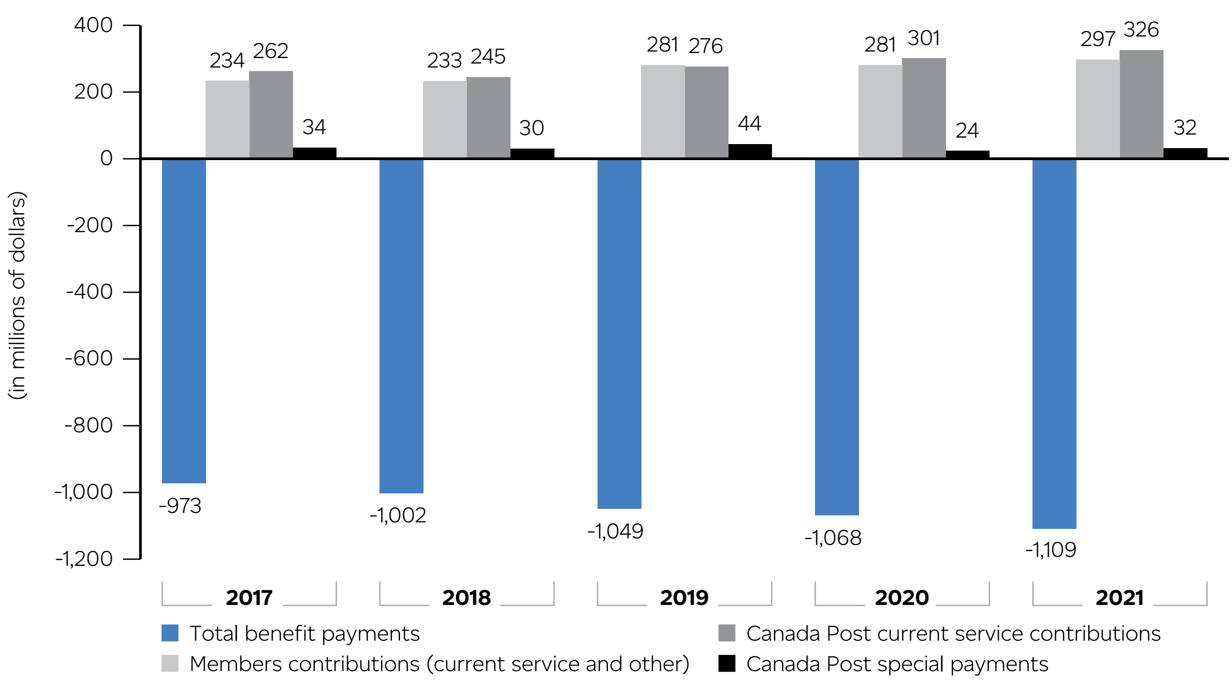
The **fund management fees** listed here cover the costs of operations and investment expertise for active Plan members. They are also subject to applicable sales tax, which is not included in the amounts listed above. All the investment management fees and fund operations expenses you pay are available online. Sign in to **mycanadalifeatwork.com** for more information.

Financial Position Highlights – DB Component

Plan's funded status



Contributions and benefit payments



Canada Post contributions represent amounts paid after taking into account deficit funding relief. In 2021, member contributions of $297 million included $3 million of elective service contributions.

Summary of Financial Statements

Net assets available for benefits

The Canada Post Corporation Registered Pension Plan posted a 11.3% return in 2021. The Plan ended the year with net assets available for benefits of $32,537 million (including $140 million in the DC component), an increase of $2,780 million from $29,757 million (including $39 million in the DC component) at the end of 2020.

Changes in net assets available for benefits

The $2,780 million increase in net assets available for benefits represented investment income of $3,356 million and contributions of $685 million, offset by pension benefit payments of $1,116 million and expenses of $145 million.

Investment income – comprising interest, dividend, as well as realized and unrealized gains and losses – was $3,356 million for 2021, compared to $2,583 million for 2020.

Plan contributions in 2021 were $685 million compared to $633 million in 2020, an increase of $52 million.

Pension benefit payments for 2021 were $1,116 million compared to $1,072 million in 2020, an increase of $44 million. This was mostly the result of a 4.01% increase in the number of retirees over 2021.

Changes in pension obligations

Pension obligations were $25,083 million (including $140 million in the DC component) compared to $24,149 million (including $101 million in the DC component) in 2020, an increase of $934 million.

The increase was mainly due to interest accrued on the pension obligations, new benefits accrued and experience losses partially offset by benefits paid.

(in millions of dollars)	2021			2020		
Accounting basis	DB	DC	Total	DB	DC	Total
Net assets	32,397	140	32,537	29,656	101	29,757
Pension obligations	24,943	140	25,083	24,048	101	24,149

Surplus (deficit)

The difference between assets available for benefit and pension obligations as at December 31, 2021, resulted in a surplus of $7,454 million, as disclosed in the financial statements based on standards of the Chartered Professional Accountants of Canada (CPA Canada).

The going-concern surplus as of the same date was estimated at $4,826 million. The difference between the accounting surplus of $7,454 million and the estimated going-concern surplus of $4,826 million was an **actuarial asset value adjustment** (or **smoothing**) of $2,628 million. The smoothed-asset valuation method recognizes gains or losses on investments over a five-year period to minimize fluctuations due to market volatility. This actuarial adjustment is not permitted as a valuation methodology for accounting purposes under CPA Canada Section 4600 since 2011.

The full audited financial statements, including notes, are available at **cpcpension.com** or by request.

Five-year financial review

Financial position (in millions of dollars)	2021	2020	2019	2018	2017
Assets					
Investments	$32,397	$29,592	$27,594	$24,662	$24,910
Investment related receivables	216	129	246	149	255
Contribution / other receivables	114	105	99	103	112
Total assets	**$32,727**	**$29,826**	**$27,939**	**$24,914**	**$25,277**
Liabilities					
Investment related liabilities	149	23	134	152	148
Accounts payable and accrued liabilities	41	46	49	47	47
Total liabilities	**190**	**$69**	**$183**	**$199**	**$195**
Net assets available for benefits	**$32,537**	**$29,757**	**$27,756**	**$24,715**	**$25,082**
Pension obligations and surplus (deficit)					
Pension obligations	25,083	$24,149	$22,504	$21,574	$20,827
Surplus (deficit)	7,454	5,608	5,252	3,141	4,255
Total pension obligations and surplus (deficit)	**$32,537**	**$29,757**	**$27,756**	**$24,715**	**$25,082**

Changes in net assets available for benefits (in millions of dollars)	2021	2020	2019	2018	2017
Investment income	**$3,356**	**$2,583**	**$3,608**	**$243**	**$2,439**
Contributions – Sponsor					
Current service	345	317	288	254	269
Special payments	32	25	45	30	34
Contributions – Members					
Current service	305	288	284	234	234
Past service and other	3	3	4	5	5
Total contributions	**$685**	**$633**	**$621**	**$523**	**$542**
Less					
Benefits					
Retirement and survivor pensions	1,029	1,005	968	928	887
Commuted value transfers and other	87	67	85	79	89
Total benefits	**$1,116**	**$1,072**	**$1,053**	**$1,007**	**$976**
Administration expenses					
Plan administration	27	27	25	25	23
Investment fees	118	116	110	101	92
Total administration expenses	**$145**	**$143**	**$135**	**$126**	**$115**
Increase (decrease) in net assets	**$2,780**	**$2,001**	**$3,041**	**$(367)**	**$1,890**

Changes in pension obligations (in millions of dollars)	2021	2020	2019	2018	2017
Interest on pension obligations	$1,141	$1,149	$1,166	$1,128	$1,101
Benefits accrued	685	586	577	502	511
Changes in **actuarial assumptions**	9	1,180	322	129	(4)
Net experience losses (gains)	215	(198)	(82)	(5)	(106)
Benefits paid	(1,116)	(1,072)	(1,053)	(1,007)	(976)
Net increase (decrease) in pension obligations	**$934**	**$1,645**	**$930**	**$747**	**$526**

Funding Valuation Summary – DB Component

Canada Post is required to file annual actuarial valuations of the Plan on a going-concern and solvency basis with the federal pension regulator, the Office of the Superintendent of Financial Institutions (OSFI). An actuarial valuation is a report on the health of the Plan. It presents the funded status of the Plan on a going-concern and solvency basis at a specific date. The latest actuarial valuation was filed in June 2021 and provided results as at December 31, 2020.

Actuarial valuation results – Going concern

Going-concern funded status of the Plan as at December 31				
	2021 estimated		2020 actual	
	In millions of dollars	Funded ratio	In millions of dollars	Funded ratio
Going-concern assets (smoothed value)	29,769		27,866	
Going-concern obligations	24,943		24,023	
Going-concern surplus	4,826	119.3%	3,843	116.0%

Actuarial valuation results – Solvency

Solvency funded status of the Plan as at December 31				
	2021 estimated		2020 actual	
	In millions of dollars	Funded ratio	In millions of dollars	Funded ratio
Solvency assets (market value)	32,357		29,616	
Solvency obligations	34,905		36,999	
Solvency **deficit** (based on market value of Plan assets)	**(2,548)**	92.7%	**(7,383)**	80.0%
Solvency **deficit** to be funded (using three-year **average solvency ratio** method)	**(4,924)**	85.9%	**(6,426)**	82.6%

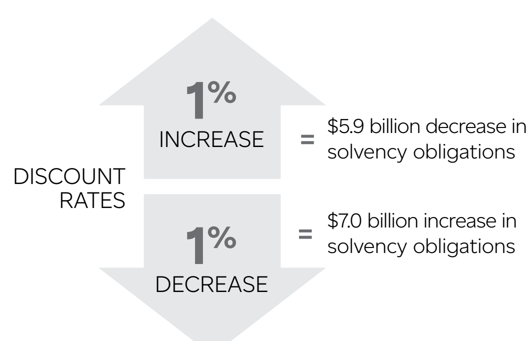
The solvency deficit using the market value of Plan assets decreased from $7,383 million at the end of 2020 to an estimated $2,548 million at the end of 2021. The improvement was mainly due to an increase in the discount rate and higher than expected asset returns.

The average solvency ratio over the three-year period used for the valuation increased in 2021, going from 82.6% to 85.9%. This resulted in the solvency deficit to be funded, decreasing from $6,426 million at the end of 2020 to an estimated $4,924 million at the end of 2021.

If the Plan had been terminated and wound up on December 31, 2021, there would not have been enough assets to pay 100% of the pension benefits.

When interest rates are low, more money needs to be put aside. For example, you would need to have about $1.2 million on average if you retire at age 60 to get a $50,000 annual pension similar to the one offered by our Plan at a 4% interest rate. This amount increases by over 15% to $1.4 million, when interest rates drop to 3%.

Multiply this amount by the number of members in our Plan, and you can see that a small change in discount rates has a significant impact on the overall pension obligations. A discount rate decrease would result in an increase in pension obligations on a solvency basis. Similarly, an increase in discount rates would result in a decrease in pension obligations.



Contributions

Contributions (in millions of dollars)	**2021**	**2022**[1]
Members	297	298
Canada Post regular contributions	326	333
Canada Post special payments[2]	32	33
Total contributions	**655**	**664**

Current service cost sharing[3] (regular contributions)	**2021**	**2022**[1]
Members	47%	47%
Canada Post	53%	53%

1. Estimate.
2. After applying deficit funding relief.
3. Excluding contributions for elective service.

The special payments made by Canada Post in 2021 and estimated to be made in 2022 are top-up payments (transfer deficiency). The top-up payments are required to pay the full commuted value when someone leaves the Plan because the solvency ratio is below 100%, and they include additional top-up payments required by the Office of Superintendent of Financial Institutions since 2014 given the deficit funding relief.

Deficit funding relief

Over the past few years, low solvency discount rates increased the Plan's solvency obligations and deficits significantly. From 2011 to 2013, Canada Post used solvency relief measures, as permitted by pension legislation for all federally regulated pension plans. Under these measures, the maximum amount of relief could not exceed 15% of the market value of the Plan's assets at the end of the preceding year.

In 2014, the Government of Canada introduced the *Canada Post Corporation Pension Plan Funding Regulations*. They provided temporary relief to Canada Post from the need to make special payments into the Plan for four years (2014 to 2017). For Canada Post, these regulations replaced the solvency relief measures available under the *Pension Benefits Standards Act, 1985*. In 2017, the *Pension Benefits Standards Regulations, 1985*, were amended to change the solvency reduction limit applicable to the pension plans of Crown corporations from 15% of a plan's assets to 15% of a plan's solvency liabilities. Under these regulations, Canada Post would have had to make $368 million of solvency special payments for 2020 beyond the relief limit.

However, due to COVID-19 effects on the economy, the *Solvency Special Payment Relief Regulations* came into force in 2020, establishing a moratorium on solvency special payments for the remainder of the year for federally regulated, defined benefit pension plans. Under current regulations, Canada Post was not required to make special payments for 2021, which would have totalled $1.3 billion (including special payments made to cover transfer deficiencies). In December 2021, the Government of Canada introduced the *Canada Post Corporation Pension Plan Funding Regulations* (proposed regulations) to provide Canada Post with temporary relief from its solvency funding obligations until December 31, 2024. These proposed regulations have been approved and came into force on April 7, 2022. Without this relief, Canada Post expected to make estimated special payments of $796 million for 2022, as the solvency relief of 15% available under the *Pension Benefits Standards Act, 1985*, will be fully utilized during the year.

Relief (in millions of dollars)	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Solvency relief under the *Pension Benefits Standards Act, 1985*	–	–	–	–	1,289	1,150	278	1,285
Relief under the *Canada Post Corporation Pension Plan Funding Regulations*	1,269	1,360	1,254	1,352	–	–	–	–
Solvency Special Payments Relief Regulations, 2020	–	–	–	–	–	–	833	–

With deficit funding relief comes additional potential risk for the Plan and its members. There is a lower value of Plan assets than would be the case if Canada Post had the cash necessary to make the special payments. Therefore, there is a risk of some deterioration of the solvency and going-concern valuations over the relief period. The effect will depend on factors such as investment returns and interest rates. While the Plan is currently able to pay all benefits to members as they become due, and it is projected to continue to be able to do so over the relief period, Canada Post needs to find long-term solutions to ensure that the Plan is sustainable and affordable for Plan members and the Corporation.

Regular pension contributions (current service) from Canada Post and from Plan members continue to be made during this deficit funding relief. The relief applies only to special payments to fund the deficit. Canada Post, as Plan sponsor, is responsible for addressing any deficit in the Plan and ensuring the Plan is sustainable.

During the temporary relief, Canada Post, as Plan administrator, continues to file annual valuations with regulators to monitor the Plan's status. This status is communicated to all Plan members on at least an annual basis.

Without any funding relief, Canada Post's special payments required to fund the deficit would have been $1,317 million in 2021 (including $32 million in top-up payments). This would have brought total contributions from Canada Post to $1,643 million in 2021, or 56% of the pensionable payroll.

Funding valuation history

OSFI requires that a funding valuation be done on a going-concern and solvency basis. Prior to 2010, a mandatory funding valuation had to be filed every three years, unless the plan was in a solvency deficit position. However, plan sponsors could voluntarily file earlier, if desired. Since 2010, it is required to file a funding valuation every year, unless the solvency funded status is greater than 120%. Canada Post's 2021 funding valuation will be filed by June 2022.

	Estimated	**Filed funding valuations[1]**								
As at December 31 (in millions of dollars)	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Going concern – assuming the Plan continued in operation										
Market value of assets	$ 32,397	$ 29,656	$ 27,685	$ 24,669	$ 25,045	$ 23,166	$ 21,987	$ 20,932	$ 19,262	$ 16,775
Asset smoothing adjustment	(2,628)	(1,790)	(1,443)	176	(1,322)	(1,124)	(1,541)	(1,832)	(1,527)	(352)
Smoothed value of assets	29,769	27,866	26,242	24,845	23,723	22,042	20,446	19,100	17,735	16,423
Funding target	24,943	24,023	22,361	21,447	20,762	20,253	19,200	18,600	18,031	16,342
Funding surplus (deficit)	4,826	$ 3,843	$ 3,881	$ 3,398	$ 2,961	$ 1,789	$ 1,246	$ 500	$ (296)	$ 81
Funded ratio	119.3%	116.0%	117.4%	115.8%	114.3%	108.8%	106.5%	102.7%	98.4%	100.5%
Assumptions used for going-concern valuations										
Discount rate	4.80%	4.80%	5.20%	5.50%	5.50%	5.50%	5.80%	5.80%	5.80%	5.80%
Inflation rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	2.25%	2.25%	2.25%
Real return rate (net of inflation)	2.80%	2.80%	3.20%	3.50%	3.50%	3.50%	3.55%	3.55%	3.55%	3.55%
Solvency – assuming the Plan was terminated on the date of valuation										
Market value of assets (net of termination fees)	$ 32,357	$ 29,616	$ 27,644	$ 24,629	$ 25,005	$ 23,146	$ 21,967	$ 20,912	$ 19,250	$ 16,763
Solvency obligations	34,905	36,999	32,548	29,705	30,874	29,663	28,038	27,790	24,266	23,279
Solvency – market value										
Surplus (deficit)	$ (2,548)	$ (7,383)	$ (4,904)	$ (5,076)	$ (5,869)	$ (6,517)	$ (6,071)	$ (6,878)	$ (5,016)	$ (6,516)
Solvency ratio	92.7%	80.0%	84.9%	82.9%	81.0%	78.0%	78.3%	75.3%	79.3%	72.0%
Solvency – to be funded										
Surplus (deficit)	$ (4,924)	$ (6,426)	$ (5,551)	$ (5,749)	$ (6,446)	$ (6,760)	$ (6,269)	$ (6,801)	$ (6,345)	$ (5,890)
Solvency ratio	85.9%	82.6%	83.0%	80.6%	79.1%	77.2%	77.6%	75.5%	73.9%	74.7%
Assumptions used for solvency valuations										
Discount rate (real return rates, net of inflation)										
For commuted values										
Rate for first 10 years[2]	0.80%	0.70%	1.20%	1.70%	1.40%	1.10%	1.30%	1.30%	1.70%	1.10%
Rate after 10 years[2]	1.20%	0.90%	1.20%	1.80%	1.60%	1.30%	1.80%	1.60%	2.30%	1.30%
For annuities	0.50%	-0.10%	0.60%	1.30%	0.90%	1.10%	1.20%	1.10%	1.80%	1.50%

1. A funding valuation for 2008 was not required by OSFI.
2. 15 years before 2005.

Questions and answers about actuarial valuations – DB component

What is an actuarial valuation and what does it determine?

An actuarial valuation is like a report card for the long-term financial health of a pension plan as of a specific date. An independent actuary is hired by the Canada Post Board of Directors to conduct an actuarial valuation. The valuation compares the plan assets to pension obligations to see whether there is a surplus or a deficit of funds to cover the value of accumulated pension benefits.

Pension obligations represent the cost of future pension benefits, based on plan members' pensionable earnings and pensionable service earned to the date of the calculation. To calculate pension obligations, the actuary makes assumptions about the future, such as expected inflation, rates of return on invested assets, salary increases, retirement age, life expectancy and several other factors.

OSFI requires that actuarial valuations be done on a going-concern and solvency basis. These valuations use hypothetical situations to assess a pension plan and protect the interests of its members.

What happens if there are deficits?

If an actuarial valuation reports a solvency deficit – a shortfall of solvency plan assets to solvency obligations – the plan sponsor is required to make special payments into the plan, based on the solvency deficit to be funded, over five years or less to eliminate the deficit. The plan sponsor may also request to use solvency relief measures, if they are available.

If an actuarial valuation reports a going-concern deficit – a shortfall of going-concern plan assets to going-concern obligations – the plan sponsor is required to make special payments into the plan over 15 years or less to eliminate the deficit.

In a given year, plan sponsors must pay the amount necessary to cover the ongoing **current service cost** in excess of employee contributions. If there are deficits, the sponsor must also make special payments to reduce the deficits, as described above, unless solvency relief measures are used.

What is deficit funding relief?

Since 2011, solvency relief measures have been available to all defined benefit pension plans subject to the *Pension Benefits Standards Act, 1985*, including those of Crown corporations like Canada Post based on approval from the Minister of Finance and the Minister of Public Services and Procurement. The measures help pension plan sponsors meet their funding obligations with less sensitivity to short-term economic conditions.

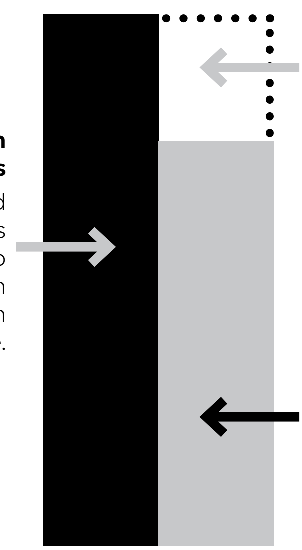
Funding relief does not reduce or eliminate Canada Post's obligation to fully fund the Plan and it remains responsible for funding any deficits.

What is a going-concern valuation?

The going-concern valuation assumes that a pension plan continues in operation and is longer term in focus. It determines if there are enough assets in the plan for pension benefit to be paid in the future for accumulated service to date. It also assesses the required contributions to be made by plan members and the plan sponsor to cover the current service cost.

What is a solvency valuation?

The solvency valuation assumes a pension plan is terminated on the date of valuation. This test allows pension regulators to verify that, in such an unlikely situation, plan members would be paid the benefit fully owed to them to that point. It has a short-term view and the results are strongly affected by the market interest rate on that date. The solvency valuation is done on a market-value basis, which measures the worth of the plan's assets on the date of valuation and is used in the case of a wind-up of the plan. It is also done on a to-be-funded basis, which uses a three-year average solvency ratio method. This method lessens the effects of short-term market volatility and is used for funding purposes.



Glossary

Actuarial asset value adjustment (or **smoothing**): Represents the difference between the actual return and the actuarial assumption for return on the plan's assets, which is then amortized over five years. Smoothing is an evaluation method commonly used by pension plans for going-concern valuations. It evens out highs (gains) and lows (losses) in investment returns. It helps stabilize results and avoid significant contribution changes up and down from one year to another, for employees and the employer. It is similar to budgeted payments for utility bills.

Actuarial assumptions: Factors used by an actuary in forecasting uncertain future events affecting pension cost. They involve such things as estimating interest and investment earnings, inflation, mortality rates and retirement patterns.

Actuary: A professional who is responsible for calculating the liabilities of pension plans and the costs of providing pension plan benefits. Under the *Pension Benefits Standards Act, 1985*, all actuarial reports must be prepared by a person who is a Fellow of the Canadian Institute of Actuaries.

Alternative assets: Holdings that are considered non-traditional assets, for example, private equity, infrastructure and real estate. Alternative assets are less liquid than traditional investments and are better suited to longer investment horizons. They also offer inflation protection for indexed pension plans.

Asset: Item with monetary value, such as cash, stocks, bonds and real estate.

Average solvency ratio: A method of measuring solvency using the average of three years' results. This method lessens the effects of short-term market volatility and is used for funding purposes.

Benchmark: A point of reference used as a basis for evaluation or comparison. An index can be used as a benchmark against which the performance of a group of similar assets can be measured or compared.

Bond: Debt issued by a corporation or government, which provides a promise to the holder that the principal and a specified amount of interest will be repaid within a specific period of time. Investing in a bond is like lending money to a government or organization.

Bond duration: An approximate measure of a bond's price sensitivity to changes in interest rates, expressed in years. It is the weighted average of the time to each coupon and principal payment.

Capital accumulation plan (CAP): Tax-assisted investment or savings plan that permits the members of the CAP to make investment decisions among options offered within the plan.

Commuted value: An estimated value of future pension benefits expressed in today's dollars. It is a calculation based on actuarial assumptions and market rates, which may fluctuate over time.

Current service cost: The additional pension obligation to be created over the coming year, as another year of credited service is added for current employees contributing to the plan.

Discount rates: Long-term interest rates used to calculate pension obligations.

Equities: Common and preferred stocks that represent a share in the ownership rights of a company and the right to collect dividends from profits. Private equities are equities that are not publicly traded.

Fixed income: An asset class that provides returns in the form of regular interest payments and are generally considered less volatile than equities.

Fund management fee: A fee charged for managing an investment portfolio and for general administrative expenses.

Fund manager: A professional who is responsible for making investment decisions and carrying out investment activities in order to meet specified goals for the benefit of investors.

Glide path: A gradual, step-by-step asset allocation based on a predetermined funded status target. The approach is designed to gradually shift assets out of return-seeking assets that rely on equity exposure into liability-hedging long-duration fixed-income assets. The movement from one asset allocation to the next is activated by a trigger – the funded status of the plan until the desired asset allocation is achieved.

Hedging: Reducing the risk of an investment by making an offsetting investment.

Inflation: Occurs when purchasing power declines due to an increase in the prices of goods and services.

Market capitalization: The total market value of a company's outstanding shares.

Pension obligations or **liabilities:** The actuarial present value of pension benefits for service completed up to a particular date, calculated using actuarial assumptions.

Rate of return: The amount gained or lost on an investment over a period of time, normally as a percentage of initial investment. Real return is a return adjusted for inflation. Net return is a return adjusted for expenses.

Smoothing: See actuarial asset value adjustment (or smoothing).

Target date fund: A fund that has an asset mix chosen with a specific timeframe in mind, such as a retirement date. A target date fund automatically shifts toward a more conservative asset mix as the target maturity date of the fund approaches.

Yields: Interest (adjusted for amortization of discount or premium) or dividend income as related to the cost of an investment in bonds or shares.

This report, the audited financial statements and more information about the Plan are available at cpcpension.com.

Do you have suggestions for this report or other pension publications? Send us an email at pension.services@canadapost.ca.

Information

DB members

Canada Post Pension Centre

Questions about the Plan

1-877-480-9220
1-866-370-2725 (TTY)
613-683-5908 (OUTSIDE NORTH AMERICA)

Monday to Friday
8 am to 6 pm (ET)

cpcpension.com

PENSION CENTRE
PO BOX 2073
MISSISSAUGA ON L5B 3C6

RBC Investor Services Trust

Questions about pension payments

1-800-876-4498

Monday to Friday
8 am to 8 pm (ET)

BENEFIT PAYMENT SERVICES
1 PLACE VILLE MARIE
5TH FLOOR EAST WING
MONTRÉAL QC H3B 1Z3

DC members

Canada Post AccessHR

Questions on eligibility, contributions, etc.

1-877-807-9090

Monday to Friday
8 am to 6 pm (ET)

cpcpension.com

Canada Life Call Centre

Questions about your investments and returns

1-866-716-1313

Monday to Friday
8 am to 8 pm (ET)

mycanadalifeatwork.com

Members across Canada – December 31, 2021, data

Province	Active members	Retired and deferred members, survivors and beneficiaries
Yukon	70	50
Northwest Territories	42	25
Nunavut	42	27
British Columbia	7,701	6,448
Alberta	6,369	4,373
Saskatchewan	1,707	1,537
Manitoba	2,033	1,822
Ontario	24,471	19,386
Quebec	11,981	11,608
Newfoundland and Labrador	901	943
Prince Edward Island	220	214
New Brunswick	1,330	1,306
Nova Scotia	1,633	1,892

Back to "Members across Canada – December 31, 2021" graph, page 2

Changes in membership data

Member type	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Active DB members	57,533	55,058	53,482	52,141	51,903	51,578	52,839	52,685	53,132	54,000
Retired and deferred DB members, survivors and beneficiaries	28,402	31,228	34,189	36,548	39,112	41,413	43,364	45,365	47,470	48,000
Active DC members	464	513	721	1,149	1,402	2,063	2,773	3,389	4,180	5,103

Back to "Changes in membership" graph, page 3

Rate of return against benchmark data

Return type	2016	2017	2018	2019	2020	2021
Rate of return	7.9%	10.4%	0.9%	14.7%	9.4%	11.3%
Benchmark return	6.7%	8.6%	-1.9%	15.8%	10.3%	8.6%

Back to “Rate of return against benchmark” graph, page 19

Net investment assets data

Asset	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net investment assets (in millions of dollars)	16,712	19,191	20,868	21,919	23,091	24,980	24,610	27,635	29,597	32,322

Back to “Net investment assets” graph, page 20

Asset mix data (DB component)

Asset	Benchmark target	Actual
Cash and short term	0.0%	0.67%
Real estate	10.0%	11.47%
Infrastructure	4.2%	4.57%
Private equity	4.2%	5.52%
Private debt	0.0%	1.24%
Real return bonds	11.3%	11.81%
Nominal bonds	33.8%	30.49%
International equities	14.6%	12.09%
U.S. equities	9.7%	9.68%
Canadian equities	12.2%	12.48%

Back to “Asset mix” graph (DB component), page 20

Rates of return by asset class and total Plan data

Asset	Index or benchmark	Actual Plan funds rate of return	Median pension fund over $1B	Peer group benchmark
S&P/TSX Index	25.1%	–	–	–
Canadian equities	–	27.1%	–	–
S&P 500 Index	27.6%	–	–	–
U.S. equities	–	24.9%	–	–
EAFE Index	10.3%	–	–	–
International equities	–	4.6%	–	–
FTSE TMX Canada Universe Bond Index	-2.8%	–	–	–
Nominal bonds	–	-1.8%	–	–
FTSE TMX Canada Real Return Bond Index	1.8%	–	–	–
Real return bonds	–	2.0%	–	–
Private debt benchmark	-2.1%	–	–	–
Private debt	–	-1.0%	–	–
MSCI World Index	22.2%	–	–	–
Private equity	–	48.9%	–	–
Infrastructure benchmark	11.1%	–	–	–
Infrastructure	–	16.4%	–	–
Real estate benchmark	10.6%	–	–	–
Real estate	–	20.0%	–	–
Median pension fund over $1B	–	–	9.6%	–
Pension fund benchmark	8.6%	–	–	–
Pension fund	–	11.3%	–	–
Peer group benchmark	–	–	–	7.5%

Back to “Rates of return by asset class and total Plan” graph, page 21

Investment assets data

Asset	2018	2019	2020	2021
Investment assets (in millions of dollars)	46.4	71.0	100.2	139.7

Back to “Investment assets” graph, page 23

Asset mix data (DC component)

Asset	Value (in millions of dollars)
Fixed income	6.6
GIC / money market	4.5
Foreign equities	19.7
Canadian equities	9.9
Target date fund	99.0

Back to “Asset mix” graph (DC component), page 24

Detailed asset mix data

Asset	Total (in thousands of dollars)
BlackRock LifePath® Index 2020	954
BlackRock LifePath® Index 2025	9,342
BlackRock LifePath® Index 2030	12,060
BlackRock LifePath® Index 2035	15,817
BlackRock LifePath® Index 2040	17,320
BlackRock LifePath® Index 2045	17,370
BlackRock LifePath® Index 2050	15,330
BlackRock LifePath® Index 2055	7,312
BlackRock LifePath® Index 2060	1,146
BlackRock LifePath® Index Retirement	2,423
BlackRock U.S. Equity Index	9,770
CC&L Group Canadian Equity	3,909
TDAM Canadian Equity Index	5,984
MFS Global Equity	6,026
MFS International Equity	3,856
TDAM Canadian Bond Index	6,625
Sun Life Financial Money Market	2,707
SLA five-year GIC	1,749

Back to “Detailed asset mix” graph, page 24

Plan’s funded status data

Status	2017	2018	2019	2020	2021 (estimated)
Going-concern surplus (in millions of dollars)	2,961	3,398	3,881	3,843	4,826
Solvency deficit to be funded (in millions of dollars)	-6,446	-5,749	-5,551	-6,426	-4,924
Solvency deficit – market value (in millions of dollars)	-5,869	-5,076	-4,904	-7,383	-2,548

Back to “Plan’s funded status” graph, page 26

Contributions and benefit payments data

Status	2017	2018	2019	2020	2021
Total benefit payments (in millions of dollars)	-973	-1,002	-1,049	-1,068	-1,109
Members contributions (current service and other) (in millions of dollars)	234	233	281	281	297
Canada Post current service contributions (in millions of dollars)	262	245	276	301	326
Canada Post special payments (in millions of dollars)	34	30	44	24	32

Back to “Contributions and benefit payments” graph, page 26