

Financial Statements of

**THE SGEU LONG-TERM  
DISABILITY PLAN**

And Independent Auditor's Report thereon

Year ended December 31, 2025



KPMG LLP  
2000-1881 Scarth Street  
Regina, SK S4P 4K9  
Canada  
Tel 306 791 1200  
Fax 306 757 4703

## INDEPENDENT AUDITOR'S REPORT

To the Members of The SGEU Long Term Disability Plan

### ***Opinion***

We have audited the financial statements of The SGEU Long Term Disability Plan (the Plan), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in disability obligations for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2025, and its changes in net assets available for benefits and its changes in disability obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants

Regina, Canada

April 16, 2026

# THE SGEU LONG-TERM DISABILITY PLAN

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
<b>Assets</b>		
Cash	\$ 1,594,935	\$ 3,550,331
Accounts receivable (note 3)	3,272	37,800
Premiums receivable	856,852	1,012,665
Investments (note 4)	74,213,118	64,213,025
	<u>76,668,177</u>	<u>68,813,821</u>
<b>Liabilities</b>		
Accounts payable	222,124	67,563
Due to SGEU (note 6)	423,949	156,856
	<u>646,073</u>	<u>224,419</u>
Net assets available for benefits	76,022,104	68,589,402
Disability obligations (note 5)	73,590,000	65,593,000
	<u>\$ 2,432,104</u>	<u>\$ 2,996,402</u>

See accompanying notes to financial statements.

On behalf of the Board:

Teresa (Tracey) Sauer      President      Diane Ralph      First Vice President

# THE SGEU LONG-TERM DISABILITY PLAN

## Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Increase in net assets:		
Investment income (note 7)	\$ 2,812,997	\$ 1,948,750
Net unrealized gains on investments	2,122,386	4,305,589
Premiums	16,658,430	15,590,980
	<u>21,593,813</u>	<u>21,845,319</u>
Decrease in net assets:		
Benefit payments	10,929,755	10,202,413
Transfers and refunds	50,457	50,263
Sick leave payments	59,655	83,215
Operating expenses (note 8)	3,121,244	3,018,146
	<u>14,161,111</u>	<u>13,354,037</u>
Net increase for the year	7,432,702	8,491,282
Net assets available for benefits, beginning of year	68,589,402	60,098,120
Net assets available for benefits, end of year	<u>\$ 76,022,104</u>	<u>\$ 68,589,402</u>

See accompanying notes to financial statements.

# THE SGEU LONG-TERM DISABILITY PLAN

## Statement of Changes in Disability Obligations

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Increase in disability obligations:		
Accrual of disability benefits	\$ 14,037,000	\$ 6,103,000
Interest accrued on benefits	2,548,000	2,025,000
Plan experience	1,514,000	-
Changes in assumptions	-	158,000
Plan changes	-	15,766,000
	<u>18,099,000</u>	<u>24,052,000</u>
Decrease in disability obligations:		
Expected disability benefits	9,852,000	10,254,000
Changes in assumptions	250,000	-
Plan experience	-	989,000
	<u>10,102,000</u>	<u>11,243,000</u>
Net increase for the year	7,997,000	12,809,000
Disability obligations, beginning of year	65,593,000	52,784,000
Disability obligations, end of year	<u>\$ 73,590,000</u>	<u>\$ 65,593,000</u>

See accompanying notes to financial statements.

# THE SGEU LONG-TERM DISABILITY PLAN

Notes to Financial Statements

Year ended December 31, 2025

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## 1. Basis of preparation:

The Saskatchewan Government and General Employees' Union (SGEU) is a democratic union. The SGEU Long-term Disability Plan (the Plan) is used to account for the premiums, claims, investments and administrative transactions of the Plan and SGEU is the policy holder. The Plan is intended to provide income protection for participating union members who are totally disabled, unable to work and who are not covered by Workers' Compensation or automobile insurance. Plan participants consist of the members of the participating bargaining units of the Plan. Bargaining units of SGEU can become participants of the Plan through a vote to join, decided by a majority. The purpose of the financial statements is for the Supervisory Committee, a standing committee of SGEU's Provincial Council, to meet their reporting oversight obligations to the Provincial Council. These financial statements are not filed with a regulator, nor are they required to be filed with a regulator.

The financial statements have been prepared in accordance with Canadian accounting standards for pension plans as outlined in Part IV of the CPA Canada Handbook Section 4600, *Pension Plans*. For matters not addressed in Section 4600, Accounting Standards for Private Enterprises guidance has been implemented.

These financial statements are prepared on a historical cost basis and present the aggregate financial position of the Plan, independent of the participating employers and members. Only the assets and obligations to members eligible to participate in the Plan have been included in these financial statements. These financial statements do not portray the funding requirements of the Plan or the benefit security of the individual plan members.

## 2. Significant accounting policies:

The following policies are considered to be significant:

### (a) Investment income and transaction costs:

The Plan recognizes interest income as earned and pooled fund revenue when a distribution is declared, realized gains and losses on investments when the investment has been sold and unrealized gains and losses based on the changes in the market value of the investments held. Realized gains and losses represent the difference between the amounts received through the sale of investments and their respective cost base. Transaction costs are recognized in the statement of changes in net assets available for benefits in the period incurred.

### (b) Fair value measurement:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The Plan uses closing market price for fair value measurement.

# THE SGEU LONG-TERM DISABILITY PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 2. Significant accounting policies (continued):

### (b) Fair value measurement (continued):

When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

All changes in fair value, other than interest and dividend income, are recognized in the statement of changes in net assets available for benefits as part of the current period change in fair value of investments.

### (c) Foreign currency transactions and balances:

Transactions in foreign currencies are translated into Canadian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Canadian dollars at the exchange rate at that date.

Foreign currency differences arising on translation are recognized in the statement of changes in net assets available for benefits within current period change in fair value of investments.

### (d) Premiums:

Premiums are recognized as revenue in the period which the premium relates to and is recorded when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Members of the participating bargaining units of the Plan pay premiums into the Plan at the rate of 1.5% of gross salary (2024 – 1.5%).

### (e) Disability benefits:

Disability benefits are recorded in the period in which they are paid or payable. Any benefits not paid at fiscal year-end are reflected in payables. Disability benefits are based on a percentage of the member's salary, and is dependent on the date of disability as outlined in the Plan text.

# THE SGEU LONG-TERM DISABILITY PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 2. Significant accounting policies (continued):

(f) Income taxes:

The Plan is exempt from taxes under the provision 149 (1) (k) of the *Income Tax Act*.

(g) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. Changes in fair value are recognized in net income in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Plan has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Plan determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of expected cash flows, the amount that could be realized from selling the financial asset, or the amount the Plan expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(h) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of investments (note 4) and disability obligations (note 5). Actual results could differ from those estimates.

# THE SGEU LONG-TERM DISABILITY PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 3. Accounts receivable:

	2025	2024
Accounts receivable	\$ 143,984	\$ 386,437
Allowance for doubtful accounts	(140,712)	(348,637)
	\$ 3,272	\$ 37,800

## 4. Investments:

The investment objectives of the Plan are to ensure the Plan has sufficient assets to generate cash flow to meet disability benefit payments as they occur, and to achieve a long-term total rate of return, net of fees and expenses, at least equal to the long-term interest rate assumption used in the disability obligation valuation. The Plan has the following investments:

	2025	2024
Cash	\$ 1,475,777	\$ 1,019,503
Fixed income (interest rate of 1.75% - 5.85%; maturing between Mar 2028 - Jun 2052) (2024 - interest rate of 1.75% - 5.85%; maturing between Mar 2028 - Jun 2052)	33,277,387	30,447,857
Common shares	21,959,412	20,369,717
Foreign securities	9,575,032	4,843,201
Private equity	2,064,830	1,960,960
Real estate assets	5,860,680	5,571,787
	\$ 74,213,118	\$ 64,213,025

The Plan has classified its investments using the hierarchy that reflects the significance of the inputs used in determining their measurements. Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets or liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

# THE SGEU LONG-TERM DISABILITY PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 4. Investments (continued):

The following table illustrates the classification of the financial instruments within the fair value hierarchy as of December 31:

	2025			Total
	Level 1	Level 2	Level 3	
Cash	\$ 1,475,777	\$ -	\$ -	\$ 1,475,777
Fixed income	-	33,277,387	-	33,277,387
Common shares	21,959,412	-	-	21,959,412
Foreign securities	9,575,032	-	-	9,575,032
Private equity	-	-	2,064,830	2,064,830
Real estate assets	-	-	5,860,680	5,860,680
Total investments	\$ 33,010,221	\$ 33,277,387	\$ 7,925,510	\$ 74,213,118

	2024			Total
	Level 1	Level 2	Level 3	
Cash	\$ 1,019,503	\$ -	\$ -	\$ 1,019,503
Fixed income	-	30,447,857	-	30,447,857
Common shares	20,369,717	-	-	20,369,717
Foreign securities	4,843,201	-	-	4,843,201
Private equity	-	-	1,960,960	1,960,960
Real estate assets	-	-	5,571,787	5,571,787
Total investments	\$ 26,232,421	\$ 30,447,857	\$ 7,532,747	\$ 64,213,025

During the years ended December 31, 2025 and 2024, no investments were transferred between levels.

# THE SGEU LONG-TERM DISABILITY PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 4. Investments (continued):

Below is a reconciliation of the level 3 fair value measurements for the year ended December 31:

	2025		
	Private equity	Real estate assets	Total
Balance at December 31, 2024	\$ 1,960,960	\$ 5,571,787	\$ 7,532,747
Purchases	-	2,400,000	2,400,000
Sales/return of capital	-	(2,421,140)	(2,421,140)
Realized losses	-	(267,317)	(267,317)
Unrealized gains	103,870	577,350	681,220
<b>Balance at December 31, 2025</b>	<b>\$ 2,064,830</b>	<b>\$ 5,860,680</b>	<b>\$ 7,925,510</b>

	2024		
	Private equity	Real estate assets	Total
Balance at December 31, 2023	\$ 1,609,850	\$ 5,275,138	\$ 6,884,988
Purchases	-	42,584	42,584
Unrealized gains	351,110	254,065	605,175
<b>Balance at December 31, 2024</b>	<b>\$ 1,960,960</b>	<b>\$ 5,571,787</b>	<b>\$ 7,532,747</b>

The Plan's Investment Objectives and Policy Statement (SIP&P) outlines the allocation of market values as follows:

	Min weight	Benchmark weight	Max weight
Fixed income	40%	50%	70%
Canadian equities	15%	32.5%	32.5%
Global equities	0%	7.5%	7.5%
Real estate	0%	10%	10%

### Cash

The SIP&P permits investments in cash on a short-term, temporary basis or within the portfolio for each asset class.

# THE SGEU LONG-TERM DISABILITY PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 4. Investments (continued):

### Canadian bonds

The Plan's SIP&P permits investment in bonds and other debt instruments of Canadian issuers whether denominated and payable in Canadian dollars or a foreign currency, including mortgage-backed securities guaranteed under *The National Housing Act (Canada)*, term deposits and guaranteed investment certificates.

### Equities

The Plan's SIP&P permits investments in equity securities, and equity substitutes that are convertible into equity securities, which are listed and traded on recognized exchanges. The Plan shall not invest more than 10% of Canadian equities in companies not included in the TSX Composite Index; not more than 10% of foreign equities invested in stocks having market capitalization below \$500 million (USD); and not more than 5% of foreign equities invested in countries not included in the MSCI Index.

### Real estate assets

The Plan may invest in real estate assets, either directly, or through pooled funds.

## 5. Disability obligations:

An actuarial valuation was performed by Eckler as at December 31, 2025 to determine the liability for the future cost of existing claims. The valuation also includes a provision for claims incurred but not yet reported.

The liability for claims is based on a number of assumptions about future events including: recovery and mortality rates, interest rates and expected benefits from other sources. The actual experience may vary significantly from the assumptions used.

The actuary is appointed by SGEU's Provincial Council. The actuary is responsible for ensuring that the assumptions used in management's valuation of the provision for claims payable is in accordance with accepted actuarial practice, applicable legislation and associated regulations or directives. The actuary is also required to provide an opinion regarding the appropriateness of the Plan's provision for claims payable as at December 31, 2025. Examination of supporting data for accuracy and completeness, review of the valuation process used, and analysis of the Plan's assets are important elements of the work required to form this opinion.

# THE SGEU LONG-TERM DISABILITY PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 5. Disability obligations (continued):

Significant long-term assumptions used in the valuation were:

Assumptions	2025 rate	2024 rate
Termination rate of claims	2019 Canadian Institute of Actuaries Group LTD Termination Table, with modifications based on plan experience	2011 Canadian Institute of Actuaries Group LTD Termination Table, with modifications based on plan experience
Expected rate of return on plan asset and discount rate	4.30%	4.20%
Inflation rate	2.0% per annum based on consumer price index	2.0% per annum based on consumer price index
Cost of living adjustments	1.15% on Jan 1 2026; 1.00% per year thereafter	0.75% on Jan 1 2025; 1.00% per year thereafter
Percentage of claimants expected to be accepted for extension of benefits to age 65	100%	100%
Incurred but not yet reported claims	6/12ths of the estimated current year claims cost	6/12ths of the estimated current year claims cost

The disability obligations is sensitive to changes in the discount rate, which impacts future claims benefits and the assumed real rate of return on plan assets. A change in the following assumptions (with no other change in other assumptions) would have the following approximate effects on the disability obligations:

	Approximate effect on disability obligations
100 basis point decrease	
Discount rate	+\$3,567,000

# THE SGEU LONG-TERM DISABILITY PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 6. Related party transactions:

The Plan is related to SGEU by virtue of common control. The members of the Plan are also members of SGEU. At December 31, 2025, the Plan has recorded an amount payable to SGEU general fund of \$423,949 (2024 – \$156,856). This amount is based on the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 7. Investment income:

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	2025	2024
Interest income	\$ 1,147,114	\$ 1,145,062
Dividend and distribution income	717,933	750,685
Net realized gain on investments	947,950	53,003
	<u>\$ 2,812,997</u>	<u>\$ 1,948,750</u>

## 8. Operating expenses:

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	2025	2024
Administrative services	\$ 1,814,970	\$ 1,738,766
Adjudication services	879,914	864,061
Investment manager fees	327,420	294,578
Audit services	45,000	56,239
Legal services	34,640	41,689
Actuarial services	19,300	22,813
	<u>\$ 3,121,244</u>	<u>\$ 3,018,146</u>

## 9. Capital management:

The Plan defines its capital as consisting of net assets available for benefits, which consists primarily of investments. Investments are managed to fund future disability obligations. The extent that net assets available for benefits are greater than disability obligations is reflected as a surplus or deficit. The objectives of managing the Plan's capital is to ensure that the Plan is fully funded to pay disability benefits as they arise and to keep contribution requirements stable.

The Plan receives new capital from premiums. The Plan also benefits from investment income and market value increases on its invested capital. Operational investment decisions have been delegated to external investment management firms, subject to investment mandates and performance standards as defined in the Plan's SIP&P.

# THE SGEU LONG-TERM DISABILITY PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 10. Investment risk management:

Investment risk management relates to the understanding and active management of risks associated with invested assets. Investments are primarily exposed to credit risk and market risk (consisting of geopolitical environment, interest rate risk, foreign currency risk, and equity risk). The Plan maintains a SIP&P that establishes a diversified portfolio through different asset classes and limits the size of exposure to individual investments to manage risks. The SIP&P is reviewed annually.

### Credit risk

Credit risk refers to the potential for counterparties to default on their contractual obligations to the Plan. Credit risk is managed through certain criteria and limits established in the SIP&P and is mitigated by entering into contracts with counterparties that are considered high quality. Quality is determined via Dominion Bond Rating Service (DBRS). Accounts receivable from two employers represents 65% (2024 – two employers represents 60%) of total accounts receivable as at December 31, 2025. The Plan believes that there is minimal risk associated with the collection of these amounts as the employers are government entities. The maximum credit risk to which the Plan is exposed to is limited to the carrying value of the financial assets carried on the statement of financial position.

### Market risk

Market risk is the risk that the value of an investment will fluctuate due to market risk factors. Market risk factors includes geopolitical environment, interest rate risk, foreign currency risk and equity risk.

### Geopolitical environment

An area of uncertainty exists with the current geopolitical environment. The potential impact of future changes in government policies including tariffs and trade restrictions could affect economic conditions, investment values and business operations. Management will continue to monitor the impact of geopolitical risk on its use of judgments, estimates and assumptions.

### Interest rate risk

Interest rate risk refers to the effect on the market value of the Plan's investments due to fluctuation of interest rates. The risk arises from the potential variation in the timing and amount of cash flows related to the Plan's assets and liabilities. Asset values are affected by equity markets and short-term changes in interest rates. The fixed income portfolio has guidelines on duration and distribution which are designed to mitigate the risk of interest rate volatility.

# THE SGEU LONG-TERM DISABILITY PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 10. Investment risk management (continued):

### Foreign currency risk

Foreign currency risk arises from the Plan holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the fair value of the investments. The following items are denominated in U.S. dollars and have been converted to Canadian dollars at the reporting date:

	2025	2024
Investments in foreign securities	\$ 9,575,032	\$ 4,843,201

If the Canadian dollar had strengthened or weakened by 10% in relation to the U.S. dollar exchange rate, with all other variables held constant, the net assets would have decreased or increased respectively, by approximately \$1.0 million (2024 - \$0.5 million). Actual trading results may differ from this approximate sensitivity analysis.

### Equity risk

Equity risk refers to the effect on the market value of the Plan's investments as a result of stock market dynamics. The Plan's investments are exposed to stock market dynamics and changes in equity prices in Canada, the United States and other non-American markets through its fixed income, common shares and foreign securities. Equity price risk is managed through strategic geographical and sector allocations.

### Liquidity risk

Liquidity risk is the risk of encountering difficulty in meeting financial obligations. The liquidity needs of the Plan are low and managed by limiting the Plan's exposure to illiquid assets. The liability matching investment portfolio is designed to generate adequate income returns to ensure the Plan meets its financial obligations as they fall due. Disability benefit payments are paid monthly and accounts payable are generally paid within 30 days.

### Private equity and real estate asset risk

Private equity and real estate assets are valued based on estimated fair values supplied by the investment manager using appropriate valuation techniques and best estimates. Risk in private equity is managed through diversification across sectors. Adverse impacts in any one sector of the market are minimized by having diversified holdings and by investment size. Risk in real estate assets is managed through diversification across types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size.