CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

(Canadian $ millions)		As at June 30, 2024		As at December 31, 2023
Net assets available for benefits				
ASSETS				
Cash		**808**		501
Receivable from the Province of Ontario (NOTE 7)		**2,659**		3,284
Receivable from brokers		**1,182**		792
Investments (NOTE 2)		**311,902**		305,335
Premises and equipment		**322**		291
	$	**316,873**	$	310,203
LIABILITIES				
Accounts payable and accrued liabilities		**669**		686
Due to brokers		**2,296**		592
Investment-related liabilities (NOTE 2)		**58,093**		61,412
	$	**61,058**	$	62,690
Net assets available for benefits	**$**	**255,815**	$	247,513
Accrued pension benefits and surplus				
Accrued pension benefits (NOTE 3)	**$**	**208,181**	$	211,393
Surplus		**47,634**		36,120
Accrued pension benefits and surplus	**$**	**255,815**	$	247,513

The accompanying notes are an integral part of these Interim Financial Statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (unaudited)

For the six-month period ended June 30 (Canadian $ millions)		2024		2023
Net assets available for benefits, as at January 1	**$**	**247,513**	$	247,235
Investment operations				
Net investment income (NOTE 4)		**10,763**		5,111
Administrative expenses		**(463)**		(423)
Net investment operations		**10,300**		4,688
Member service operations				
Contributions (NOTE 6a)		**2,070**		1,703
Benefits (NOTE 6b)		**(4,028)**		(3,811)
Administrative expenses		**(40)**		(43)
Net member service operations		**(1,998)**		(2,151)
Increase in net assets available for benefits		**8,302**		2,537
Net assets available for benefits, as at June 30	**$**	**255,815**	$	249,772

The accompanying notes are an integral part of these Interim Financial Statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN ACCRUED PENSION BENEFITS (unaudited)

For the six-month period ended June 30 (Canadian $ millions)		**2024**		2023
Accrued pension benefits, as at January 1	**$**	**211,393**	$	206,197
Increase in accrued pension benefits				
Interest on accrued pension benefits		**4,218**		4,425
Benefits accrued		**3,077**		3,081
Experience losses (NOTE 3c)		**1,078**		253
		8,373	$	7,759
Decrease in accrued pension benefits				
Benefits paid (NOTE 6b)		**4,027**		3,810
Changes in actuarial assumptions and methods (NOTE 3a)		**7,558**		6,276
		11,585	$	10,086
Net decrease in accrued pension benefits		**(3,212)**		(2,327)
Accrued pension benefits, as at June 30	**$**	**208,181**	$	203,870

The accompanying notes are an integral part of these Interim Financial Statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SURPLUS (unaudited)

For the six-month period ended June 30 (Canadian $ millions)		**2024**		2023
Surplus, as at January 1	**$**	**36,120**	$	41,038
Increase in net assets available for benefits		**8,302**		2,537
Net decrease in accrued pension benefits		**3,212**		2,327
Surplus, as at June 30	**$**	**47,634**	$	45,902

The accompanying notes are an integral part of these Interim Financial Statements.

DESCRIPTION OF ONTARIO TEACHERS' AND THE PLAN

The following description of the Ontario Teachers’ Pension Plan Board (Ontario Teachers') and Ontario Teachers' Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the *Teachers’ Pension Act (Ontario)* (the TPA) as amended and other governing documents.

(a) General

The Plan is a contributory defined benefit pension plan co-sponsored by the Province of Ontario and Ontario Teachers’ Federation (OTF) (the co-sponsors). The principal terms of the Plan are set out in Schedule 1 to the TPA.

The Plan is registered with the Financial Services Regulatory Authority of Ontario (FSRA) and under the *Income Tax Act* (Canada) (the ITA) (registration number 0345785) as a Registered Pension Plan (RPP) which is exempt from income taxes in Canada. The Plan may be liable for taxes on income earned in other jurisdictions.

The Plan is administered and the investments are managed by Ontario Teachers’. Under the TPA, Ontario Teachers' is constituted as a corporation without share capital to which the *Corporations Act* (Ontario) does not apply.

Ontario Teachers’ is overseen by independent, professional board members (the board). The co-sponsors each appoint five board members and they jointly select the chair.

(b) Funding

Plan benefits are funded by contributions and investment income. Contributions are made by active members of the Plan and are matched by either the Province of Ontario or designated employers. The determination of the value of the accrued pension benefits and required contributions is made on the basis of periodic actuarial valuations.

(c) Retirement pensions

A retirement pension is available based on the number of years of credited service, the average of the best five annual salaries and the age of the member at retirement. A member is eligible for a reduced retirement pension from age 50. An unreduced retirement pension is available from age 65 or when the sum of a member’s age and qualifying service equals 85 if earlier.

(d) Disability pensions

A disability pension is available at any age to a member with a minimum of 10 years of qualifying service, who becomes disabled while employed in education and who ceases to be employed in education as a result of the disability. The type of disability pension is determined by the extent of the disability.

(e) Death benefits

Death benefits are available on the death of an active member and may be available on the death of a retired member. The benefit may take the form of a survivor pension, lump-sum payment or both.

(f) Escalation of benefits

Pensions in pay are adjusted each year for inflation, subject to an upper limit of 8% and a lower limit of 0% in any one year with any excess above or below those limits carried forward. In accordance with the plan terms, the annual adjustment is made each January and is determined as the ratio of the 12-month average of the Consumer Price Index (CPI) ending the most recent September over the 12-month average of CPI ending the prior September (the CPI ratio).

For pension credit earned up to December 31, 2009, inflation protection is 100% of the CPI ratio. Pension credit earned after December 31, 2009, is subject to conditional inflation protection. For pension credit earned between January 1, 2010, and December 31, 2013, the minimum inflation protection level is set at 50% of the CPI ratio. There is no minimum level of inflation protection for pension credit earned after 2013. Inflation protection levels stated in the most recent funding valuation filing remain in effect until a subsequent filing updates the amount. Inflation protection of up to 100% for pension credit earned after 2009 can be restored on a go-forward basis, depending on the Plan’s funded status.

(g) Retirement Compensation Arrangement

Restrictions in the ITA and its regulations on the payment of certain benefits from the RPP for periods of service after 1991 may impact some Plan members. To address affected members, the Retirement Compensation Arrangement (the RCA) was established by agreement between the co-sponsors as a supplementary plan to provide for these benefits. The RCA is funded primarily on a pay-as-you-go basis from a portion of the contributions directed to Ontario Teachers' by members, the Province of Ontario and designated employers. The portion is based on a limit on contributions to the RPP with contributions in excess of the limit being remitted to the RCA.

Because the RCA is a separate trust, the net assets available for benefits and accrued benefits and deficit of the RCA are not included in these condensed interim consolidated financial statements.

NOTE 1.
SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of presentation

These condensed interim consolidated financial statements (Interim Financial Statements) are prepared in Canadian dollars, Ontario Teachers' functional currency, in accordance with the accounting standards for pension plans in Part IV of the Chartered Professional Accountants (CPA) Canada Handbook (Section 4600). Section 4600 provides specific accounting guidance on investments and pension obligations. For accounting policies that do not relate to either investments or pension obligations, Ontario Teachers' must consistently comply with either International Financial Reporting Standards (IFRS) in Part I or Accounting Standards for Private Enterprises in Part II of the CPA Canada Handbook. Ontario Teachers' has elected to comply with IFRS in Part I of the CPA Canada Handbook. To the extent that IFRS in Part I is inconsistent with Section 4600, Section 4600 takes precedence. These Interim Financial Statements also provide disclosures required by Regulation 909 under the Pension Benefits Act (Ontario) (PBA).

The Interim Financial Statements should be read in conjunction with the annual consolidated financial statements and the accompanying notes included in the Plan's 2023 Annual Report. The Interim Financial Statements follow the same accounting policies and methods used in preparation of the audited 2023 annual consolidated financial statements.

Under Section 4600, investment assets, including those over which Ontario Teachers' has control or significant influence, are measured at fair value and presented on a non-consolidated basis. Ontario Teachers' consolidates Ontario Teachers' Finance Trust (OTFT) an entity that supports Ontario Teachers' funding activities, and whose issued commercial paper and term debt Ontario Teachers' guarantees. Wholly owned investment holding companies managed by Ontario Teachers' are also consolidated. Investment holding companies that are managed by external parties are not consolidated and recognized as Ontario Teachers' investment assets.

The Interim Financial Statements were authorized for issue through a resolution of the board on August 8, 2024.

(b) Current and future changes in accounting policies

There were no newly issued standards, changes in existing standards or new interpretations in Part IV or Part I of the CPA Handbook during the six-month period ended June 30, 2024 requiring adoption that had a material impact on the Interim Financial Statements.

There are no issued standards, changes in existing standards or new interpretations with effective dates on or after January 1, 2024 that are expected to have a material impact on the Interim Financial Statements.

(c) Investments

Valuation of investments

Investments and investment-related liabilities are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In an active market, fair value is best evidenced by an independent quoted market price. In the absence of an active market, fair value is determined by valuation techniques that make maximum use of inputs observed from markets.

Details of the valuation methodologies are disclosed in the most recent audited annual consolidated financial statements. There have been no changes to the valuation methodologies since December 31, 2023.

Ontario Teachers' follows a comprehensive valuation process that includes consideration of the impact that changes in macroeconomic factors have on the valuations of its investments and investment-related liabilities as of the date of these Interim Financial Statements. These valuations are sensitive to key assumptions and drivers that are subject to material changes. See NOTE 2b for sensitivity analysis.

Fair value hierarchy

Investment assets and investment-related liabilities are classified and disclosed in one of the following categories reflecting the significance of inputs used in making the fair value measurement:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; and
- Level 3 – unobservable inputs.

If different levels of inputs are used to measure the fair value of an investment, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

Trade-date reporting

Investment transactions are recorded when the risks and rewards of ownership are transferred. Purchases and sales of publicly traded investments and derivative contracts are recorded as of the trade date.

Net investment income

Dividend income is recognized based on the ex-dividend date and interest income is recognized on an accrual basis when earned. Net investment income also includes both realized and unrealized gains and losses. Unrealized gains and losses are recognized only when the fair value of the investment is based on a quoted market price in an active market or a valuation using appropriate valuation techniques is performed and approved by management.

Transaction costs

Transaction costs are incremental costs directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Transaction costs are expensed as incurred. Any transaction amounts received by Ontario Teachers' that are directly attributable to the acquisition of an investment are netted against transaction costs paid.

Management fees

Management and performance fees for external investment managers and administrators are expensed as incurred. Management fees incurred by, and presented on a net basis in the fair value of, the underlying investments are included in net gain (loss) on investments. Management fees include incremental costs incurred with external parties that are directly attributable to existing investments and are not related to acquisition or disposal.

(d) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing on the period end date. Income and expenses are translated into Canadian dollars at the exchange rates prevailing on the dates of the transactions. The realized and unrealized gains and losses arising from these translations are included in net investment income.

(e) Accrued pension benefits

The value of accrued pension benefits and changes therein during the year are based on an actuarial valuation prepared by an independent actuary (Mercer (Canada) Limited). The valuation is performed annually as at August 31 and extrapolated to year end and to June 30 of the following year. It uses the projected benefit method pro-rated on service and management's best estimate, as at the valuation date, of various economic and non-economic assumptions.

As described in paragraph (f) of the Description of Ontario Teachers' and the Plan note, the inflation protection level for pension credit earned after December 31, 2009 is conditional, depending on the Plan's funded status. For financial statement valuations, future pension payments are indexed at the levels stated in the most recent funding valuation filing.

(f) Contributions

Contributions from the members, the Province of Ontario and designated employers are recorded on an accrual basis. Cash received from members for credited service and cash transfers from other pension plans are recorded when received.

(g) Benefits

Benefit payments, commuted value payments and refunds, and transfer payments to other plans are recorded in the period in which they are paid. Any benefit payment accruals not paid are reflected in accrued pension benefits.

(h) Premises and equipment

Premises and equipment are recorded at cost and amortized on a straight-line basis over their estimated useful lives. Premises and equipment also include the right-of-use asset recognized under IFRS 16, *Leases*.

(i) Use of estimates

In preparing these Interim Financial Statements, management uses estimates and assumptions that primarily affect the reported values of assets and liabilities, and related income and expenses. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances. The effect of a change in an estimate or assumption is recognized in the period in which the estimate or assumption is revised. Significant estimates and assumptions are used primarily in the determination of accrued pension benefits and the fair value of investments and investment-related receivables and liabilities. NOTE 3 explains how estimates and assumptions are used in determining accrued pension benefits and NOTE 1c explains how estimates and assumptions are used to derive the fair value of investments and investment-related receivables and liabilities.

(j) Contingencies

A contingent liability is a possible obligation that depends on the occurrence or non-occurrence of one or more future events not controlled by Ontario Teachers'. Contingent liabilities are not recognized but the nature and extent are disclosed in the notes to the Interim Financial Statements. A provision for a present obligation is recognized when a reliable estimate can be determined and the settlement of the obligation is probable.

NOTE 2.
INVESTMENTS

Ontario Teachers' invests, directly or through derivatives, in equities, fixed income, alternative investments, inflation sensitive and real asset investments.

(a) Investments

The schedule below summarizes Ontario Teachers' investments and investment-related liabilities, including net accrued interest and dividends of $410 million (December 31, 2023 - $453 million):

	As at June 30, 2024		As at December 31, 2023	
(Canadian $ millions)	**Fair Value**	**Cost**	Fair Value	Cost
Equity				
Publicly traded				
Canadian	**$ 2,178**	**$ 980**	$ 2,056	$ 1,028
Non-Canadian	**19,064**	**17,596**	19,199	17,400
Non-publicly traded				
Canadian	**7,891**	**4,723**	8,458	4,752
Non-Canadian	**58,448**	**39,325**	58,884	40,204
	87,581	**62,624**	88,597	63,384
Fixed income				
Bonds[1]	**46,147**	**45,859**	47,029	45,579
Short-term investments	**26,808**	**26,618**	21,115	21,012
Canadian real-rate products	**10,202**	**7,771**	9,869	7,275
Non-Canadian real-rate products	**2,676**	**2,583**	2,688	2,732
Other debt[1]	**12,967**	**12,801**	11,501	11,616
	98,800	**95,632**	92,202	88,214
Alternative investments	**32,734**	**25,966**	32,206	27,287
Inflation sensitive				
Commodities	**1,599**	**853**	1,374	853
Timberland	**3,153**	**1,887**	3,083	1,871
Natural resources	**9,148**	**7,470**	8,464	7,697
	13,900	**10,210**	12,921	10,421
Real assets				
Real estate[2]	**30,013**	**25,514**	28,315	24,449
Infrastructure	**41,815**	**31,164**	39,355	29,946
	71,828	**56,678**	67,670	54,395
	304,843	**251,110**	293,596	243,701

[1] Certain fixed income positions including traded and private loans which were previously recorded as Bonds are recorded in Other debt to enhance transparency. Prior period comparatives have been updated to conform to current year's presentation.
[2] Real estate is presented net of liabilities of $5,591 million at June 30, 2024 (December 31, 2023 - $5,476 million) for investments controlled by Ontario Teachers', which include issued debt with fair value of $2,629 million (December 31, 2023 - $2,504 million). None of the outstanding liabilities at June 30, 2024 or December 31, 2023 were guaranteed by Ontario Teachers'.

(Canadian $ millions)	As at June 30, 2024 Fair Value	Cost	As at December 31, 2023 Fair Value	Cost
Investment-related receivables				
Securities purchased under agreements to resell	**$ 4,275**	**$ 4,271**	$ 8,129	$ 8,258
Cash collateral deposited under securities borrowing arrangements	**96**	**96**	109	109
Cash collateral paid under credit support annexes	**36**	**36**	20	20
Derivative-related, net	**2,652**	**2,069**	3,481	2,171
	7,059	**6,472**	11,739	10,558
Total investments	**311,902**	**257,582**	305,335	254,259
Investment-related liabilities				
Securities sold under agreements to repurchase	**(15,893)**	**(15,874)**	(23,795)	(23,962)
Securities sold but not yet purchased				
Equities	**(2,018)**	**(2,010)**	(2,095)	(1,964)
Fixed income	**(5,130)**	**(5,067)**	(4,086)	(3,945)
Commercial paper	**(2,654)**	**(2,590)**	(2,557)	(2,577)
Term debt	**(29,392)**	**(31,372)**	(25,898)	(28,354)
Cash collateral received under credit support annexes	**(1,244)**	**(1,244)**	(909)	(909)
Derivative-related, net	**(1,762)**	**(815)**	(2,072)	(890)
	(58,093)	**(58,972)**	(61,412)	(62,601)
Net investments (NOTE 2d)	**$ 253,809**	**$ 198,610**	$ 243,923	$ 191,658

(b) Fair value hierarchy

The schedule below presents Ontario Teachers' investments and investment-related liabilities within the fair value hierarchy as outlined in NOTE 1c:

(Canadian $ millions)	Level 1	Level 2	Level 3	As at June 30, 2024 Total
Equity	**$ 21,242**	**$ 287**	**$ 66,052**	**$ 87,581**
Fixed income	**78,660**	**16,651**	**3,489**	**98,800**
Alternative investments	**—**	**—**	**32,734**	**32,734**
Inflation sensitive	**1,599**	**—**	**12,301**	**13,900**
Real assets	**656**	**54**	**71,118**	**71,828**
Investment-related receivables	**629**	**6,384**	**46**	**7,059**
Investment-related liabilities	**(6,012)**	**(52,069)**	**(12)**	**(58,093)**
Net investments	**$ 96,774**	**$ (28,693)**	**$ 185,728**	**$ 253,809**

As at December 31, 2023

(Canadian $ millions)		Level 1		Level 2		Level 3		Total
Equity	$	21,255	$	404	$	66,938	$	88,597
Fixed income		70,229		19,017		2,956		92,202
Alternative investments		—		—		32,206		32,206
Inflation sensitive		1,374		—		11,547		12,921
Real assets		1,031		283		66,356		67,670
Investment-related receivables		204		11,470		65		11,739
Investment-related liabilities		(5,219)		(56,173)		(20)		(61,412)
Net investments	$	88,874	$	(24,999)	$	180,048	$	243,923

During the six-month period ended June 30, 2024, investments valued at $nil (2023 - $nil) were transferred from Level 2 to Level 1 and investments valued at $nil (2023 - $9 million) were transferred from Level 1 to Level 2. Transfers between Level 1 and Level 2 are due to changes in the characteristics of investments and availability of observable inputs.

The schedule below presents a reconciliation of investments and investment-related receivables/(liabilities) measured at fair value using significant unobservable inputs (Level 3) during the period. Realized and unrealized gains/(losses) are included in investment income.

For the six-month period ended June 30, 2024

(Canadian $ millions)		**Equity**		**Fixed Income**		**Alternative Investments**		**Inflation Sensitive**		**Real Assets**		**Investment-Related Receivables**		**Investment-Related Liabilities**		**Total**
Balance, as at January 1	$	**66,938**	$	**2,956**	$	**32,206**	$	**11,547**	$	**66,356**	$	**65**	$	**(20)**	$	**180,048**
Purchases		**3,132**		**690**		**1,751**		**197**		**2,836**		**1**		**1**		**8,608**
Sales		**(4,237)**		**(262)**		**(4,025)**		**(439)**		**(1,266)**		**(17)**		**—**		**(10,246)**
Transfers in[3]		**—**		**—**		**—**		**—**		**1,724**		**—**		**—**		**1,724**
Transfers out[3]		**(1,724)**		**—**		**—**		**—**		**—**		**—**		**—**		**(1,724)**
Gains/(losses) included in investment income[4]		**1,943**		**105**		**2,802**		**996**		**1,468**		**(3)**		**7**		**7,318**
Balance, as at June 30	**$**	**66,052**	**$**	**3,489**	**$**	**32,734**	**$**	**12,301**	**$**	**71,118**	**$**	**46**	**$**	**(12)**	**$**	**185,728**

[3] Transfers in and transfers out of $1,724 million are due to a reclassification between Equity and Real Assets effective January 1, 2024 related to the establishment of a new in-house real estate asset class group. As a result of this change, certain investments previously recorded as Equity are now reported as part of Real Estate to align with the post transition investment approach.

[4] Includes realized gains from investments of $2,073 million and change in unrealized gains/(losses) from investments of $5,245 million.

For the six-month period ended June 30, 2023

(Canadian $ millions)		Equity		Fixed Income		Alternative Investments		Inflation Sensitive		Real Assets		Investment-Related Receivables		Investment-Related Liabilities		Total
Balance, as at January 1	$	65,463	$	1,412	$	29,898	$	10,318	$	67,403	$	16	$	(4)	$	174,506
Purchases		3,523		2,099		2,687		1,004		3,058		—		—		12,371
Sales		(3,135)		(1,731)		(1,159)		(110)		(451)		—		—		(6,586)
Transfers in[5]		—		—		—		—		—		—		—		—
Transfers out[5]		—		—		—		—		—		—		1		1
Gains/(losses) included in investment income[6]		634		(15)		(310)		(390)		1,320		4		3		1,246
Balance, as at June 30	$	66,485	$	1,765	$	31,116	$	10,822	$	71,330	$	20	$	—	$	181,538

[5] Transfers in and transfers out of Level 3 are due to the change in the availability of observable inputs used for fair value measurement of investment assets or related liabilities. See NOTE 1c Fair Value Hierarchy.

[6] Includes realized gains from investments of $1,560 million and change in unrealized gains/(losses) from investments of $314 million.

Sensitivity to changes in assumptions for investments in Level 3

The following table illustrates the impact to fair value for certain investments in Level 3 when changing the significant inputs to reasonable alternative assumptions.

			As at June 30, 2024	**As at December 31, 2023**
(Canadian $ millions)	Significant Inputs	Change in Significant Inputs	**Increase / (Decrease) to Fair Value**	Increase / (Decrease) to Fair Value
Non-publicly traded equity	Multiple[7]	+ / - 5%	**$ 3,708 / (3,698)**	$ 4,095 / (4,103)
Infrastructure and Natural resources	Discount Rate	+ / - 0.50%	**3,896 / (3,462)**	3,716 / (3,397)
Real estate	Capitalization Rate	+ / - 0.50%	**2,749 / (2,289)**	2,373 / (1,912)

[7] Primarily reflects enterprise value / EBITDA (earnings before interest, taxes, depreciation and amortization) multiples. However, in certain cases, other metrics were used where they were determined to be more appropriate (e.g., revenue multiples or asset-based multiples).

The above analysis excludes (i) investments of $53.4 billion (December 31, 2023 - $52.0 billion) where fair values are based on information provided by the external funds' administrators or funds' managers as Ontario Teachers' does not have access to the assumptions and methodologies used to determine the fair value of these underlying investments and ii) investments of $13.5 billion (December 31, 2023 - $8.8 billion) where, in management's judgement, changing one or more of the inputs to a reasonable alternative assumption would not change the fair value significantly.

(c) Derivative contracts

Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, commodities, indices, interest rates or currency rates. Derivative contracts are transacted either in the over-the-counter (OTC) market or on regulated exchanges.

Notional amounts of derivative contracts represent the contractual amount to which a rate or price is applied for computing the cash to be paid or received. Notional amounts are the basis upon which the returns from, and the fair value of, the contracts are determined. They do not necessarily indicate the amounts of future cash flow involved or the current fair value of the derivative contracts and, therefore, do not necessarily indicate Ontario Teachers' exposure to credit or market risks. The derivative contracts become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in either market rates or prices relative to their terms. The aggregate notional amounts and fair values of derivative contracts can fluctuate significantly.

Details of derivative contracts transacted either in the OTC market or on regulated exchanges, are disclosed in the most recent audited annual consolidated financial statements.

The following schedule summarizes the notional amounts and fair value of Ontario Teachers' derivative contracts held:

(Canadian $ millions)		As at June 30, 2024 Notional	Fair Value Assets	Fair Value Liabilities	As at December 31, 2023 Notional	Fair Value Assets	Fair Value Liabilities
Equity and commodity derivatives							
Swaps		**$ 38,017**	**$ 1,148**	**$ (154)**	$ 32,736	$ 616	$ (576)
Futures		**30,428**	**—**	**—**	32,226	—	—
Options: Listed	– purchased	**1,368**	**22**	**—**	595	2	—
	– written	**—**	**—**	**—**	—	—	—
OTC	– purchased	**39,045**	**491**	**—**	34,997	523	—
	– written	**30,881**	**—**	**(133)**	27,682	—	(142)
		139,739	**1,661**	**(287)**	128,236	1,141	(718)
Interest rate derivatives							
Swaps		**112,079**	**88**	**(51)**	64,813	130	(63)
Futures		**89,501**	**—**	**—**	82,202	—	—
Options: Listed	– purchased	**13,081**	**1**	**—**	4,676	—	—
	– written	**15,711**	**—**	**(6)**	4,676	—	—
OTC	– purchased	**41,804**	**158**	**(35)**	22,530	307	(11)
	– written	**31,553**	**30**	**(97)**	32,063	10	(238)
		303,729	**277**	**(189)**	210,960	447	(312)
Currency derivatives							
Swaps		**1,118**	**4**	**(60)**	242	6	(5)
Forwards		**88,485**	**176**	**(586)**	67,507	1,518	(351)
Options: OTC	– purchased	**28,682**	**99**	**—**	26,723	37	—
	– written	**2,115**	**—**	**(1)**	—	—	—
		120,400	**279**	**(647)**	94,472	1,561	(356)
Credit derivatives							
Credit default swaps	– purchased	**103,234**	**63**	**(348)**	147,132	54	(286)
	– written	**110,534**	**246**	**(67)**	154,224	226	(83)
Swaps		**68**	**1**	**—**	66	3	—
		213,836	**310**	**(415)**	301,422	283	(369)
		777,704	**2,527**	**(1,538)**	735,090	3,432	(1,755)
Net cash collateral paid/(received) under derivative contracts			**125**	**(224)**		49	(317)
Notional and fair value of derivative contracts		**$ 777,704**	**$ 2,652**	**$ (1,762)**	$ 735,090	$ 3,481	$ (2,072)

(d) Investment asset mix

Direct investments, derivative contracts, and investment-related receivables and liabilities are classified by asset mix category based on the intent of the investment strategies of the underlying portfolios of Ontario Teachers'. Net investments reflecting these classifications are summarized in Canadian dollars below:

	As at June 30, 2024		As at December 31, 2023	
	Effective Net Investments at Fair Value ($ millions)	**Asset Mix %**	Effective Net Investments at Fair Value ($ millions)	Asset Mix %
Equity				
Public equity	**$ 37,242**	**15 %**	$ 25,361	10 %
Private equity	**58,494**	**23**	58,557	24
Venture growth	**8,110**	**3**	7,461	3
	103,846	**41**	91,379	37
Fixed income				
Bonds	**85,207**	**33**	85,937	35
Real-rate products	**9,692**	**4**	9,870	4
	94,899	**37**	95,807	39
Inflation sensitive				
Commodities	**29,146**	**11**	22,217	9
Natural resources	**12,152**	**5**	11,398	5
Inflation hedge	**12,177**	**5**	11,784	5
	53,475	**21**	45,399	19
Real assets				
Real estate	**29,958**	**12**	28,236	12
Infrastructure	**41,702**	**16**	39,250	16
	71,660	**28**	67,486	28
Credit	**34,796**	**14**	38,558	16
Absolute return strategies	**20,554**	**8**	19,493	8
Funding and other	**(125,421)**	**(49)**	(114,199)	(47)
Net investments	**$ 253,809**	**100 %**	$ 243,923	100 %

(e) Risk management

Ontario Teachers' primary long-term risk is that the Plan's assets will fall short of its liabilities (i.e., benefits owed to members). Therefore, Ontario Teachers' utilizes an approach of asset diversification. The objective is to achieve a diversification of risks and returns in a manner that seeks to minimize the likelihood of an overall reduction in total fund value and maximize the opportunity for aggregate gains.

Ontario Teachers' also manages its liquidity risk so that there is sufficient liquidity to enable Ontario Teachers' to meet all of its future obligations as they become payable, which include pension payments, and meeting mark-to-market payments resulting from Ontario Teachers' derivatives exposure.

As of June 30, 2024, Ontario Teachers' exposures across all risk parameters including market, credit, liquidity and leverage, have remained within the targeted risk tolerances established by the board.

There have been no significant changes to the risk management policies and processes for credit, market and liquidity risk as presented in the most recent audited annual consolidated financial statements, except the following:

Policies

- The Statement of Investment Policies and Procedures, the Board Investment Policy, and the Investment Division Policy were amended to delineate the oversight accountabilities of the Chief Investment Officer, Asset Allocation and Chief Investment Officer, Public and Private Investments.
- Statement of Investment Policies and Procedures - The statement effective for the period ended June 30, 2024 was last amended February 28, 2024. There were no changes to the asset class exposure limits presented in the most recent audited annual financial statements.

	Asset Mix % Minimum	Asset Mix % Maximum
Equities	30%	45%
Fixed Income	0%	67%
Inflation sensitive	15%	25%
Real Assets	25%	37%
Credit	10%	20%
Absolute return Strategies	4%	14%
Funding for Investments[8]	(108)%	10%

[8] Includes term debt, bond repurchase agreements, implied funding from derivatives, unsecured funding, and liquidity reserves.

Processes

- The Investment Committee - Total Fund (IC - TF) is now chaired by the CIO, Asset Allocation. The Investment Committee - Global Privates & Illiquids (IC - GPI) was renamed Investment Committee - Public and Private Investments (IC - PPI) to reflect its oversight of liquid and illiquid investments and is now chaired by the Chief Investment Officer, Public and Private Investments.
- The responsibilities of the former Investor Stewardship Committee (ISC) have been transitioned and evolved to the newly formed Enterprise Stakeholder Committee (ESC) which has a focus on managing stakeholder relations. The full mandate is currently under development. The committee is chaired by the Chief Strategy Officer.

(f) Credit risk

Ontario Teachers' is exposed to the risk that a counterparty defaults or becomes insolvent. Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Credit risk may arise directly from an obligor, an issuer of securities, or indirectly from a guarantor of a credit obligation.

Maximum exposure to credit risk before collateral held

The credit risk exposure of debt investments and OTC derivatives, by credit rating category, without taking account of any collateral held or other credit enhancements is as follows:

(Canadian $ millions) — **As at June 30, 2024**

Credit rating	**Bonds and Short-term investments[10]**	**Real-rate products**	**Securities purchased under agreements to resell**	**Other debt[10]**	**Shareholder loans[10]**	**OTC Derivatives**
AAA/R-1 (high)	**$ 62,141**	**$ 10,484**	**$ —**	**$ 948**	**$ —**	**$ —**
AA/R-1 (mid)	**664**	**768**	**619**	**319**	**—**	**—**
A/R-1 (low)	**3,989**	**1,620**	**3,656**	**169**	**—**	**1,398**
BBB/R-2	**1,019**	**—**	**—**	**197**	**—**	**—**
Below BBB/R-2	**4,318**	**—**	**—**	**6,236**	**—**	**—**
Unrated[9]	**824**	**6**	**—**	**5,098**	**16,747**	**—**
	$ 72,955	**$ 12,878**	**$ 4,275**	**$ 12,967**	**$ 16,747**	**$ 1,398**

(Canadian $ millions) — As at December 31, 2023

Credit rating	Bonds and Short-term investments[10]	Real-rate products	Securities purchased under agreements to resell	Other debt[10]	Shareholder loans[10]	OTC Derivatives
AAA/R-1 (high)	$ 55,455	$ 10,129	$ —	$ 933	$ —	$ —
AA/R-1 (mid)	665	778	1,056	296	—	342
A/R-1 (low)	4,952	1,642	7,073	144	—	1,595
BBB/R-2	1,586	—	—	153	—	—
Below BBB/R-2	4,727	—	—	6,259	—	—
Unrated[9]	759	8	—	3,716	16,247	—
	$ 68,144	$ 12,557	$ 8,129	$ 11,501	$ 16,247	$ 1,937

[9] Unrated comprises securities that are either privately held, managed externally, or not rated by the rating agencies.
[10] Certain fixed income positions including traded and private loans which were previously recorded as Bonds are recorded in Other debt. Loans and private debt have been relabelled Shareholder loans. Both changes were made to enhance transparency. Prior period comparatives have been updated to conform to current year's presentation.

Ontario Teachers' is also exposed to credit risk through off-balance sheet arrangements as shown in the table below. For off-balance sheet guarantees, the maximum exposure to credit risk is the maximum amount that Ontario Teachers' would have to pay if the guarantees were to be called upon. For loan commitments, the maximum exposure is the committed amount under the agreements. For credit derivatives, the maximum exposure is the notional amount of written credit derivatives.

(Canadian $ millions)		**As at June 30, 2024**		As at December 31, 2023
Guarantees (NOTE 10)	**$**	**924**	$	915
Loan commitments (NOTE 9)		**721**		317
Notional amount of written credit derivatives (NOTE 2c)		**110,534**		154,224
Total off balance sheet credit risk exposure	**$**	**112,179**	$	155,456

While Ontario Teachers' maximum exposure to credit risk is the carrying value of the assets, or, in the case of off-balance sheet items, the amount guaranteed or committed, in most cases the likely exposure is far less due to collateral, credit enhancements (e.g., guarantees in favour of Ontario Teachers') and other actions taken to mitigate Ontario Teachers' exposure, as described in the most recent audited annual consolidated financial statements.

Credit risk concentrations

As at June 30, 2024, Ontario Teachers’ has a significant concentration of credit risk with the Government of Canada, the U.S. Treasury and the Province of Ontario. This concentration relates primarily to holding Government of Canada issued securities of $63.7 billion (December 31, 2023 – $55.4 billion), U.S. Treasury issued securities of $6.1 billion (December 31, 2023 – $6.9 billion), Province of Ontario bonds of $4.4 billion (December 31, 2023 – $4.2 billion), and receivable from the Province of Ontario of $2.7 billion (December 31, 2023 – $3.3 billion).

(g) Market risk

Market risk is the risk of loss that results from fluctuations in various market factors such as equity and commodity prices, interest and foreign exchange rates, and credit spreads. Ontario Teachers' is exposed to market risk through its investing activities. The level of market risk to which Ontario Teachers' is exposed varies depending on macroeconomic factors and considerations such as market conditions, expectations of future price movements, the occurrence of certain catastrophic events (e.g., hurricanes and earthquakes) affecting the prices of insurance linked securities, expectations of future yield movements and the composition of the asset mix.

Market and credit risk measurement

Ontario Teachers' uses a statistical Value-at-Risk (VaR)-type approach that measures an expected tail loss (ETL) from investment risk comprising of market and credit risk over a one-year horizon at a 99% confidence level. The ETL methodology captures more of the effect of extreme loss events than VaR for the same confidence level as it is an average of all estimated losses in the tail.

Total Asset Risk is prepared using the ETL methodology which captures the investment risk exposure by asset class and reflects the risk of potential losses in net assets due to both market and credit risk factors. Statistically, Ontario Teachers' would expect to see losses approximate to the risk exposure only 1% of the time over a one year period, subject to certain assumptions and limitations. Further details of the ETL methodology are disclosed in the most recent audited annual consolidated financial statements. The ETL as at June 30, 2024 was $54.5 billion (December 31, 2023 – $48.0 billion)[11].

The specific scenarios that drive the most adverse outcomes can differ by asset class. The ETL for each asset class based on its respective worst 1% of scenarios is shown in the table below:

(Canadian $ billions)[12]		**As at June 30, 2024**		As at December 31, 2023
Equity				
Public equity	**$**	**11.0**	$	8.0
Private equity		**23.0**		23.5
Venture growth		**5.0**		4.5
Fixed income				
Bonds		**16.0**		16.0
Real-rate products		**2.0**		2.0
Inflation sensitive				
Commodities		**6.5**		4.0
Natural resources		**2.5**		2.5
Inflation hedge		**2.5**		2.5
Real assets				
Real estate		**6.5**		5.0
Infrastructure		**8.0**		7.5
Credit		**5.5**		6.0
Absolute return strategies		**2.5**		2.5
Funding and other		**31.0**		33.5

[11] Total Asset Risk ETL Exposure does not equal the sum of the ETL exposure for each asset class because diversification reduces total risk exposure.

[12] Rounded to the nearest $0.5 billion.

Interest rate risk

Interest rate risk refers to the effect on the market value of Ontario Teachers' assets and liabilities due to fluctuations in interest rates. The value of Ontario Teachers' assets is affected by short-term changes in nominal and real interest rates. Pension liabilities are exposed to fluctuations in long-term interest rates as well as expectations for salary escalation (NOTE 3).

Ontario Teachers' measures interest rate risk and inflation risk of relevant asset classes in its asset mix (NOTE 2d):

- The sensitivity to changes in nominal interest rates of bonds and derivative contracts included in the Fixed income, Credit, Real asset and Funding and other asset classes - a 1% increase in nominal interest rates would result in a decline in the value of these investments of $6.6 billion (December 31, 2023 – $7.2 billion).
- The sensitivity to changes in real interest rates of real-rate products and derivative contracts included in the Fixed income asset class - a 1% increase in real interest rates would result in a decline in the value of these investments of $1.2 billion (December 31, 2023 – $1.2 billion).
- The sensitivity of derivative contracts that are intended to protect against inflation included in the Inflation hedge category of the Inflation sensitive asset class to changes in market-implied inflation a 1% decrease in the market-implied rate of inflation would result in a decline in the value of these securities and contracts of $0.6 billion (December 31, 2023 – $0.6 billion).

Foreign currency risk

Foreign currency exposure arises from Ontario Teachers' holdings of foreign currency-denominated investments and related derivative contracts. In Canadian dollars this exposure is as follows:

(Canadian $ millions)		**As at June 30, 2024**		As at December 31, 2023
Currency		**Net Exposure**		Net Exposure
United States Dollar	**$**	**83,233**	$	73,539
Swiss Franc		**9,920**		289
Euro		**7,969**		9,113
Mexican Peso		**5,492**		5,607
Indian Rupee		**4,350**		2,850
Chinese Renminbi		**4,312**		3,910
Japanese Yen		**3,260**		1,921
Brazilian Real		**2,556**		3,515
Chilean Peso		**2,343**		2,415
Danish Krone		**2,268**		2,155
Other		**8,331**		16,409
	$	**134,034**	$	121,723

With all other variables and underlying values held constant, a 5% increase/decrease in the value of the Canadian dollar against major foreign currencies would result in an approximate decrease/increase in the value of net investments as follows:

(Canadian $ millions)		**As at June 30, 2024**		As at December 31, 2023
Currency		**Change in Net Investment Value**		Change in Net Investment Value
United States Dollar	**$**	**4,162**	$	3,677
Swiss Franc		**496**		14
Euro		**398**		456
Mexican Peso		**275**		280
Other		**1,371**		1,659
	$	**6,702**	$	6,086

(h) Liquidity risk

Liquidity risk is the risk of being unable to obtain sufficient cash or cash equivalents at a reasonable cost to meet Ontario Teachers' financial obligations in a timely manner, or to support new investment opportunities, under a range of stressed conditions. By maintaining a structurally sound liquidity profile, Ontario Teachers' seeks to ensure sufficient liquidity is available under stressed conditions to cover potential cash and collateral outflows without adversely impacting Ontario Teachers' asset mix while allowing for opportunistic investments.

Liquid assets

Available liquid assets primarily consist of sovereign, provincial or territorial government debt, other liquid investment grade debt, publicly traded equity securities, and physical gold after considering the impact of collateral pledged and received, repurchase agreements and securities lending and borrowing arrangements. As at June 30, 2024, Ontario Teachers' maintains $61.7 billion of available liquid assets (December 31, 2023 - $56.9 billion).

Contractual maturity

Ontario Teachers' liabilities include accrued pension benefits, investment-related liabilities, due to brokers, accounts payable and accrued liabilities. Due to brokers, accounts payable and accrued liabilities are all due within one year. As Ontario Teachers' may settle securities sold but not yet purchased, cash collateral received under credit support annexes and derivatives at fair value before contractual maturity, they are considered to mature within one year. Ontario Teachers' investment-related liabilities by maturity are as follows:

(Canadian $ millions)								**As at June 30, 2024**
		Within One Year		**One to Five Years**		**Over Five Years**		**Total**
Securities sold under agreements to repurchase	**$**	**(15,893)**	**$**	**—**	**$**	**—**	**$**	**(15,893)**
Securities sold but not yet purchased								
Equities		**(2,018)**		**—**		**—**		**(2,018)**
Fixed income		**(5,130)**		**—**		**—**		**(5,130)**
Commercial paper		**(2,654)**		**—**		**—**		**(2,654)**
Term debt[13]		**(5,995)**		**(13,925)**		**(15,646)**		**(35,566)**
Cash collateral received under credit support annexes		**(1,244)**		**—**		**—**		**(1,244)**
Derivative-related, net		**(1,762)**		**—**		**—**		**(1,762)**
	$	**(34,696)**	**$**	**(13,925)**	**$**	**(15,646)**	**$**	**(64,267)**

(Canadian $ millions)								As at December 31, 2023
		Within One Year		One to Five Years		Over Five Years		Total
Securities sold under agreements to repurchase	$	(23,795)		—	$	—	$	(23,795)
Securities sold but not yet purchased								
Equities		(2,095)		—		—		(2,095)
Fixed income		(4,086)		—		—		(4,086)
Commercial paper		(2,557)		—		—		(2,557)
Term debt[13]		(2,334)		(14,750)		(14,121)		(31,205)
Cash collateral received under credit support annexes		(909)		—		—		(909)
Derivative-related, net		(2,072)		—		—		(2,072)
	$	(37,848)	$	(14,750)	$	(14,121)	$	(66,719)

[13] Based on undiscounted cash flows.

(i) Collateral pledged and received

Ontario Teachers' pledges and receives cash and security collateral in the ordinary course of managing net investments. Security collateral consists primarily of Canadian and U.S. government securities. Additional collateral is provided if the value of the securities falls below a predetermined level. The securities transferred are recognized as assets when Ontario Teachers' retains substantially all risks and rewards, including credit risk, settlement risk and market risk. Ontario Teachers' is not permitted to either pledge the same securities with other financial institutions or to sell them to another entity unless Ontario Teachers' substitutes such securities with other eligible securities. Ontario Teachers' holds the collateral received as long as Ontario Teachers' is not a defaulting party or an affected party in connection with a specified condition listed in the contractual agreement and there is no early termination of the contractual agreement. With the exception of initial margin collateral held in third party custodial accounts, Ontario Teachers' is permitted to either sell or repledge the collateral in the absence of default by the owner of the collateral. The fair value of collateral sold or repledged as at June 30, 2024 is $nil (December 31, 2023 - $nil).

Ontario Teachers' engages in securities borrowing and lending transactions and pledges and receives associated collateral. Ontario Teachers' does not recognize any securities borrowed as its investment assets or derecognize securities lent because the risks and rewards of the borrowed securities remain with the lenders.

The fair value of collateral pledged and received, as well as the securities purchased under agreements to resell and sold under agreements to repurchase and securities borrowed and lent are as follows:

(Canadian $ millions)	**As at June 30, 2024**	As at December 31, 2023
Securities purchased under agreements to resell and sold under agreements to repurchase		
Gross amounts of securities purchased under agreements to resell[14]	**$ 5,290**	$ 13,325
Collateral held	**5,254**	14,075
Gross amounts of securities sold under agreements to repurchase[14]	**16,908**	28,991
Collateral pledged	**17,035**	30,017
Securities borrowing and lending		
Securities borrowed	**2,075**	2,194
Collateral pledged[15]	**2,544**	2,668
Derivative-related		
Collateral received[16]	**3,899**	2,567
Collateral pledged[17]	**7,591**	5,881

[14] See NOTE 2j for reconciliation of total gross amount to net amounts presented in NOTE 2a.
[15] Includes cash collateral of $96 million (December 31, 2023 - $109 million).
[16] Includes cash collateral of $1,244 million (December 31, 2023 - $909 million) and initial margin collateral of $2,463 million (December 31, 2023 - $506 million).
[17] Includes cash collateral of $36 million (December 31, 2023 - $20 million) and initial margin collateral of $2,272 million (December 31, 2023 - $475 million).

(j) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Condensed Interim Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. For certain derivatives, gross amounts include the daily settlement of variation margin which is netted against the fair value of the derivatives. Certain repurchase agreement transactions settled through a central clearing counterparty satisfy the offsetting criteria. Ontario Teachers' enters into agreements with counterparties such as the International Swaps and Derivatives Association (ISDA) Master Agreements and Global Master Repurchase Agreements (GMRAs) in order to mitigate its exposure to credit losses (see NOTE 2f). These agreements provide rights to allow the parties to settle obligations on a net basis when certain predetermined events occur. When these rights of offset are conditional, the related amounts are not netted in the Condensed Interim Consolidated Statement of Financial Position.

The impact of these arrangements is presented in the following table:

(Canadian $ millions)						**As at June 30, 2024**
	Gross amounts	**Less: Amounts offset**	**Net amount presented in NOTE 2a**	**Amounts subject to netting agreements**	**Securities and cash collateral[18]**	**Net Exposure**
Financial assets						
Securities purchased under agreements to resell	**$ 5,290**	**$ (1,015)**	**$ 4,275**	**$ (1,798)**	**$ (2,444)**	**$ 33**
Derivative-related receivables	**2,652**	**—**	**2,652**	**(1,104)**	**(1,395)**	**153**
	7,942	**(1,015)**	**6,927**	**(2,902)**	**(3,839)**	**186**
Financial liabilities						
Securities sold under agreements to repurchase	**$ (16,908)**	**$ 1,015**	**$ (15,893)**	**$ 1,798**	**$ 14,056**	**$ (39)**
Derivative-related liabilities	**(1,762)**	**—**	**(1,762)**	**1,104**	**476**	**(182)**
	(18,670)	**1,015**	**(17,655)**	**2,902**	**14,532**	**(221)**

(Canadian $ millions)						As at December 31, 2023
	Gross amounts	Less: Amounts offset	Net amount presented in NOTE 2a	Amounts subject to netting agreements	Securities and cash collateral[18]	Net Exposure
Financial assets						
Securities purchased under agreements to resell	$ 13,325	$ (5,196)	$ 8,129	$ (6,492)	$ (1,632)	$ 5
Derivative-related receivables	3,481	—	3,481	(1,490)	(1,888)	103
	16,806	(5,196)	11,610	(7,982)	(3,520)	108
Financial liabilities						
Securities sold under agreements to repurchase	$ (28,991)	$ 5,196	$ (23,795)	$ 6,492	$ 17,294	$ (9)
Derivative-related liabilities	(2,072)	—	(2,072)	1,490	355	(227)
	(31,063)	5,196	(25,867)	7,982	17,649	(236)

[18] Securities and cash collateral exclude over-collateralization and collateral in transit. See NOTE 2i for the total amount of collateral.

NOTE 3.
ACCRUED PENSION BENEFITS

(a) Actuarial assumptions and methods

The actuarial assumptions used in determining the value of accrued pension benefits of $208,181 million (December 31, 2023 – $211,393 million, June 30, 2023 – $203,870 million) reflect management's best estimate of future economic events and involve both economic and non-economic assumptions. The non-economic assumptions include considerations such as mortality as well as withdrawal and retirement rates. The primary economic assumptions include the discount rate, the salary escalation rate and the inflation rate. The discount rate is based on market rates, as at the valuation date, of bonds issued by the Province of Ontario, which have characteristics similar to obligations under the Plan. The discount rate was determined by applying a weighted average discount rate that reflects the estimated timing and amount of benefit payments. The inflation rate is the geometric difference between the yield on Government of Canada long-term nominal bonds and Government of Canada real-return bonds. The salary escalation rate incorporates the inflation rate assumption and long-term expectation of growth in real wages.

The primary economic assumptions were updated to June 30, 2024 to reflect increasing nominal bond yields and an increase in the long-term inflation rate.

At the time these Interim Financial Statements were approved, an arbitration decision had been made relating to salary increases for certain affiliate unions for school years beginning September 1, 2022 through to September 1, 2025. The salary escalation rate assumption has been revised assuming that this arbitration decision applies to all affiliate unions. Any difference between assumed and actual salary adjustments will be reflected in future valuations.

A summary of the primary economic assumptions is as follows:

	As at June 30, 2024	As at December 31, 2023	As at June 30, 2023
Nominal discount rate[1]	**4.40 %**	4.00 %	4.10 %
Salary escalation rate[2]	**2.80 %**	2.60 %	2.70 %
Long-term inflation rate[3]	**1.80 %**	1.60 %	1.70 %
YMPE / ITA limit growth[4]	**2.80 %**	2.60 %	2.45% /2.70%
Real discount rate[5]	**2.55 %**	2.35 %	2.35 %

[1] As at June 30, 2024, holding all other assumptions constant, a 100 bps decrease in the discount rate would result in an increase in pension liabilities of approximately $38.6 billion (December 31, 2023 - $40.3 billion, June 30, 2023 - $38.6 billion).
[2] As at June 30, 2024, the salary escalation rate is revised to reflect the salary increase arbitration decision for certain affiliate unions. The increases of 2.75% on September 1, 2024, and 2.50% on September 1, 2025 are assumed to be applicable to all four affiliate unions. The estimated salary increase rate of 2.80% is applicable starting September 1, 2026.
[3] As at June 30, 2024, holding all other assumptions constant, an additional 100 bps increase in the assumed annual pension benefit increase for 2025 would result in an increase in pension liabilities of approximately $1.1 billion (December 31, 2023 - $1.2 billion, June 30, 2023 - $1.1 billion).
[4] YMPE / ITA limit growth is the sum of the inflation rate and the Average Industrial Wage (AIW) real wage growth rate of 1.0% (December 31, 2023 - 1.0%, June 30, 2023 - 0.75% until 2024 and 1.0% thereafter).
[5] Real rate shown as the geometric difference between the discount rate and the inflation rate.

The arbitration decision described above affects salaries for school years beginning September 1, 2022 and September 1, 2023, prior to the date of this interim report. An estimate of the impact of these salary adjustments to prior periods is described in NOTE 3c below.

There were no changes to non-economic assumptions as at June 30, 2024.

The changes in economic and non-economic assumptions resulted in a net decrease in the value of accrued pension benefits of $7,558 million for the six-month period ended June 30, 2024 (2023 – $6,276 million net decrease).

(b) Inflation protection levels

As described in paragraph (f) of the Description of Plan note, pension benefits are adjusted annually by the CPI ratio with pension credit earned after December 31, 2009 subject to conditional inflation protection. Inflation protection levels vary between 50% and 100% of the CPI ratio for pension credit earned between January 1, 2010, and December 31, 2013, and vary between 0% and 100% of the CPI ratio for pension credit earned after 2013. Conditional inflation protection can only be invoked and changes to inflation protection levels can only be made when a funding valuation is filed. The Ontario government and designated employers participating in the Plan will make extra contributions to match the inflation protection benefits members forego up to a maximum foregone inflation of 50% of CPI.

For financial statement valuations, future pension payments are indexed at the inflation protection levels stated in the most recent funding valuation filing. As a result, the June 30, 2024 accrued pension benefits reflect the inflation protection levels as stated in the January 1, 2023 funding valuation report.

As noted in the filed January 1, 2023 funding valuation, inflation protection levels are 100% of the CPI ratio for pension credit earned after 2009. This level will remain in effect until the next actuarial valuation is filed with the regulatory authorities at which time the level may be reduced depending on the funded status of the Plan.

The inflation protection levels reflected in accrued pension benefits as at June 30, 2024, December 31, 2023 and June 30, 2023 are as follows:

Pension credit	**Inflation protection level**[6]
Earned before 2010	**100% of the CPI ratio**
Earned during 2010 – 2013	**100% of the CPI ratio**
Earned after 2013	**100% of the CPI ratio**

[6] Inflation protection levels per the January 1, 2023 filed funding valuations.

(c) Experience gains and losses

Experience losses on the accrued pension benefits for the six-month period ended June 30, 2024 of $1,078 million (June 30, 2023 – $253 million) arose from differences between the actuarial assumptions and actual results and include losses related to the provisions for retroactive salary adjustments discussed below.

With respect to school years beginning September 1, 2019, September 1, 2020 and September 1, 2021, retroactive salary adjustments will be implemented for applicable affiliate unions. An additional provision for retroactive salary adjustments of $281 million has been included in the accrued pension benefit obligation as at June 30, 2024 (a provision for estimated retroactive salary adjustments of $2,777 million was previously included in the accrued pension benefit obligation as at December 31, 2023). Any further difference between the impact of estimated and actual impact of retroactive salary adjustments will be reflected in future valuations.

As a result of arbitration for certain affiliate unions relating to school years beginning September 1, 2022 through to September 1, 2025, salary adjustments for school years beginning September 1, 2022 and September 1, 2023 are estimated to be 3.0% . As at December 31, 2023, salary increases for these school years were estimated to be 2.6%. The update resulted in an experience loss of $573 million. Any further difference between the impact of estimated and actual impact of retroactive salary adjustments will be reflected in future valuations.

Accrued pension benefits as at June 30, 2024 reflect the actual January 1, 2024 increase to pensions in pay of 4.8%. Also reflected is an estimate of the January 1, 2025 increase to pensions in pay of 2.8%. This estimate was determined using known CPI data through to May 2024 and applying the assumed funding valuation long-term inflation rate thereafter to September 30, 2024. The increase to pensions in pay at January 1, 2025 was previously (as at December 31, 2023) estimated at 2.6% and was determined using known CPI data through to November 2023 and applying the assumed funding valuation long-term inflation rate thereafter to September 30, 2024. The update resulted in an experience loss of $224 million.

Accrued pension benefits at June 30, 2023 reflected an estimate of the increase to pensions in pay at January 1, 2024 of 4.6% (determined using known CPI data through to May 2023 and applying the assumed funding valuation long-term inflation rate thereafter to September 30, 2023). The increase to pensions in pay at January 1, 2024 was previously (as at December 31, 2022) estimated at 4.3% (determined using known CPI data through to November 2022 and applying the assumed funding valuation long-term inflation rate thereafter to September 30, 2023). The update resulted in an experience loss of $253 million.

NOTE 4.
NET INVESTMENT INCOME

Net investment income is reported net of management fees and transaction costs and is grouped by asset class. Net investment income for the six-month period ended June 30 is as follows:

	For the six-month period ended June 30, 2024					
(Canadian $ millions)	Income [1]	Net Gain (Loss) on Investments [2]	Investment Income [3]	Management Fees	Transaction Costs	Net Investment Income
Equity						
Publicly traded						
Canadian	$ 5	252	$ 257	$ (1)	$ —	$ 256
Non-Canadian	170	3,940	4,110	(11)	(20)	4,079
Non-publicly traded						
Canadian	184	(424)	(240)	(1)	(8)	(249)
Non-Canadian	214	2,229	2,443	—	(63)	2,380
	573	5,997	6,570	(13)	(91)	6,466
Fixed income						
Bonds[4]	21	(3,275)	(3,254)	—	(13)	(3,267)
Short-term investments	2	485	487	—	—	487
Canadian real-rate products	128	(163)	(35)	—	—	(35)
Non-Canadian real-rate products	3	228	231	—	—	231
Other debt[4]	586	362	948	(1)	(1)	946
	740	(2,363)	(1,623)	(1)	(14)	(1,638)
Alternative investments	142	2,803	2,945	—	—	2,945
Inflation sensitive						
Commodities	(396)	2,600	2,204	—	(3)	2,201
Timberland	15	55	70	—	—	70
Natural resources	160	900	1,060	(1)	(31)	1,028
	(221)	3,555	3,334	(1)	(34)	3,299
Real assets						
Real estate	355	(78)	277	—	(24)	253
Infrastructure	616	1,342	1,958	(21)	(13)	1,924
	971	1,264	2,235	(21)	(37)	2,177
Overlay[5]	(5)	(2,481)	(2,486)	—	—	(2,486)
Total	$ 2,200	$ 8,775	$ 10,975	$ (36)	$ (176)	$ 10,763

[1] Income includes interest, dividends and other investment-related income and expenses.
[2] Includes realized gain from investments of $5,836 million and change in unrealized gains from investments of $2,939 million.
[3] Net of certain management and performance fees.
[4] Certain fixed income positions including traded and private loans which were previously recorded as Bonds are recorded in Other debt to enhance transparency. Prior period comparatives have been updated to conform to current year's presentation.
[5] Includes income from investments that manage the foreign exchange risk for the total fund.

For the six-month period ended June 30, 2023

(Canadian $ millions)	Income[6]	Net Gain (Loss) on Investments[7]	Investment Income[8]	Management Fees	Transaction Costs	Net Investment Income
Equity						
Publicly traded						
Canadian	$ 3	(42)	$ (39)	$ —	$ —	$ (39)
Non-Canadian	184	1,919	2,103	(12)	(18)	2,073
Non-publicly traded						
Canadian	84	565	649	—	4	653
Non-Canadian	123	367	490	—	(103)	387
	394	2,809	3,203	(12)	(117)	3,074
Fixed income						
Bonds[9]	(143)	(30)	(173)	—	(21)	(194)
Short-term investments	1	599	600	(1)	—	599
Canadian real-rate products	122	(110)	12	—	—	12
Non-Canadian real-rate products	6	68	74	—	—	74
Other debt[9]	482	(150)	332	(1)	(1)	330
	468	377	845	(2)	(22)	821
Alternative investments	142	(371)	(229)	—	—	(229)
Inflation sensitive						
Commodities	(415)	(536)	(951)	—	(2)	(953)
Timberland	4	(34)	(30)	—	(1)	(31)
Natural resources	190	(353)	(163)	(2)	(18)	(183)
	(221)	(923)	(1,144)	(2)	(21)	(1,167)
Real assets						
Real estate	321	(111)	210	—	—	210
Infrastructure	580	1,661	2,241	(10)	(31)	2,200
	901	1,550	2,451	(10)	(31)	2,410
Overlay[10]	(4)	206	202	—	—	202
Total	$ 1,680	$ 3,648	$ 5,328	$ (26)	$ (191)	$ 5,111

[6] Income includes interest, dividends and other investment-related income and expenses.
[7] Includes realized gain from investments of $3,218 million and change in unrealized gains from investments of $430 million.
[8] Net of certain management and performance fees.
[9] Certain fixed income positions including traded and private loans which were previously recorded as Bonds are recorded in Other debt to enhance transparency. Prior period comparatives have been updated to conform to current year's presentation.
[10] Includes income from investments that manage the foreign exchange risk for the total fund.

NOTE 5.
FUNDING VALUATIONS

Funding valuations are prepared annually and must be filed at least once every three years with the regulatory authorities. Once filed, these valuations are used to determine the funding requirements of the Plan. The Funding Management Policy established by the co-sponsors provides guidance for the co-sponsors in determining contributions and benefit levels.

The actuarial methods used to prepare funding valuations are different than those used to prepare a financial statement actuarial valuation and the amounts included in these Interim Financial Statements. The funding valuations use an actuarial valuation method which takes into account future benefits to be earned by Plan members and future contributions to be made by Plan members, the Province of Ontario and designated employers as at the valuation date, whereas the accrued pension benefits recognized in the financial statements represent the actuarial present value of pension obligations in respect of service accrued to date for all members.

The most recent funding valuation that has been filed with regulatory authorities was prepared as at January 1, 2023 by the external actuary and disclosed a funding surplus of $17.5 billion. The co-sponsors classified the surplus as a contingency reserve. A preliminary funding valuation was prepared as at January 1, 2024 by the external actuary and disclosed a funding surplus of $19.1 billion. On July 23, 2024, the co-sponsors publicly announced that the funding valuation will be filed with the regulatory authorities, which will be completed before September 30, 2024. The co-sponsors elected to classify the surplus as a contingency reserve.

NOTE 6.
CONTRIBUTIONS AND BENEFITS

a) Contributions

For the six-month period ended June 30 (Canadian $ millions)		2024		2023
Members				
Current service[1]	$	997	$	823
Optional credit		25		22
	$	1,022		845
Province of Ontario				
Current service		975		803
Interest		20		6
Optional credit		23		20
	$	1,018		829
Designated employers		21		19
Transfers from other pension plans		9		10
		30		29
	$	2,070	$	1,703

[1] As at June 30, 2024, contributions past due are less than $1 million (June 30, 2023 — less than $2 million).

b) Benefits

For the six-month period ended June 30 (Canadian $ millions)		2024		2023
Retirement pensions	$	3,680	$	3,480
Death benefits		286		270
Disability pensions		12		12
Commuted value transfers		32		30
Family law transfers		11		13
Transfers to other plans		6		5
Benefits paid	$	4,027	$	3,810
Other payments[2]		1		1
	$	4,028	$	3,811

[2] Settlement or other claim-related payments to certain current and former beneficiaries determined on a case-by-case basis. Such payments do not reduce the accrued pension benefits.

NOTE 7.
RELATED PARTY TRANSACTIONS

Ontario Teachers' primary related parties include its co-sponsors (the Province of Ontario and Ontario Teachers' Federation); key management personnel; subsidiaries related to the administration of the pension plan; and investment-related subsidiaries, joint ventures, and associates.

The primary transactions undertaken between Ontario Teachers' and the Province of Ontario consist of the funding contributions outlined in NOTE 6. Amounts Receivable from the Province of Ontario related to matching contributions and interest thereon are presented on the Condensed Interim Consolidated Statement of Financial Position.

Ontario Teachers' investments in Province of Ontario issued bonds is disclosed in NOTE 2f. There are no material transactions between Ontario Teachers' and its other co-sponsor, OTF.

Related-party transactions with investment-related subsidiaries, joint ventures, associates consist primarily of investments and investment income. These transactions are measured at fair value and will, therefore, have the same impact on Net assets available for benefits and Net investment income as those investment transactions with unrelated parties. Guarantees made on behalf of related parties are disclosed in NOTE 10.

NOTE 8.
CAPITAL

Funding valuation surpluses or deficits as determined by an independent actuary are considered Ontario Teachers' capital for the purposes of the Interim Financial Statements. See NOTE 5 for an explanation of the difference between the funding valuation and the financial statement valuation.

The funding valuation is used to measure the long-term health of the Plan assessing the Plan's ability to meet its obligations to all current members and their survivors. The objective of managing Ontario Teachers' capital is to ensure the Plan is sufficiently funded to pay benefits over the long term.

One of the most important assumptions in the funding valuation is the discount rate (set by the board) which is used to calculate the present value of future pension benefits the Plan expects to pay to members as well as the present value of contributions it anticipates receiving. The discount rate is derived from the expected rate of return on investments and takes into consideration the cost of running Ontario Teachers' and provisions for plan maturity as well as major adverse events, such as the 2008 financial crisis.

Preliminary funding valuation surpluses or deficits are determined annually. At least once every three years, a formal funding valuation report is required to be filed with the regulatory authorities. As stated in the Partners' Agreement[1], the Plan cannot be in a deficit position when such reports are filed[2]. As a result, the formal report must include adjustments to benefit and / or contribution levels as necessary to eliminate any preliminary valuation deficit. Any required adjustments are determined by the co-sponsors with guidance from the Funding Management Policy (Appendix A to the Partners' Agreement).

[1] The Partners' Agreement is the document which establishes the partnership between the co-sponsors and outlines the roles of Ontario Teachers', its board and the co-sponsors.

[2] The formal funding valuation report must be actuarially balanced such that the sum of the funding liabilities (present value of future pension benefits), the present value of the reduction in cost due to providing inflation protection levels below 100% and any contingency reserve is equal to the sum of the Plan's market value of assets, asset smoothing adjustment, present value of future contributions and present value of future matching of foregone inflation adjustments.

NOTE 9.
COMMITMENTS

Ontario Teachers' has committed to enter into investment and other transactions, which may be funded over the next several years in accordance with the terms and conditions agreed to. As at June 30, 2024, these commitments totaled $24,396 million (December 31, 2023 – $28,001 million).

NOTE 10.
GUARANTEES AND INDEMNIFICATIONS

Guarantees

Ontario Teachers' provides guarantees to third parties related to certain investments and could be called upon to satisfy these guarantees if the investee companies fail to meet their obligations. Ontario Teachers' expects most guarantees to expire unused. No payments have been made by Ontario Teachers' in either the six-month period ended June 30, 2024 or the six-month period ended June 30, 2023 under these guarantees.

Ontario Teachers' guarantees certain investee loan and credit agreements which will expire by 2027. Ontario Teachers' maximum exposure is $623 million as at June 30, 2024 (December 31, 2023 – $608 million). The investee companies have drawn $380 million under the agreements (December 31, 2023 – $372 million).

Ontario Teachers' guarantees certain lease agreements for an investee company which will expire by 2059. Ontario Teachers' maximum exposure is $186 million as at June 30, 2024 (December 31, 2023 – $188 million). There were no default lease payments in either the six-month period ended June 30, 2024 or the six-month period ended June 30, 2023.

Ontario Teachers' guarantees the ability of certain investee companies to settle certain financial obligations. Ontario Teachers' maximum exposure is $115 million as at June 30, 2024 (December 31, 2023 – $119 million).

Ontario Teachers' guarantees commercial paper and term debt issued by Ontario Teachers’ Finance Trust (OTFT) which Ontario Teachers' consolidates. The fair value of these guarantees are included in Ontario Teachers' investment-related liabilities.

The term debt issued by OTFT, as shown in the table below, is not redeemable prior to maturity at the option of the trust or Ontario Teachers' except as described in their respective Offering Memoranda. OTFT and its affiliates may at any time and from time to time purchase the senior notes in the open market or otherwise.

Issuance	Currency	Principal Amount	Maturity	Coupon
September 2019	USD	$1.75 billion	September 2024	1.625%
April 2020	USD	$1.00 billion	April 2025	1.375%
May 2020	EUR	€1.50 billion	May 2025	0.500%
September 2020	USD	$1.50 billion	September 2030	1.250%
October 2020	CAD	$1.25 billion	October 2027	1.100%
November 2020[1]	EUR	€0.75 billion	November 2030	0.050%
April 2021	USD	$1.50 billion	April 2031	2.000%
May 2021	EUR	€1.25 billion	May 2028	0.100%
May 2021	EUR	€1.25 billion	May 2041	0.900%
September 2021	USD	$2.00 billion	September 2026	0.875%
October 2021	GBP	£500 million	May 2026	1.125%
November 2021[1]	EUR	€500 million	November 2051	0.950%
April 2022	USD	$1.50 billion	April 2027	3.000%
April 2022	EUR	€1.25 billion	May 2032	1.850%
October 2022	EUR	€500 million	October 2029	3.300%
November 2022[1]	CAD	$1.00 billion	June 2032	4.450%
February 2023[1]	CAD	$1.00 billion	November 2029	4.150%
April 2023	USD	$1.50 billion	April 2028	4.250%
April 2024	USD	$1.50 billion	April 2029	4.625%
June 2024	CAD	$1.00 billion	June 2034	4.300%

[1] Green bond issuances.

The commercial paper issued by OTFT is not redeemable prior to maturity or subject to voluntary prepayment, except as described in the U.S. Commercial Paper Private Placement Memorandum dated June 2017. The maturity terms for the commercial paper outstanding as at June 30, 2024 are up to 397 days from the date of issue in the U.S. and up to 364 days in Canada. The maximum aggregate principal amounts of the commercial paper outstanding at any one time do not exceed $10 billion. As at June 30, 2024, commercial paper issued amounted to $2,699 million (December 31, 2023 – $2,613 million).

Indemnifications

Ontario Teachers' board members, employees and certain others are indemnified in relation to certain proceedings that may be commenced against them. In addition, in the normal course of operations, Ontario Teachers' may, in certain circumstances, agree to indemnify a counterparty. Under these agreements, Ontario Teachers', its subsidiaries and joint ventures may be required to compensate counterparties for costs incurred as a result of various contingencies such as legal claims or changes in laws and regulations. The number of such agreements, the variety of indemnifications and their contingent character prevents Ontario Teachers' from making a reasonable estimate of the maximum amount that would be required to pay all such counterparties.