



INVESTING WITH DISCIPLINE

2024 ANNUAL REPORT



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A B O U T I M C O





ABOUT IMCO



DRIVING BETTER INVESTMENT OUTCOMES FOR ONTARIO'S PUBLIC SECTOR

IMCO invests exclusively on behalf of Ontario's broader public sector. Led by an experienced management team and guided by a professional Board of Directors, we are an independent organization with a unique purpose. Our structure ensures that our decisions are based solely on meeting our clients' investment management, advisory and oversight needs.

OUR MISSION IS CLEAR: We work in partnership with our clients to help them meet their financial obligations on a long-term, sustainable basis. Our purpose, expertise and scale are at the heart of our value proposition.

PURPOSE ALIGNED WITH OUR CLIENTS: IMCO has a public purpose and a singular focus on our fiduciary duty to broader public sector clients in Ontario. We are independent and operate on a cost-recovery basis, prudently managing costs.

FULL SUITE OF ADVISORY AND INVESTMENT

MANAGEMENT SERVICES: We offer unbiased strategic asset mix advice, portfolio construction services and investment strategies that include externally managed mandates and internally managed direct investments, total portfolio management capabilities and a client-centric reporting and service model.

BENEFITS OF SCALE: We have the scale to pursue targeted internal management, build high-calibre investment capabilities and invest across a wide range of deal sizes while being small enough to remain agile, entrepreneurial and innovative. We provide clients with improved access to a broad range of investment opportunities, including private and alternative asset classes, at efficient cost.

UNBIASED STRATEGIC ASSET MIX ADVICE: Our objective is to achieve long-term investment results that enable clients to meet their financial obligations. We work diligently to understand each client's obligations and objectives, then advise on and build tailored investment strategies for each.

PARTNERSHIPS: We believe in collaborating with strong investment partners. As we continue to evolve our investment programs, we place high value on creating win-win relationships.

RISK MANAGEMENT AND TOTAL PORTFOLIO OVERSIGHT:

We provide comprehensive risk monitoring, management and reporting capabilities. Our risk team monitors client portfolios daily to ensure they are consistent with desired asset allocations and risk tolerances.

COST EFFICIENT OPERATIONS: We manage costs to optimize client net investment returns. We recognize that robust internal processes and controls, as well as flexible technology, are critical to achieving investment excellence, client success and cost efficiency.

2024 HIGHLIGHTS



Assets under management:
\$86 billion.



Delivered our strongest
investment performance to date,
achieving one-year weighted
average net return of 9.9 per cent.



Made significant progress internalizing private market investing activity while growing our overall allocation in private equity, infrastructure and global credit.



Delivered positive five-year absolute returns in private equity, public equities and infrastructure asset classes.



Achieved **Greater Toronto Top Employer** recognition for the second consecutive year.



Successfully integrated three new clients.

OUR CLIENTS

WE SERVE A DIVERSE RANGE
OF CLIENTS THAT INCLUDE:



Ontario Pension Board (“OPB”), administrator
of the Public Service Pension Plan

Workplace Safety and Insurance Board (“WSIB”),
Insurance and Loss of Retirement Income funds

WISE Trust, administrator of the WSIB
Employees’ Pension Plan

Provincial Judges’ Pension Board, administrator
of the Provincial Judges’ Pension Plan



NEW IN 2024

Ontario's Pension Benefits Guarantee Fund
("PBGF")

Tarion Warranty Corporation's Guarantee Fund
("Tarion")

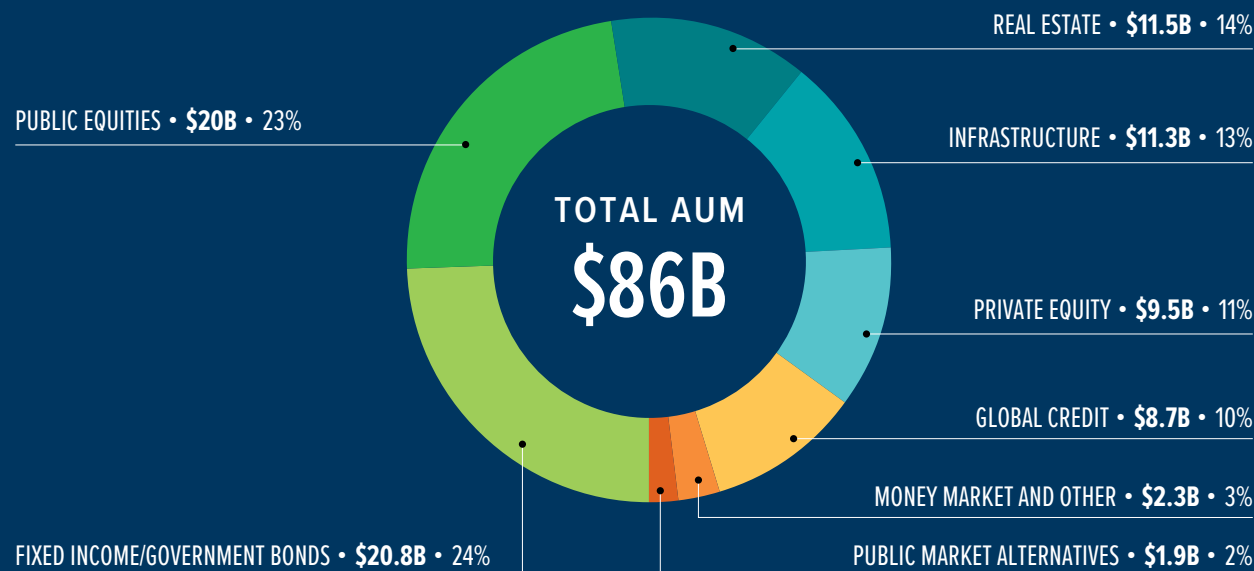
City of Ottawa's OC Transpo employees'
defined benefit pension plan

Ontario Clean Water Agency's reserve fund
("OCWA")

IMCO PORTFOLIO IN BRIEF

ASSETS UNDER MANAGEMENT BY ASSET CLASS

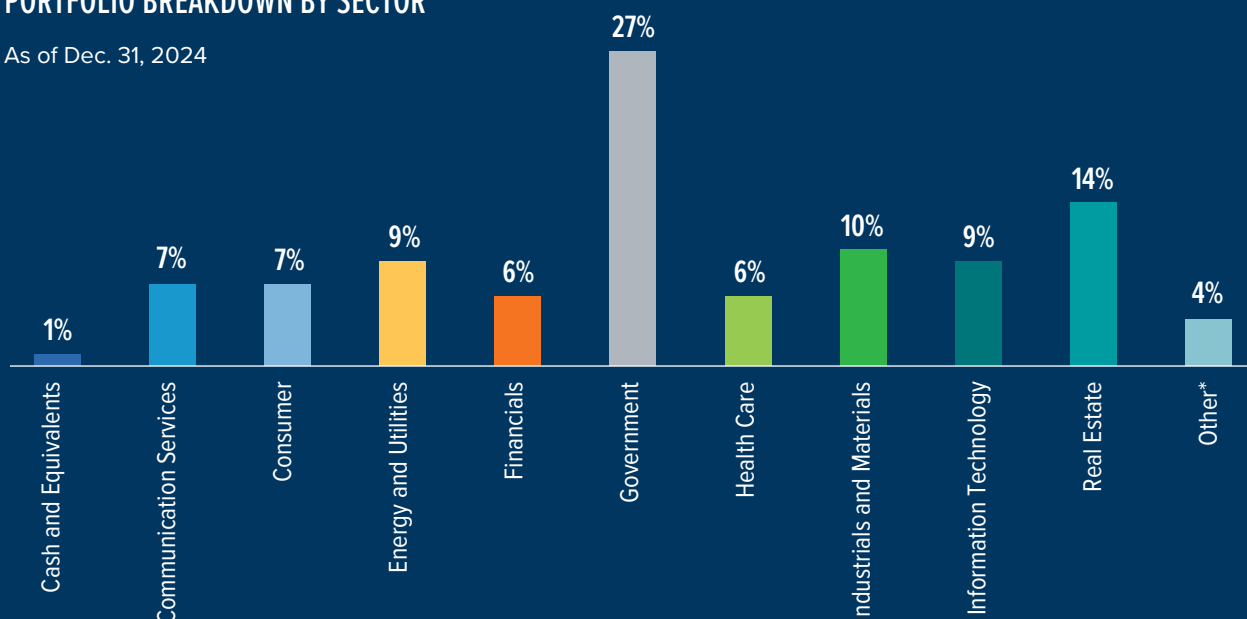
As of Dec. 31, 2024



Percentages shown are approximate due to rounding.

PORTFOLIO BREAKDOWN BY SECTOR

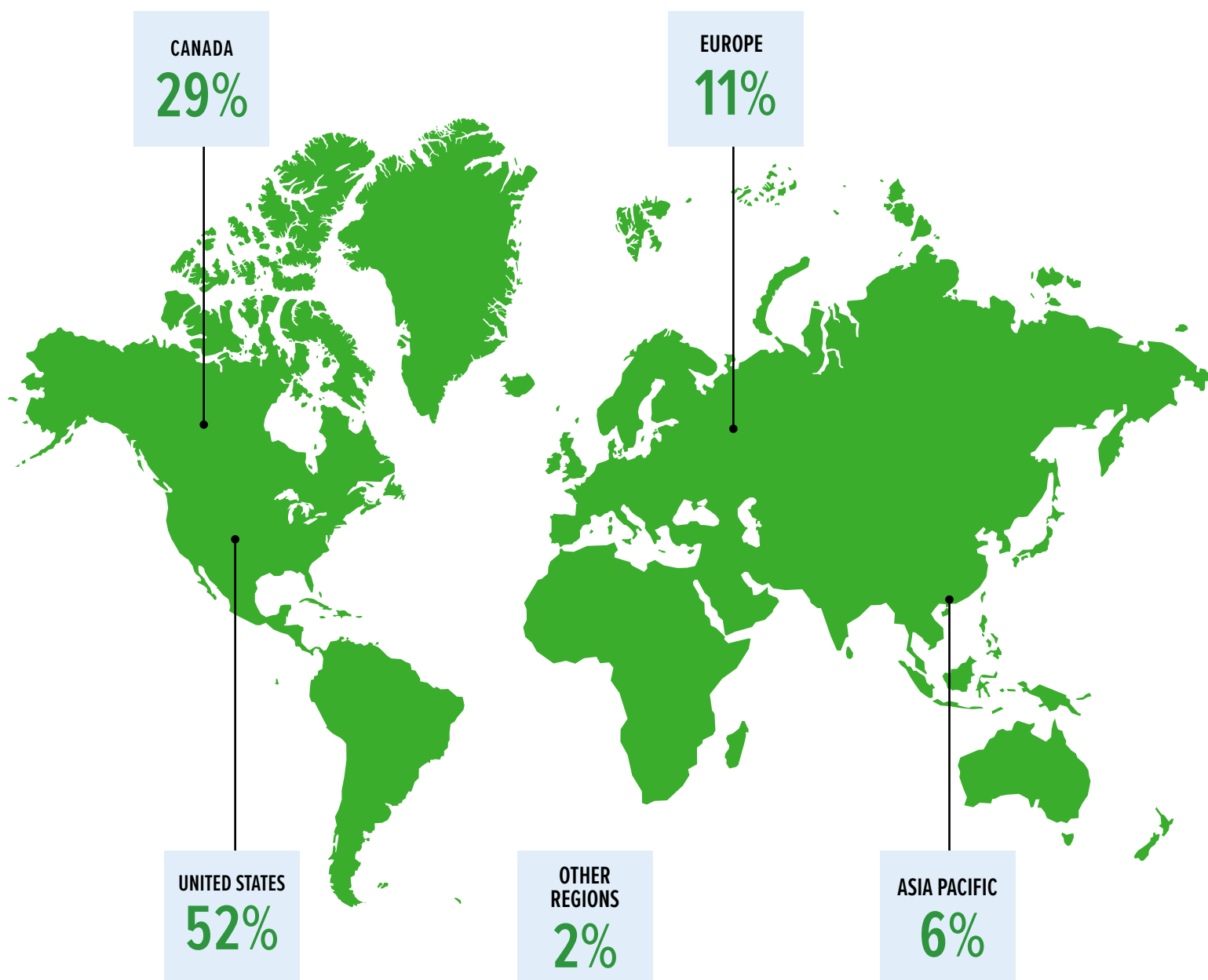
As of Dec. 31, 2024



* Other primarily includes public market alternatives and other diversified holdings.

REGIONAL ALLOCATION OF ASSETS UNDER MANAGEMENT

As of Dec. 31, 2024





Brian Gibson
Chair, IMCO Board of Directors

REPORT FROM THE CHAIR

IMCO marked five years of investment performance on behalf of clients in 2024 and its best performance so far. The IMCO board is very proud of this achievement, which reflects broader client adoption of IMCO strategies, asset mixes and risk oversight, as well as progress on IMCO's five-year strategy.

The year showed once again the importance of IMCO's focus on investment excellence. While large passive investment flows helped cause heavy concentration and stretched valuations in some markets, IMCO stuck with its proven approach of uncovering value in high-quality assets expected to generate returns that will cover clients' long-term funding costs. We continued to focus on areas where we have identified competitive advantages. Even in such areas, like the clean energy transition, we look for solid returns – not simply exposure to the theme.

The board joined management in welcoming four new clients in 2024 and fully supported IMCO's move to become strategic asset allocation advisor for all clients. IMCO has worked hard to create an asset mix team that can tailor solutions for each client's unique investment needs, enabling it to be a good steward in a volatile world. As more assets are managed using IMCO's strategies and asset mix recommendations, we look forward to broadening client success.

I've seen IMCO work hard to build a cost-conscious culture that respects the importance of our clients' investment returns. In that spirit, IMCO this year completed the pooling of eight asset class strategies, introduced a "fit-for-purpose" client service model and continued internalizing the management of assets to save costs and better control the levers of value creation.

Commitment to and progress on investment excellence, client success and cost efficiency help strengthen organizational culture, an important pillar of IMCO's strategy. Throughout the year, IMCO continued to build team cohesion by providing clearer paths for career development, and a wide range of physical and mental health supports for all employees.

The board is heartened by the progress on all dimensions of IMCO's five-year strategy, particularly as the investment environment is expected to remain volatile and challenging. Successful investment managers will need to be creative and nimble in meeting client needs and IMCO is well positioned, with dynamic investment operations and a responsive client service model backed by the resources that come with IMCO's scale. The board remains committed to working with management to ensure that success.

On behalf of the board, I thank everyone on the IMCO team for their contributions in 2024 and thank our clients for their continued support.

Brian Gibson
Chair, IMCO Board of Directors



Bert Clark
President and Chief Executive Officer, IMCO

REPORT FROM THE CEO

A MILESTONE YEAR FOR PERFORMANCE

2024 marked a pivotal year for IMCO. It was our fifth year executing on our investment strategies (giving us a five-year track record). I'm proud to share that this was our strongest year ever, with a one-year weighted average net return of 9.9 per cent. While we don't measure our success based on one-year results, we were very pleased.

Public markets outperformed significantly this year, and apart from real estate, we delivered positive returns across all asset classes. These results underscore the effectiveness of our disciplined, long-term approach to investing.

We focus on building cost-effective, well-diversified, growth-oriented portfolios that are tailored to our clients' objectives and risk tolerances. We maintain adequate liquidity to avoid being a forced seller during times of market stress and we look to outperform only in areas where we have a real comparative advantage. Our strategy also avoids unnecessary complexity, large concentrations and outsized risk-taking. We don't pursue short-term tactical changes in asset mix, and we don't believe in trying to time the markets.

This steady, measured approach positions our clients well to achieve their long-term goals.

Our overall results have continued to improve as we have shifted more clients into our recommended asset mix in recent years. However, our current range of client results shows that some client asset mixes don't yet fully reflect our advice. As we continue transitioning more clients to our recommended Strategic Asset Allocations ("SAAs") and disposing of off-strategy investments, we expect the range of performance among clients to narrow and overall results to improve further.

CLIENT SUCCESS AT THE FOREFRONT

Our clients remain at the heart of everything we do. This year, we achieved our highest-ever client satisfaction survey results, resulting from increasing service levels, capabilities and dedication of our team. We also welcomed four new clients, bringing our total to eight.

A major milestone in 2024 was becoming the primary asset mix advisor for our clients. This shift represents a critical step forward in aligning our clients' portfolios with their long-term goals and IMCO's recommended SAAs.

STRENGTHENING OUR CULTURE

The achievements of 2024 were only possible because of the incredible talent and dedication of our team. This year, we launched a comprehensive Talent Management Strategy to ensure IMCO remains a leading investment manager and an employer of choice in Ontario. We introduced new leadership development and people management programs to support our staff in their professional growth.

For the second consecutive year, IMCO was recognized as a Greater Toronto Top Employer. This honour reflects our commitment to fostering a purpose-driven culture and ensuring our people thrive both personally and professionally.

FINANCIAL STEWARDSHIP AND COST EFFICIENCY

Costs matter—especially in investment management, where they directly impact net returns for our clients. I'm pleased to report that IMCO achieved our 2024 investment results while keeping costs under budget, demonstrating the team's focus on maintaining cost efficiency and scalability.

As we continue to scale our business, we remain committed to exploring opportunities to improve cost efficiency without compromising the quality of our services. This disciplined approach is integral to our five-year strategy and to supporting our clients' fiduciary responsibilities.

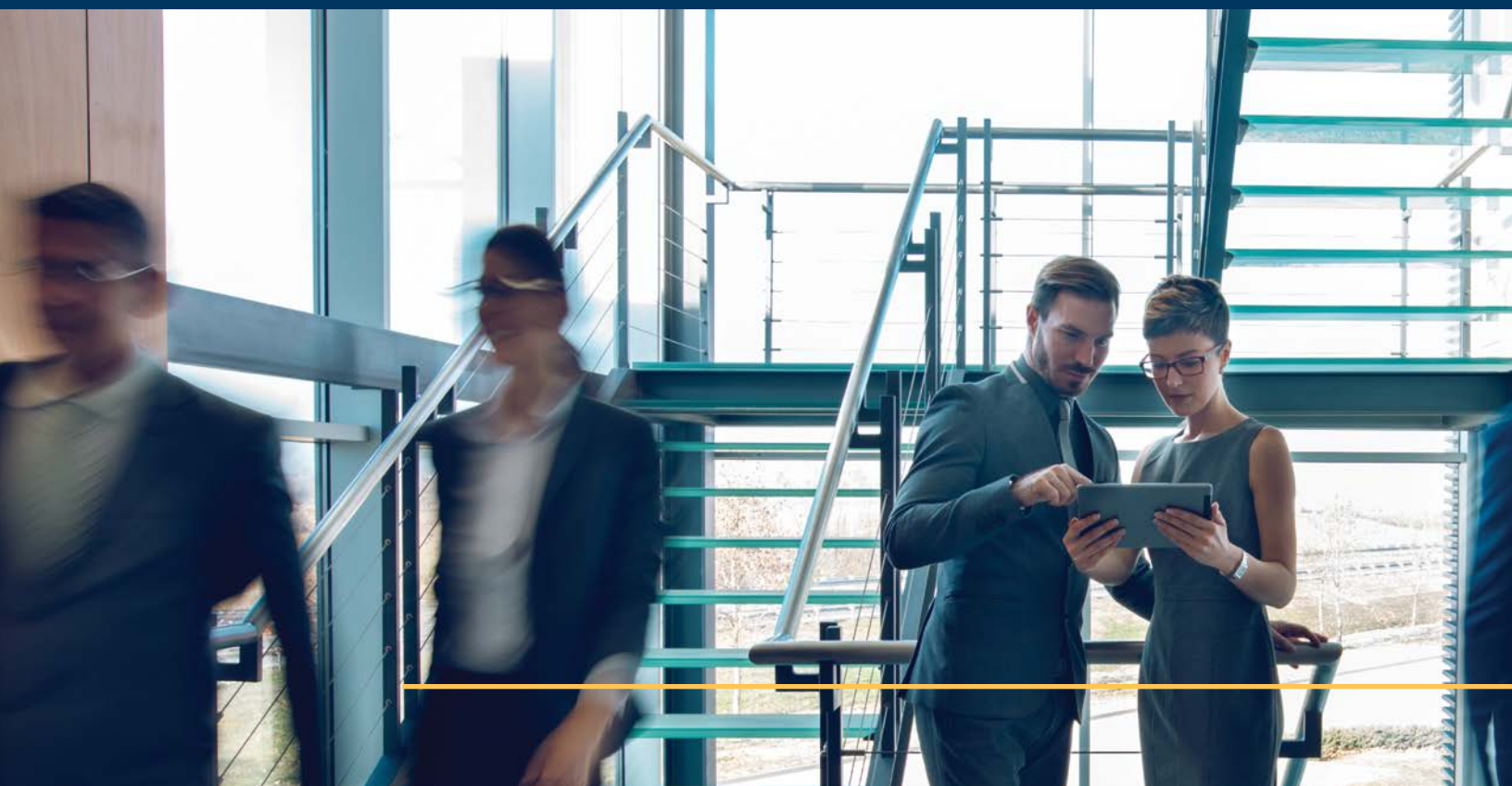
LOOKING AHEAD

I want to thank our team for their hard work and commitment to our mission. Together, we are well-positioned to build on the successes of 2024 and continue delivering strong, sustainable outcomes for our clients.

Bert Clark


President and Chief Executive Officer, IMCO

MANAGEMENT'S DISCUSSION & ANALYSIS





MANAGEMENT'S DISCUSSION & ANALYSIS

A woman with dark hair tied in a bun, wearing a light blue blazer and a gold hoop earring, is seen from the back, gesturing with her right hand towards a group of people. The group consists of several individuals, including a man in a dark suit and a woman in a beige top, who are looking towards her. The background is a blurred office environment with large windows and modern decor.

Our Management's Discussion & Analysis ("MD&A") is developed with IMCO's management team and describes how IMCO performed in 2024. This discussion complements the enclosed financial statements.



OUR STRATEGIC PLAN (2023-2027)

In 2024, we pursued our long-term objectives of providing compelling investment management solutions and advisory services to our clients to help them achieve their financial obligations on a long-term and sustainable basis. This included engaging existing and new clients, focusing our investment efforts where we have comparative investment advantages, strengthening operational capabilities and reinforcing our inclusive culture.

We tracked our progress against the four strategic pillars within our strategic plan: Investment Excellence, Client Success, Culture Evolution and Cost Efficient Operations.

INVESTMENT EXCELLENCE

OUR VALUE PROPOSITION

We are fundamental investors focused on generating strong, stable returns over the long term. At the asset class level, we believe that active management can drive value through superior investment selection and value creation. This belief drives our efforts to exercise more direct control over investment decision-making by internalizing management of our asset classes, developing relationships with specialized strategic partners and investing in private assets.

Private assets are a good fit for IMCO because of our long investment time horizon and tolerance for illiquidity and complexity. We invest alongside best-in-class strategic partners in areas where we have competitive advantages and create value through a highly collaborative approach to asset management and governance across our direct investments.



Trinity House in Oxford, United Kingdom. Image by Breakthrough Properties.

OUR APPROACH TO ASSET MIX

At the total portfolio level, strategic asset allocation ("SAA") is one of the most important determinants of long-term investment returns. IMCO's approach is guided by a core set of principles:

1. We avoid outsized allocations to any asset class or sector and are focused on investing in the right asset classes to avoid unnecessary complexity.
2. We take a research-driven approach to investing, informed by our World View, which identifies the long-term trends that we believe will have the biggest impact on our clients' returns.
3. We focus on developed markets, which generally have lower geopolitical and ESG (Environmental, Social and Governance) risk. Allocation to high-quality liquid government bonds provides interest rate sensitivity, liquidity and diversification based on clients' liability profiles.
4. We diversify our portfolio across public and private markets. We value private assets for the incremental return opportunities that they offer through effective asset management and liquidity premiums. Exposure to public equity markets offers broad access to diversification and powerful trends (like technology), without the risk of choosing early winners or losers.
5. We also look to capitalize on "between the lines" investment opportunities that don't fit neatly into traditional asset class definitions.
6. Leverage is used modestly to enhance risk-adjusted returns at the total portfolio level. U.S. dollar exposure is managed at the total portfolio level to benefit from its safe harbour qualities.



EVOLUTION OF ASSET MIX ADVISORY AND IMPACT ON RETURNS

Since 2020, IMCO has advised clients on SAA based on a detailed understanding of their investment objectives, circumstances and risk tolerance.

While some clients have previously controlled and led their SAA processes and decisions, we have continued to deepen our advisory partnerships over time.

In 2024, we became the trusted SAA advisor to clients and are in the process of transitioning portfolios to our recommended asset mixes. There is a direct link between our clients' SAA decisions and the overall IMCO performance as the primary driver of returns and risk come from asset mix decisions. In recent years, as our advisory relationships evolve, IMCO returns have benefited from execution of our asset class investment strategies and from client's aligning to our SAA recommendations.

As we implement SAA recommendations across all client portfolios and build out enhanced capabilities and investment strategies, we expect to continue to see this flow through to improved investment performance both at the IMCO total portfolio and asset class strategy level.

Q&A WITH ROSSITSA STOYANOVA

Chief Investment Officer



In 2024, IMCO completed its fifth year of investment performance – a key milestone in institutional asset management. We asked Rossitsa to reflect on the journey.

In your view, what do you think the biggest highlights over the past five years are?

It's been an incredible journey. Over the past five years, we've patiently and thoughtfully moved our client assets into IMCO strategies. We introduced the IMCO World View, a thematic analysis of global markets used by our portfolio managers in their investment decisions. We moved on multiple fronts to meet our goal of investment excellence under our five-year strategy. And this year, we became Strategic Asset Allocation ("SAA") Advisor for our clients.

My biggest highlights for this year include:

- Reaching our milestone fifth year of investing. We now have a five-year track record, and absolute returns are strong across nearly all asset classes, led by private equity at 17.1 per cent and public equities at 10.3 per cent. I'm especially encouraged by the early strength of this performance, given that we had to ramp up and reposition nearly all these strategies over the same period.
- We continued our drive to internalize asset management both to save on fees and extract higher potential returns through the influence that comes with direct ownership.
- We also implemented a more focused Sustainable Investing Strategy that will better position us to create value on this front. The global policy environment may have shifted on sustainability trends like the clean energy transition, but the fundamentals remain compelling, and we remain committed to this opportunity.

Tell us about IMCO's investment performance in 2024.

We had our best year ever in 2024 as IMCO strategies saw positive absolute returns across the board with the exception of real estate. We also made progress in migrating clients to new strategic asset mixes that will help them better meet their financial obligations and adopt IMCO's strategies at the asset class level.

Public markets tested our core investing principles of active management and patient, long-term value creation. The public market benchmarks that we use for both our public and private market strategies reached all-time highs and concentration levels. Market beta becomes attractive at such times, tempting investors to throw prudent portfolio management to the wind. There is risk in the lofty valuations and concentration that benchmarks saw in 2024. We are actively analyzing the implications of benchmark concentration and took steps this year to mitigate associated total portfolio risk.

Our negative net value add was predominantly because of underexposure to the highly concentrated benchmarks and because private asset valuations tend to be less impacted by short-term public market fluctuations. We remain disciplined in executing our long-term investment strategies, because they reliably deliver the stable returns our clients need.

We still believe a diversified portfolio will outperform in the long term even with periods of underperformance as seen in 2024. We also continue to believe in diversifying across public and private assets and expect that valuations will converge over the long term, with private markets outperforming public markets, as they have in the past.

Our long-term results are encouraging. Our private equity strategy has added 808 basis points ("bps") in net value since inception. Infrastructure and global credit have added 211 and 219 bps, respectively. Importantly, apart from fixed income and real estate, our inception-to-date annualized returns are also positive across the board. Our clients rely on these returns to meet their financial obligations and we remain singularly focused on that.

2024 was another year of market volatility, geopolitical uncertainty and a softening consensus around big themes like a commitment to net zero. How did your team navigate these headwinds?

We always monitor such developments closely and act as necessary to protect our portfolios against any short-term shocks. Still, to manage portfolios in line with our clients' investment horizons, our main responsibility is patient value creation over the long term.

One key tool in that effort – and in responding to this year's developments – is the IMCO World View. Much of 2024's volatility can be understood through the themes and implications discussed in that document, such as the inflection

in global monetary and fiscal policies, and heightened volatility and greater dispersion. Geopolitical uncertainty can also be understood through the World View's lenses of deglobalization and addressing inequality.

This broad investment perspective helps us assess how to position portfolios for the events of any one year. It also informs broader approaches, such as a preference for investing in developed markets, with a more targeted approach to emerging markets.

When it comes to net zero, after careful study, IMCO committed to a competitively differentiated investment focus on climate change and the energy transition. It is clear to us from our research that rising global incomes and digitalization are driving surging energy demand just as climate change means a growing share of that energy must be clean.

Why is it important that IMCO became strategic asset allocation advisor to its clients?

The SAA decision is one of the most important determinants of total portfolio returns for an institutional investor. By entrusting us with this decision, our clients benefit from our holistic view of their assets and our portfolio construction and risk management expertise. It also enables them to focus on the long-term goals that SAA is meant to serve, such as paying pensions and insurance benefits.

Our dedicated portfolio construction team invested a great deal of time designing SAAs that will be the best possible fit for our clients' risk tolerances and investment objectives. As we implement SAA recommendations and build out enhanced capabilities and investment strategies, we expect to continue to see this flow through to improved investment performance both at the IMCO total portfolio and asset class strategy level.

What's the key differentiator for IMCO's investment team?

We've attracted people who want to do good work and collaborate. We have been able to develop a culture where our investment professionals care about total portfolio return (not just about net value add). That means everyone is committed to how well each individual strategy is performing.

Our collaborative culture bodes well for our new role as SAA advisor to our clients.



IMCO WORLD VIEW 2025

CONTINUITY AND CHANGE

The IMCO World View assesses long-term trends that we believe will have the greatest impact on client returns and informs our research-driven approach to investing.

The World View's global themes and investment implications inform our thinking and strategy over a five- to ten-year horizon. Because of the constant interplay with shorter-term world events, these trends need to be continuously reviewed and potentially revised over time.

For more on the IMCO World View, visit www.imcoinvest.com/worldview.

2024 INVESTMENT PERFORMANCE ANALYSIS

IMCO oversees investment portfolios on behalf of multiple public sector clients. Each client's strategic asset allocation reflects that client's return objectives and risk tolerance, as well as funding and liquidity needs.

INCEPTION-TO-DATE PERFORMANCE AND THE IMPACT OF OFF-STRATEGY ASSET MIX

IMCO began reporting performance on Jan. 1, 2020. That same year, we started introducing new investment strategies to invest alongside a focused group of strategic partners looking to outperform where we have advantages, and internalizing investment programs to reduce costs.

In 2024, our performance represents our inception-to-date ("ITD") returns and the culmination of a five-year track record.

ITD returns are modest at 4.2 per cent, due in large part to off-strategy asset mix and risk concentrations preceding the adoption of IMCO investment strategies. Asset mix is one of the most important determinants of investment returns. The gradual adoption of IMCO's Strategic Asset Allocation ("SAA") advice and ongoing transition of client assets to our recommended SAA is reflected in the range of client returns and IMCO's ITD returns. In particular, these reflect off-strategy overallocations in some weak performing asset classes



(such as real estate) and market segments, and off-strategy under-allocations to some strong performing asset classes (such as private equity).

We have made significant progress evolving asset classes to our strategies, with newer asset classes like global credit better reflecting the implementation of our investment strategy compared to asset classes like real estate, where inherited off-strategy portfolios have been challenging to reposition in recent years.

Today, most asset classes broadly reflect our investment strategies. In 2024, with the exception of real estate, IMCO achieved its strongest year of performance since inception, delivering positive absolute returns across most investment strategies. The appreciation of the U.S. dollar against the Canadian dollar contributed to our 2024 returns and benefitted both our unhedged and partially hedged strategies. As clients are fully transitioned to IMCO's recommended SAAs, the impact of off-strategy asset mix on both client and IMCO ITD returns will diminish.

NET VALUE ADD ("NVA")

In 2024, our NVA was negative 244 bps, driven partially by the deviation between public and private valuations, and strong public market returns driven by concentration in high-performing technology stocks.

We continue to believe in diversifying the portfolio across public and private assets and expect that valuations will converge over the long term, with private assets outperforming public markets as they have done in the past. IMCO is well-suited to investing in private assets, given our ability to create value over the long term.

We will continue investing in private assets where we have a competitive advantage to generate the returns our clients need to match their liabilities.

2024 PERFORMANCE

This year, the weighted average net return of all client portfolios (net of all costs) was 9.9 per cent. The benchmark consolidated return for 2024 was 12.3 per cent. The range of returns across IMCO's client portfolios was 8.2 to 11.3 per cent in 2024 while the NVA ranged from negative 2.8 per cent to negative 2.1 per cent. This performance primarily reflects broad differences in clients' asset mix decisions.

CALCULATING OUR RETURNS

On January 1, 2024, IMCO adopted a new investment performance reporting policy. As of that date, our results focus exclusively on clients with "growth-oriented" asset mixes. In addition, total and asset class performance excludes investments that do not align with our investment strategies, which ensures a clearer representation of our strategic execution. The results presented in the 2024 Annual Report reflect our new policy.

2024 NET INVESTMENTS AND RATES OF RETURN BY ASSET CLASS

As of Dec. 31, 2024

ASSET CLASS	NET INVESTMENTS (C\$ BILLIONS)	Annualized Returns, net (%)					
		1-Year ¹			5-Year ²		
		Actual	Benchmark	NVA	Actual	Benchmark	NVA
Public Equities	\$20.0	24.2%	27.0%	(2.8%)	10.3%	11.3%	(1.0%)
Fixed Income	\$18.9	0.0%	(0.1%)	0.1%	(1.8%)	(1.9%)	0.1%
Real Estate ³	\$9.4	(0.8%)	1.8%	(2.6%)	(3.1%)	(0.7%)	(2.4%)
Global Infrastructure	\$11.3	8.0%	16.4%	(8.4%)	6.8%	4.7%	2.1%
Global Credit	\$8.6	8.1%	8.3%	(0.2%)	4.2%	2.0%	2.2%
Public Market Alternatives ⁴	\$1.8	6.2%	5.9%	0.3%	2.9%	3.5%	(0.6%)
Private Equity	\$9.1	16.4%	17.9%	(1.5%)	17.1%	9.0%	8.1%
Money Market & Other ⁵	\$0.7	—	—	—	—	—	—
Leverage ⁶	\$(4.2)	—	—	—	—	—	—
Total IMCO⁷	\$75.6	9.9%	12.3%	(2.4%)	4.2%	4.6%	(0.4%)

¹ Net investment returns and Net Value Add ("NVA") reflect new performance reporting policy for the 1-year return.

² Net investment returns and NVA reflect new performance reporting policy for the 1-year (2024) component of the 5-year inception-to-date ("ITD") return.

³ Real Estate is net of certain assets (mortgages) and investment-related liabilities (debentures), totaling \$1.3 billion.

⁴ Public Market Alternatives discontinued effective July 1, 2024.

⁵ Money Market & Other includes other assets and strategies for portfolio rebalancing and asset allocation purposes and are included in the total return.

⁶ Leverage, employed by IMCO's clients as part of their strategic asset allocation, is applied at the total portfolio level rather than within a specific asset class.

⁷ Excludes investments of \$4.6 billion that do not align with our investment strategies.

ABOUT OUR BENCHMARKS

The IMCO investment policy statement (“IPS”) for each asset class contains one market-based or custom benchmark. A benchmark is a standard against which performance can be measured. Typically, a relevant market index or combination of market indexes is used. This allows investment managers to compare the results of active management to the results that could have been achieved passively by investing in an index. A benchmark can be used to calculate how much value an active manager has provided, and what strategies or assets affected relative performance.

NVA is the difference between investment returns of an asset class, net of all costs, and its respective IPS benchmark. When NVA is positive, the strategy is said to have outperformed its benchmark. When NVA is negative, the strategy underperformed its benchmark. IMCO has a benchmark policy that governs the process of recommending and establishing benchmarks. Our risk function is responsible for the research, analysis and review of benchmarks. The Management Investment Committee reviews and recommends benchmarks and any changes in benchmarks to the Board, which is responsible for approving the IMCO benchmarks.



Pulse Clean Energy's Willoughby battery storage site in the United Kingdom. *Image by Pulse Clean Energy.*

RESULTS BY ASSET CLASS

PUBLIC EQUITIES

IMCO’s public equities portfolio provides long-term growth through capital appreciation and dividend income. At the total portfolio level, public equities offer liquidity, broad diversification, market returns, sustainability optimization and active value-add.

We believe that active management can provide investors with a better return per unit of risk and will add net value over a business cycle even though the portfolio might underperform its benchmark over shorter periods. Our active approach leverages IMCO’s comparative advantages, including alignment with themes identified by the IMCO World View, “between-the-lines” co-investing with other teams, and capitalizing on relative value opportunities.

IMCO’s active strategy comprises four sub-programs, each with a different, specialized purpose:

- 1. Fundamental equities is a concentrated strategy aligned with the IMCO World View, investing in targeted opportunities and taking advantage of pricing differences between public and private markets.

- 2. The factor program targets exposure to factors such as quality, value, momentum and low volatility.
- 3. External partnerships provide exposure to themes and opportunities outside of IMCO’s internal expertise.
- 4. Portfolio completion aims to mitigate unintended risks created by the other strategies.

The public equities team supports the entire IMCO investment strategy by providing other asset classes with capital market expertise and connectivity, research capabilities and portfolio management support.

The team works closely with IMCO’s Sustainable Investing team to embed sustainability in all portfolio processes and strategies, with each sub-program taking a unique approach. We apply an exclusion list¹ to all public equity holdings and construct our portfolios to achieve better ESG scores and carbon footprints than the benchmark. The fundamental equities team collaborates with the sustainable investing team during underwriting to identify and consider key areas of risk and opportunity and then to engage with management teams on sustainability goals.

Performance

As of Dec. 31, 2024

Net Investments (C\$ billions)	1-Year			5-Year		
	Actual	Benchmark	NVA	Actual	Benchmark	NVA
20.0	24.2%	27.0%	(2.8%)	10.3%	11.3%	(1.0%)

BENCHMARKS:

Canadian Public Equities: S&P/TSX Composite Total Return Index
Global Public Equities: MSCI World ex-Canada Net Total Return Index
Emerging Markets Public Equities: MSCI EM Net Total Return Index

Key performance drivers

On a five-year basis, our public equity portfolio generated strong absolute returns of 10.3 per cent, which was especially critical at the time when most of our private programs were ramping up. The portfolio gained 24.2 per cent in 2024, which was the highest since inception and the key driver of IMCO's overall strong absolute returns of 9.9 per cent over the same period. Global equity outperformed other asset classes due to the concentration of high returns in U.S. equities, including the Magnificent 7 (Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, Tesla) mega-cap technology stocks.

Net value add was negative. This was largely due to historic U.S. equity market outperformance; in Canadian dollar terms, the S&P 500 had its fourth highest calendar-year return in 35 years. Security selection by external managers who were underweight U.S. equities and the Magnificent Seven detracted from performance.

The Chapter 11 bankruptcy filing by Swedish electric vehicle battery maker Northvolt was more than offset by our investment in CoreWeave, a graphics processing infrastructure supplier to artificial intelligence ("AI") developers. By the end of 2024, CoreWeave was valued at more than three times our initial investment due to strong growth in AI demand and new data centres. However, the gain was not enough to surpass the strong market performance needed to push NVA into positive territory.

Select highlights

To mitigate portfolio underperformance relative to our benchmarks, we implemented a portfolio completion overlay strategy that brought IMCO's total portfolio exposure to the Magnificent Seven closer to the benchmark without altering exposures at the individual strategy levels.

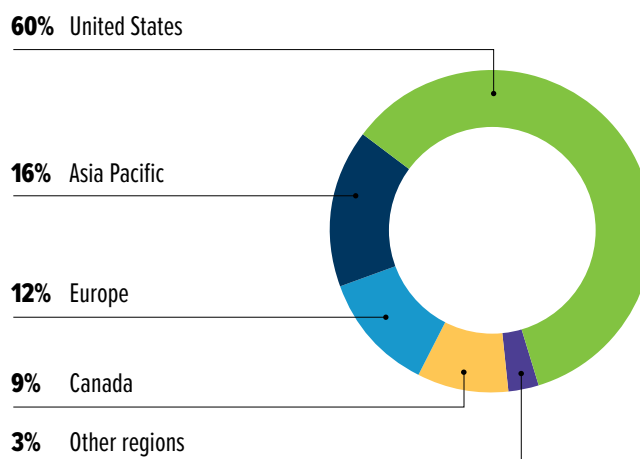
In keeping with IMCO's broader goal of internalizing investments and managing our costs, we continued to grow our team to support the ongoing internalization of our portfolio management.

Informed by IMCO's World View, we also took a position on artificial intelligence through our investment in CoreWeave. Rather than invest directly in what we view at this stage as a still very speculative market, we invested in areas of the market benefitting from the AI boom, such as AI computing power suppliers.

We added a new strategic partner with sophisticated climate transition research capabilities and our external partnerships program continues to add such niche managers to supplement IMCO's internal research capabilities.

Public Equities Distribution by Region

As of Dec. 31, 2024



FIXED INCOME

IMCO’s fixed income team invests across a range of markets with the goal of meeting a variety of client needs, including liquidity, diversification, inflation hedging and liability matching. In 2024, the team navigated uncertainty and dramatic change in the interest rate environment while successfully executing on long-term initiatives to better manage client portfolio risk.

Performance

As of Dec. 31, 2024

Net Investments (C\$ billions)	1-Year			5-Year		
	Actual	Benchmark	NVA	Actual	Benchmark	NVA
18.9	0.0%	(0.1%)	0.1%	(1.8%)	(1.9%)	0.1%

BENCHMARKS:
Government Short-Term Fixed Income: FTSE Canada ST Gov. Bond Index
Government Mid-Term Fixed Income: FTSE Canada MT Gov. Bond Index
Government Long-Term Fixed Income: FTSE Canada LT Gov. Bond Index
U.S. Inflation-linked Bonds: ICE Bank of America ML U.S. Inflation-Linked Treasury Index
Canada Real Return Bonds: Custom Benchmark



Sarival Logistics Center in Glendale, Arizona. Image by WPT Capital Advisors.

Key performance drivers

On a five-year basis, fixed income's absolute return was negative 1.8 per cent, driven by the general rise of short-term interest rates and bond yields in the post-Covid recovery period. This was slightly offset by positive value add of 6 bps by the team through security and sector selection, consistent with the program's lower risk limits. In 2024, uncertainty about inflation and interest rates dominated fixed income markets and early year investor expectations that monetary policy would ease initially went unmet as inflation remained stubbornly high.

Amidst growing economic weakness, the Bank of Canada did begin to ease policy in June, making four consecutive cuts to its target overnight rate to 3.25 per cent by December. The U.S. Federal Reserve made two interest rate cuts in November and December of 25 bps each, lowering its federal funds target rate from 5 per cent in September to 4.5 per cent in December. But as the year ended, persistent inflation kept bond yields higher on a year-over-year basis as markets pared back expectations on further rate cuts.

Select highlights

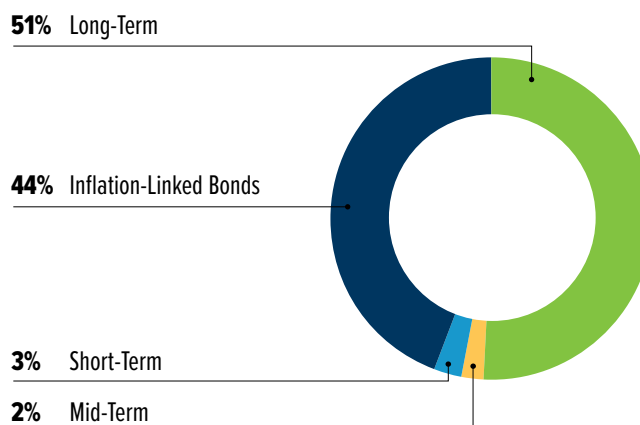
In 2024, IMCO continued to expand the breadth of investment in liquid government securities to better meet client needs. The team added more short- and mid-term bonds for liquidity. For clients with a growth asset mix, a need for greater diversification and collateral for leverage resulted in the introduction of a U.S. long bond strategy where appropriate for portfolios. U.S. treasuries are a highly liquid, quality market that enhance portfolio safety and offer inexpensive repurchase market financing for leveraged portfolios.

Elevated market liquidity helped the fixed income team transition client portfolios holding Canadian real-return bonds ("RRBs") into U.S. Treasury Inflation Protected Securities ("TIPS"), ahead of schedule at a lower-than-expected cost. The team had decided on the move into TIPS in 2023 as a source of portfolio diversification and inflation hedging after the Canadian government stopped issuing RRBs.

The team's deep understanding of Canadian bond market participants' motivations and portfolio holdings allowed it to identify buyers for the portfolio's RRB holdings and negotiate a mutually satisfactory trade. That successful exercise showcased our seasoned, nimble and well-connected team making a series of decisions with the cumulative goal of safeguarding the core liquidity of our bond portfolio.

Fixed Income Breakdown by Portfolio Mandate

As of Dec. 31, 2024



REAL ESTATE

The IMCO real estate portfolio is made up of diversified holdings that provide inflation-sensitive long-term total returns comprised of stable, high-quality income and capital appreciation. The strategy focuses on active management of direct holdings, diversification by property type and geography and the prudent disposition of assets to enhance future portfolio performance.

During the 2020s, real estate was buffeted by changes in technology, human behaviour and economic downturns. In 2024, we reoriented our strategy toward consumer needs-based assets that are expected to be less susceptible to these impacts and exhibit strong fundamentals well into the future. This entails a reduced exposure to office and retail in favour of sectors like multi-residential, industrial and life sciences properties.

In life sciences, we are focused on innovation hubs for research, care, pharmaceutical development and technology providers. IMCO's partnership in the Breakthrough Life Science Property Fund provides exposure to these investments.

Performance

As of Dec. 31, 2024

Net Investments (C\$ billions)	1-Year			5-Year		
	Actual	Benchmark	NVA	Actual	Benchmark	NVA
9.4	(0.8%)	1.8%	(2.6%)	(3.1%)	(0.7%)	(2.4%)
BENCHMARK:						
Real Estate Custom Benchmark						



Torrey View in San Diego, California. Image by Breakthrough Properties.

Key performance drivers

On a five-year basis, real estate's absolute return was negative 3.1 per cent, as the portfolio was overweight in off-strategy underperforming office and retail, and underweight in overperforming industrial and multi-residential. At the outset of 2024, continued high debt financing costs and uncertainty around the direction of interest rates persisted within a challenging market for real estate. Sentiment improved in the second half after moderating inflation prompted rate cuts in key markets, with even the beleaguered office sector seeing improved leasing demand. In 2024, the portfolio returned negative 0.8 per cent.

Select highlights

Early in the year, we closed on a £17-million co-investment with Breakthrough in Trinity House, a lab-enabled development near Oxford University and numerous life science companies in the United Kingdom. The project benefits from a shortage of quality facilities in the "Golden Triangle" life science market centred on the cities of Oxford, Cambridge and London.

Mid-year, we committed US\$75 million to Dermody Properties Fund IV to acquire, reposition and develop Class A industrial properties in the United States.

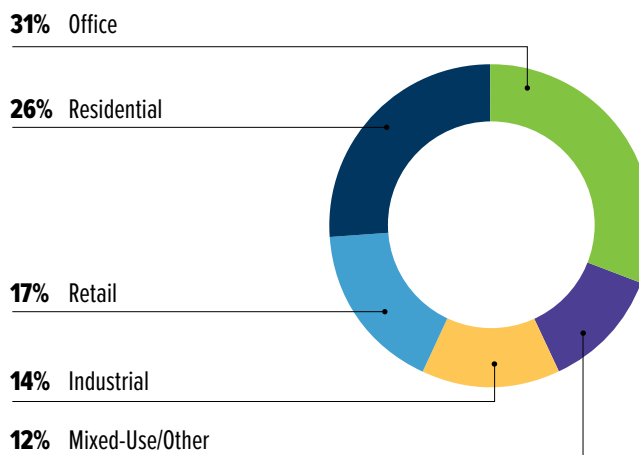
Despite weak demand for retail properties, our disposition team successfully completed the sale of a shopping centre in Ottawa in May.

Our first greenfield net zero greenhouse gas ("GHG") emissions building in Laval, Quebec, achieved Canada Green Building Council's Zero Carbon Building-Design Certification. The 300,000 square-foot industrial project is fully leased.

Over 80 per cent of our Canadian direct real estate is already LEED or BOMA Best Certified, and we plan to further invest in energy efficiency and carbon reduction in both existing and new properties. As we move forward, we believe tenants and investors will demand more sustainable environments and buildings that will meet their long-term objectives.

Real Estate Distribution By Property Type

As of Dec. 31, 2024



GLOBAL INFRASTRUCTURE

2024 marked the first full year of IMCO's revised infrastructure investment strategy focusing on markets benefiting from global decarbonization and digitalization.

We look for attractively priced, long-term contracted revenues within our target markets of digital infrastructure, regulated utilities and clean energy.

Our competitive advantage as infrastructure investors is our ability to deploy flexible sums of capital over a longer term than some other investors, giving us exposure to the development and construction of the infrastructure of tomorrow.

We continue to work with strategic partners to move toward a target of 70 per cent of our portfolio in direct investments by 2027. Direct investments reduce costs and allow us to apply our expertise in ensuring decisions are aligned with our long-term objectives.

Performance

As of Dec. 31, 2024

Net Investments (C\$ billions)	1-Year			5-Year		
	Actual	Benchmark	NVA	Actual	Benchmark	NVA
11.3	8.0%	16.4%	(8.4%)	6.8%	4.7%	2.1%
BENCHMARK:						
Dow Jones Brookfield Global Infrastructure Index						

Key performance drivers

On a five-year basis, infrastructure generated an absolute return of 6.8 per cent and 211 bps of NVA, driven by strength in both our direct and fund portfolios, reduced fees from internalization and the focus on digitalization and electrification investment themes. In 2024, encouraged by falling short-term interest rates, institutional investors returned to the infrastructure market after a sharp drop-off in activity in 2023.

IMCO was able to use 2024's heightened investor demand to sell some highly valued assets. On the capital deployment side, our 2024 focus was on utilities and in the digital space. We also spent a considerable amount of time helping portfolio companies to raise capital from outside the current investor base.

Strong benchmark performance was driven by gains in publicly listed utilities and midstream energy stocks, which benefited from falling interest rates and improving demand. Our utility, energy and clean energy holdings saw strong absolute returns, albeit on a more subdued basis relative to public equities. In 2024, infrastructure generated eight per cent in absolute returns, reflecting the quality of investments and effective diversification in our portfolio.



DataBank's SLC6 (Granite Point) Data Center in Bluffdale, Utah. *Image by DataBank.*

Select highlights

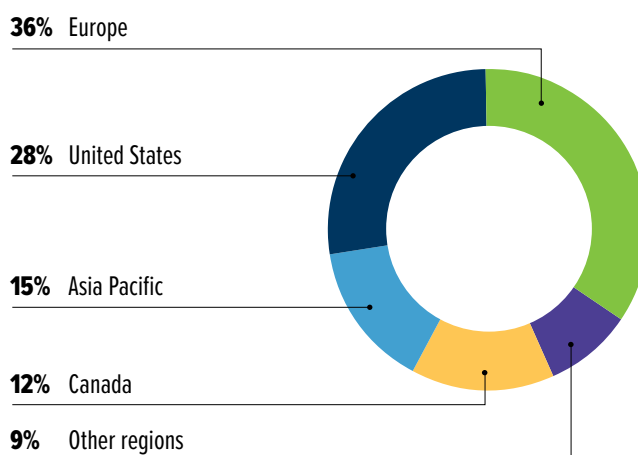
In June, we provided additional funding to NeXtWind, a German wind power platform aligned with our Climate Action Plan and co-owned by IMCO and two partners. The investment will support an onshore wind capacity repowering pipeline. NeXtWind recently announced that it expects to construct 1.4 gigawatts of onshore wind capacity over the coming years, enough to power around one million households annually.

In August, IMCO led a €2.1 billion recapitalization of euNetworks, bringing in more investors and enhancing the value of this Western European fibre network provider.

The team continues to position portfolio companies to reap opportunities supported by strong macroeconomic tailwinds. Our data centre holding in the U.S., Databank, now has the capital to build out a massive pipeline of projects. Our wholly owned portfolio company, Pulse Clean Energy, is a leading battery storage operator in the United Kingdom. Our telecommunications tower holding, Cellnex Nordics, offers a high dividend based on long-term contracts exposed to high digital infrastructure needs in Scandinavia. Our Australian diversified utility holding, AusNet, continues to see significant growth in its asset base as it ensures sufficient transmission and distribution capacity is available to support the transition to renewable energy.

Infrastructure Distribution by Geography

As of Dec. 31, 2024



GLOBAL CREDIT

IMCO's comprehensive approach to global credit provides clients with a single portfolio combining public and private debt. This differentiated, consolidated approach enables IMCO to seek relative value across the credit spectrum, including corporate, infrastructure, real estate and special situations debt.

In 2024, IMCO's global credit team made significant progress in internalizing management of the portfolio. Internally managed assets are well diversified across credit segments, industries and geographies, giving exposure to relative value opportunities.

Performance

As of Dec. 31, 2024

Net Investments (C\$ billions)	1-Year			5-Year		
	Actual	Benchmark	NVA	Actual	Benchmark	NVA
8.6	8.1%	8.3%	(0.2%)	4.2%	2.0%	2.2%
BENCHMARKS:						
40% Morningstar LSTA U.S. Leveraged Loan						
60% ICE Bank of America ML Global High Yield Index						

Key performance drivers

On a five-year basis, global credit generated an absolute return of 4.2 per cent and 219 bps of NVA, in line with the strategy's evolution and consistent with the interest rate environment over this period. Notably, a significant portion of the five-year NVA was generated during periods of significant rate moves, where the portfolio was actively managed to drive value. In 2024, global credit markets continued to do well, supported by the move away from near-zero central bank policy interest rates in place since 2022.

The absolute return of IMCO's global credit portfolio was 8.1 per cent in 2024, driven by solid performance across a range of credit market segments including the internalized loan portfolio, public and private managers, direct middle markets, special situations and infrastructure loans. The internalized loan portfolio generated strong absolute and relative returns.

In 2024, credit market performance was driven by a heavy appetite for risk, leading to historical spread tightening, particularly among lower rated credits. IMCO's ability to work up and down the capital structure and across credit market segments to respond to a dynamic market environment was instrumental to its positive performance in 2024.

Select highlights

In 2024, the key highlight was the continued internalization of our global credit portfolio management. The team invested approximately \$1.7 billion in co-investments and \$470 million in funds in 2024.

PUBLIC MARKET ALTERNATIVES

IMCO's Public Market Alternatives ("PMA") strategy was established in 2018 to manage a low-beta portfolio of opportunistic and diversifying absolute return strategies in niche markets like global macro, credit relative-value and royalties. Its objective was to actively manage such uncorrelated strategies to help enhance risk-adjusted returns.

The PMA strategy was conceived at a time when there was a market for low-return, uncorrelated assets. But by 2023, the

end of the "lower-for-longer" interest rate environment that had prevailed for most of the 21st century undercut the value proposition behind many low-returning PMA instruments.

In 2024, we determined that we could get better value by winding down PMA as a stand-alone strategy and instead, have other investment teams take on PMA strategies as part of a broader investment spectrum in the markets in which they have expertise. PMA was discontinued effective July 1, 2024.

Performance

As of Dec. 31, 2024

Net Investments (C\$ billions)	1-Year			5-Year		
	Actual	Benchmark	NVA	Actual	Benchmark	NVA
1.8*	6.2%	5.9%	0.3%	2.9%	3.5%	(0.6%)
BENCHMARK:						
Public Market Alternatives Custom Benchmark						

* Public Market Alternatives discontinued effective July 1, 2024



Scala Data Centers Tambore Campus in Barueri, São Paulo, Brazil. Image by Scala Data Centers.

PRIVATE EQUITY

IMCO’s private equity program is grounded in a fundamental, bottom-up approach to investments, long-term strategic partnerships and a commitment to responsible investing.

We leverage a roster of long-term strategic partners as well as our own sector specialization to generate high quality, no-fee, no-carry direct and co-investment deal flow. Taking a sustainable investment approach, we have built a resilient portfolio diversified across vintage years, sectors and geographies.

Performance

As of Dec. 31, 2024

Net Investments (C\$ billions)	1-Year			5-Year		
	Actual	Benchmark	NVA	Actual	Benchmark	NVA
9.1	16.4%	17.9%	(1.5%)	17.1%	9.0%	8.1%
BENCHMARK:						
Private Equity Custom Benchmark						



Key performance drivers

On a five-year basis, private equity generated an absolute return of 17.1 per cent and 808 bps of NVA, driven by the strong operating performance of the underlying portfolio companies and increasing internalization.

For most of 2024, private equity market activity remained slow, hampered by high interest rates and inflation, as well as broad macroeconomic and geopolitical uncertainty. Activity picked up toward year end as macroeconomic uncertainty subsided and interest rates in Europe and North America started to decline.

The secondary market remained active throughout the year, supported by record levels of “dry powder,” or capital waiting to be deployed.

In 2024, our absolute returns was 16.4 per cent, driven by the operating performance across a diversified set of underlying portfolio companies.

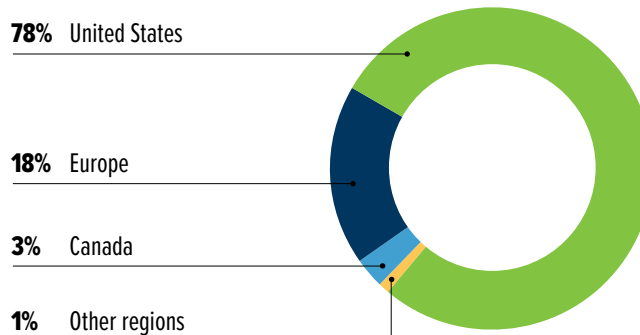
Select highlights

IMCO completed its first ever secondary market sale of private equity fund holdings during the year. This transaction reduced exposure to fee-carrying funds not aligned with our long-term goals, freed capital for more strategic investments and demonstrated IMCO's ability to actively manage its private assets portfolio in a challenging market environment.

During the year, we made eight direct investments worth a combined \$580 million across a range of sectors and geographies. We also allocated a total of US\$300 million to two existing strategic partners specializing in North American middle and upper-middle market deals.

Private Equity Distribution by Region

As of Dec. 31, 2024





SUSTAINABLE INVESTING

At IMCO, we incorporate sustainability in our decision-making across the entire investment life cycle, considering all material ESG factors in our decisions.

We see sustainability as an instrument for change at portfolio companies so that they can thrive in an evolving business landscape. We also believe that IMCO can gain a competitive advantage by developing deeper knowledge on sustainability topics key to our portfolio as the investment landscape becomes more complex.

2024 HIGHLIGHTS

In 2024, we refreshed our Sustainable Investing Strategy to further refine our approach and define our focus areas.

We continued to make progress on our climate action commitments, while focusing on the clean energy transition as an investment theme:

EMISSIONS REDUCTION: We achieved an estimated 44 per cent reduction in our portfolio's financed scope 1 and 2 GHG emissions intensityⁱⁱ, from a 2019 baseline. We are making progress toward our target of 50 per cent reduction in financed emissions intensity by 2030, although the path is expected to be non-linear.

CAPITAL DEPLOYMENT: Since 2023, we approved over \$1.6 billion in clean energy transition assetsⁱⁱⁱ across all asset classes and are on track to achieve our goal of \$5 billion by 2027. Our investments in 2024 include Resource Innovations, a third-party provider of energy efficiency program management and advisory services to utilities across the U.S.

DATA QUALITY: We materially improved the data quality on our portfolio carbon emissions, especially in private asset classes, by incorporating the growing volume of emissions measured and disclosed by investee companies. We also engaged with external managers to obtain asset-level financial and emissions data, which is a significant improvement from a previously predominantly proxy and estimate-driven approach.

For more information on these initiatives and other details regarding our updated strategy, please see our [2023 Sustainability Report](#).



To bring our strategy to life, three strategic pillars linked to the investment life cycle will guide our actions and ambition. The three pillars are interconnected and mutually reinforcing.

SUSTAINABILITY INSIGHTS

We will enable our investment teams to do their best work with decision-useful tools, data and insights. We will monitor and consider trends, emerging issues and leading-edge sustainability practices and translate them into portfolio initiatives.

CARBON FOOTPRINT: IMCO's portfolio carbon footprint, measured by the amount of GHG emissions generated by our investments, is an important data point. We use this insight to track progress against our net zero targets and identify priorities for decarbonization and opportunities within our portfolio.

SUSTAINABLE CAPITAL DEPLOYMENT

We will pursue and capitalize on long-term opportunities that contribute to investment returns while having a positive impact on society and our planet.

INVESTING IN CLIMATE SOLUTIONS: As a steward of client capital and a global investor, IMCO endeavours to play its part in the transition to a lower carbon economy. This transition offers numerous sustainable, long-term investment

opportunities that we expect will deliver strong investment returns for our clients. We have committed to a net zero portfolio by 2050 and have set two interim targets. As part of our [Climate Action Plan](#), we will deploy capital to pursue climate-positive and transition investment opportunities, emphasize low-emission investments and support companies preparing for the lower carbon transition.

SUSTAINABILITY-LINKED VALUE CREATION

We will leverage our expertise and governance rights to drive progress and support our portfolio companies and assets in embedding sustainability to create value. We will amplify our reach and voice through select partnerships, coalitions and policy engagement.

ENGAGEMENT: Our engagement activities aim to encourage robust governance practices, promote transparency and support companies to build their internal sustainability expertise. We focus on real-world outcomes that can increase the value of our investments and benefit society, such as reductions in GHG emissions, enhanced board governance and improved health and safety.

RISK MANAGEMENT

IMCO continuously strives to enhance its risk-aware culture and its capabilities in governance, identification, measurement, assessment, prioritization, management, reporting and monitoring of all risks.

We manage risk on two fronts: enterprise risk and investment risk. In 2024, we introduced new frameworks to ensure a clear and consistent understanding of risk and to be able to better model an unknown future.

ENTERPRISE RISK MANAGEMENT

The enterprise risk management (“ERM”) team works with all IMCO business lines to defend against the wide range of risks to strategy, business goals, key processes, critical systems and people. Our approach is guided by IMCO’s ERM framework, comprised of various processes, tools, systems and governance mechanisms.

New enterprise risk appetite framework

IMCO developed an enterprise-wide Risk Appetite Framework in 2024.

Our immediate effort focused on a set of risks specifically deemed key to IMCO or where existing business practices and governance (policies, frameworks) were strengthened by the additional clarity and parameters of a risk appetite framework.

For each identified risk, the framework sets specific risk tolerance thresholds to guide employee decision-making, and outlines commitments and required actions for the organization to actively manage these risks.

The framework provides the organization with additional clarity and guidance on acceptable levels of non-investment risk taking and complements other risk insights.

Other initiatives

We continued work on the ERM risk metrics program to gain additional quantitative risk insights that complement qualitative insights gathered through quarterly interviews and surveys. In 2024, we developed additional quantitative metrics to be monitored and analyzed.





INVESTMENT RISK

Investment risk management covers market, credit, counterparty, liquidity and climate risk. The investment risk management team provides the investment teams with a vital independent assessment of the risks associated with each portfolio and each potential deal. There's ongoing risk measurement, monitoring and management at the individual deal and the total portfolio level.

We also perform ongoing analysis and guidance on specific internal risk exposures, like high conviction portfolio positions, and external risks, like climate change.

Risk management is critical to sustainable investment. Asset-specific climate risk frameworks are being created for asset classes such as public equities, global credit, fixed income and real estate. These frameworks help our strategy teams manage climate-related physical and transition risks on long-dated assets to the year 2050 and beyond.

High conviction positions

In 2024, we began a deep analysis of high conviction investment positions, which are expected to have the biggest impact on portfolio risk and return. We look at absolute risk (or volatility), active risk (or tracking error) and stress testing. The study, conducted annually, also looks at total portfolio high-conviction exposures and risks like foreign exchange, manager or counterparty risk and asset or issuer concentration.

Other initiatives

At the beginning of the year, we transitioned all investment risk and portfolio modelling to a new comprehensive unified platform. The move is key to the growth and increasing sophistication of our investment activity and the culmination of more than two years of hard work by teams across the organization.

Our approach to investment risk management is to enable – not constrain – our investment teams. Clarity on risk empowers decision-making, but in today's competitive markets, that clarity needs to be timely.



ASSESSING INVESTMENT RISK



MARKET RISK:

The risk of loss due to fluctuations in various market factors such as equity and commodity prices, interest and foreign exchange rates and credit spreads.

IMCO measures market risk using a combination of sensitivities, stress tests and statistical measures. Standard market sensitivities such as duration and convexity are used to assess the riskiness of fixed income portfolios relative to interest rate movements. Sensitivities such as delta and gamma^{iv} are employed for derivative exposures. We also use custom sensitivities, in which risk factors are tweaked individually to determine portfolio and benchmark exposures. Stress tests are used to assess market risk, including tests that revisit significant market events in the past (such as the global financial crisis) and customized tests that assess unique risks (such as the COVID-19 pandemic).

To assess market risk at the portfolio level, we use statistical approaches incorporating volatilities and correlations for underlying positions to determine portfolio-level risks. Some statistical measures we use include total risk, which measures the dispersion of returns around the mean (or expected) return for an investment or portfolio; active risk, which measures the standard deviation of relative returns versus a benchmark; and factor risk, which shows how exposed an investment or portfolio is to market factors such as interest rates and inflation, and style factors such as value, size, momentum and volatility. This allows us to assess concentrations of risk or the risk-adjusted return of an investment style.



CREDIT RISK:

The risk of financial loss arising from the default of a counterparty to a derivative transaction or an issuer of a financial instrument.

For counterparty credit risk, we measure credit exposure at the counterparty level on a notional current exposure and potential future exposure basis. All over-the-counter ("OTC") derivative positions are consolidated under the counterparty transacted with. Exposures are netted to reflect International Swaps and Derivatives Association agreements in place and, where applicable, collateral is incorporated to reflect the risk mitigation in place. Exposures are monitored and reported daily. IMCO has checks and balances to ensure that counterparties are suitable and financially sound, and uses limits to ensure counterparty credit exposures remain within comfort levels.

For issuer credit risk, we capture default likelihoods by public credit rating for various investments and integrate them with our market-based risk measures. As our private credit investments do not have public ratings, we use third party analytics to map these investments into rating groups based on dozens of financial indicators.

LIQUIDITY RISK:

The risk that IMCO cannot meet a demand for cash or fund its obligations as they come due.

Ensuring adequate liquidity prevents a fund from having to sell assets in a crisis. IMCO measures liquidity using the concept of a liquidity coverage ratio ("LCR"), which is intended to ensure there are sufficient liquid reserves to withstand short-term periods of intense volatility as well as longer, but less volatile, periods. The LCR can be expressed as high-quality liquid assets (e.g., cash, sovereign bonds and real-return bonds) compared to total net cash outflow (e.g., client fund outflows, rebalancing requirements, capital calls on the private market, foreign exchange hedging and other liquidity needs). It is calculated under a variety of past stressful market environments, as well as a one-in-20-year event scenario analysis, to ensure that enough liquidity remains to continue running the fund without having to sell securities during the crisis.

CLIENT SUCCESS

IMCO invests exclusively on behalf of Ontario's broader public sector. Our singular focus is to provide tailored end-to-end investment solutions and fiduciary oversight, which enable our clients to fulfill their core missions. This guiding purpose drives our actions and places client success at the heart of our decisions and processes.

Our client relationship management team provides strategic leadership and oversight of IMCO's client success strategy, ensuring a consistent and positive client experience.



DELIVERING VALUE TO OUR NEW CLIENTS

We are the investment manager for public sector funds in Ontario, delivering a wide range of benefits to people and businesses across the province. Canada's large public pension and institutional funds lead the world in terms of sophistication and quality of investment management. IMCO brings these advantages of scale and expertise to our Ontario public sector clients.

At the end of 2023, four public sector entities chose IMCO to manage their funds. During 2024 we brought three of these clients on board. The fourth client, Ontario Clean Water Agency reserve fund ("OCWA") is scheduled to complete integration in 2025.

IMCO's new clients benefit from advantages that come from blending internal and external portfolio management, where IMCO is responsible for all aspects of their investments. IMCO is a cost-effective investor, understanding that every dollar of costs has an impact on clients' core missions.

TRUSTED ADVISOR ON ASSET MIX DECISIONS

In 2024, IMCO advised our clients on their Strategic Asset Allocation (“SAA”). This is an important responsibility as SAA is one of the main contributors to long-term investment returns.

As SAA advisor, IMCO works closely with clients on the overall process to recommend the appropriate asset mix for their unique circumstances. Clients gain access to a diverse range of asset classes and strategies managed by IMCO, which are designed to generate strong returns over the long term and help them realize cost savings through IMCO's benefit of scale.

IMCO's SAA recommendations reflect a deep understanding of current market conditions by our investment teams. They also incorporate multiple insights on risk, liquidity, governance and other matters during senior management reviews to ensure our recommendations are as robust as possible.

After a comprehensive review of client-specific considerations such as risk tolerances, cash flow needs and other investment parameters, we completed SAA reviews for select clients in 2024, leading to decisions on new long-term asset mixes. The next step is to transition to the new asset mix in a prudent way that preserves value and adheres closely to client objectives.

ENRICHING THE CLIENT EXPERIENCE

IMCO's offerings go beyond those of a traditional fund manager. IMCO has created a client-focused culture and we believe in building engaging and trust-driven relationships with a focus on creating long-term partnerships.

At the heart of our offering is a proactive, high-touch service model. By combining robust investment capabilities with regular informational updates, research publications and tailored advice, we aim to help clients stay informed and confident in their decision to partner with IMCO. This approach is grounded in the belief that understanding global macro trends is essential for navigating a complex investment environment.

The centrepiece of this capability is our annual publication, IMCO World View which defines the mid- to long-term global trends and implications that will have the most impact on our clients' portfolios.

Our client events, such as the Spring Roundtable and the Annual Client Forum, offer further opportunities for interactive engagement, where clients can hear directly from our experts about how global events, including geopolitical shifts and sustainability initiatives, influence investment strategies. These platforms serve as valuable resources, providing deep insights into the trends that shape capital markets and informing our clients' long-term investment outlook.



CULTURE EVOLUTION

BUILDING A THRIVING ORGANIZATIONAL CULTURE

At IMCO, we are nurturing a culture that prioritizes our employees with the goal of making them feel valued and empowered. This commitment lies at the heart of our five-year strategy, reflecting our understanding that success depends on creating a sense of belonging, encouraging open communication, promoting professional development and prioritizing employee well-being.



TALENT MANAGEMENT

In 2024, we launched a comprehensive Talent Management Strategy to ensure IMCO remains a leading investment manager and employer of choice in Ontario. The strategy focuses on attracting the right talent, supporting career growth and inspiring our team to excel – enabling us to effectively meet our clients' evolving needs.

ATTRACT

Beyond our broader employee engagement initiatives, we revamped our recruitment and hiring process, enhancing the candidate experience from initial application to onboarding.

GROW

In 2024, we invested in leadership development programs for managing directors and vice presidents to cultivate holistic thinking and strengthen essential C-suite skills such as cross-functional collaboration, strategic communication and leadership on corporate objectives.

INSPIRE

We introduced feedback clinics for all people leaders, which emphasize the vital role of feedback in performance management, employee morale and mental health.

We also implemented various initiatives to create a caring and supportive environment for all employees, whether working in the office or remotely.

EMPLOYEE ENGAGEMENT

In 2024, IMCO deepened its commitment to employee engagement by increasing opportunities for employee input and enhancing workplace collaboration.

We introduced quarterly employee surveys in March, June and September, complementing our annual engagement survey in December. By fostering a culture of ongoing feedback, we aim to build a more agile, responsive and high-performing organization where every employee can thrive.

Additionally, we enhanced our wellness offerings by increasing mental health support coverage from \$2,000 to \$7,000

annually and introduced Summer Fridays between the May and Thanksgiving long weekends. IMCO remains dedicated to providing hybrid work flexibility for our employees.

In early October, we hosted our inaugural “Bee Well Summit,” a half-day wellness event focused on supporting our employees’ mental, physical, financial and social well-being.





DIVERSITY, EQUITY AND INCLUSION

In 2024, IMCO became a signatory of the CFA Institute's Diversity, Equity and Inclusion ("DEI") Code, a framework designed to enhance people management practices within the investment industry. This partnership underscores IMCO's belief that diversity is vital for a thriving workplace and a key driver of innovation and success.

IMCO redesigned its student internship and talent acquisition programs to expand opportunities for individuals from diverse socioeconomic circumstances. We also reviewed and updated our policies on accommodation, health and safety, and workplace violence, discrimination and harassment through a DEI lens.

COMMUNITY ENGAGEMENT

IMCO's dedication to community engagement was evident in 2024 through our Days of Giving events. In the spring, employees partnered with Ontario Streams to plant trees and bushes across the Greater Toronto Area, enhancing water ecosystem health. In the fall, we collaborated with the PACT Urban Peace Program to support their Grow-To-Learn Garden, an initiative fostering hands-on learning and local food security.

Our annual Fall Food Drive collected 5,290 items for the Parkdale Community Food Bank in Toronto, surpassing our goal of 2,000 items in time for Thanksgiving.

Through the generosity of our employees, IMCO's annual United Way campaign in the fall raised \$233,000 to support a range of programs, including housing, food security, job training and mental health.

In October, IMCO collaborated with industry partners to host the Student Investment Fund Conference, providing students active in investment clubs and courses at Canadian universities the opportunity to network with industry experts and gain career insights.



INDUSTRY RECOGNITION

2025 AWARDS



Greater Toronto's Top Employer
MEDIACORP CANADA INC.



Canadian HR Team of the Year
CANADIAN HR AWARDS



Dentsu Canada Award for the Most Innovative Use of HR Technology
CANADIAN HR AWARDS



Innovative HR Team
CANADIAN HR REPORTER



Gold Award, Psychologically Safe Workplace
OHS CANADA MAGAZINE



CIO Awards Canada winner
(recognizing Canadian organizations for using information technology in innovative ways)
CIO AWARDS CANADA



COST EFFICIENT OPERATIONS

OPERATIONAL PROGRESS

In 2024, our operational and project management teams negotiated and then shepherded the transfer of the assets of three new clients to our preferred operating model, which allows for a single point of custody, accounting, record-keeping and other related services. The experience gave us a solid template for providing strategic services to future clients.

We also set up the operational framework to support a new differentiated client service model meant to meet the needs of different client types, while ensuring scalability as IMCO grows.

POOLING

We successfully launched our most complex pooled fund, the IMCO Real Estate Pool. Compared to the segregated accounts they replace, pooled funds simplify asset servicing and enhance our ability to provide IMCO solutions to clients, making possible strategic asset mixes that more closely match their investment objectives.

IMCO POOLS (NET ASSETS)

As of Dec. 31, 2024

	(C\$ BILLIONS)
Canadian Public Equity Pool	\$1.5
Global Public Equity Pool	\$15.5
Emerging Markets Public Equity Pool	\$3.0
Public Market Alternatives Pool	\$1.7
Infrastructure Pool	\$11.3
Global Credit Pool	\$8.4
Private Equity Pool	\$8.9
Real Estate Pool	\$1.3
Total	\$51.6



EMPOWERING OUR INVESTMENT TEAM

In 2024, we continued to advance our multi-year plan to upgrade portfolio monitoring, asset servicing, data integration and workflow digitalization across the entire investment life cycle for all private asset classes. This initiative fulfils several commitments made in the five-year strategy around portfolio and data management and analytics, and easing the administrative burden on our investment teams.

Under the plan, the private equity team this year became the first to launch the new portfolio monitoring system, which offers on-demand access to comprehensive up-to-date data on the portfolio and underlying companies.

We also completed the design of our asset servicing model and the foundation for our integrated data platform, an essential support for portfolio monitoring and workflow digitalization. We have benefited in this foundational and innovative work from the absence of complex, entrenched legacy systems to transition from.

TECHNOLOGY AND DATA

SOC 2 UPDATE

In 2024, IMCO achieved System and Organization Controls ("SOC") 2 Type II certification, demonstrating our commitment to upholding the highest data security and availability standards. The certification is based on an independent assessment of IMCO's information security controls and attests that we have the processes and procedures in place to protect our information and ensure the availability of our technology.

SOC 2 Type II certification was a requirement for the Implementation and Support Agreement with IMCO's founding clients. It tells clients that we are committed to protecting them and their data and reinforces our commitment to providing our employees with fit-for-purpose technology. It demonstrates that our internal controls and processes have been rigorously tested and validated and commits us to maintaining and enhancing our security posture to ensure ongoing compliance.

CYBERSECURITY

The cybersecurity team focused on three key areas in 2024 aligned with IMCO's objectives of strengthening cybersecurity, fostering a culture of security awareness and ensuring the organization is well-prepared to address evolving threats.

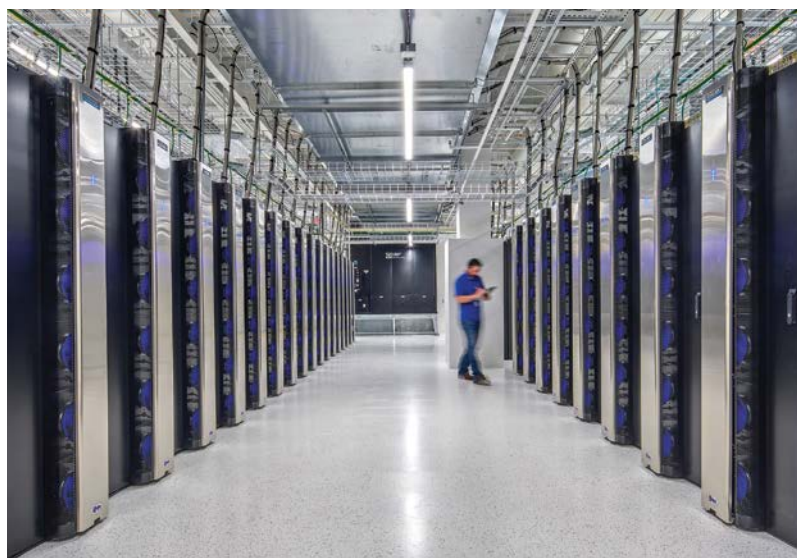
The team worked diligently to identify vulnerabilities, and our security awareness and education initiative continued with road shows, educational articles and in-person sessions with employees. The organization's security posture was also enhanced with the completion of the National Institute of Standards and Technology ("NIST") Cybersecurity Maturity Assessment 2.0 and in a related effort, we continue to strengthen our data loss prevention program.

GENERATIVE ARTIFICIAL INTELLIGENCE

As part of our commitment to flexible and innovative technology, we also moved forward in applying generative artificial intelligence ("GenAI") to help meet IMCO's strategic pillars of Investment Excellence and Cost Efficient Operations.

In 2024, we documented a list of over 70 use cases to develop a prioritized roadmap for GenAI.

We continue to evolve the technology and use cases while maintaining a trustworthy approach to using and implementing emerging technology, especially AI. These efforts will inform our AI policy.



DataBank's ATL1 data centre in Atlanta, Georgia. Image by DataBank.



MANAGING COSTS EFFECTIVELY

OUR FOCUS

IMCO effectively managed costs in 2024. While the organization is nearing a steady-state operating model, we continued to strategically invest in building robust teams and processes to efficiently manage assets internally and externally. Additionally, we have enhanced our capabilities in critical areas such as investment risk, enterprise risk, compliance, client services, cybersecurity and communications – all essential for operating effectively in our industry.

IMCO's costs are driven by our clients' strategic asset mix decisions, our corporate objectives and our investment strategies. Over time, our clients' portfolios have continued to shift to more private assets, such as private equity, infrastructure and real estate, where the external management fees are significant. A fundamental element of our five-year strategy is to continue building our capabilities to increase the proportion of private assets managed internally, which helps

mitigate the cost of external investment partnerships and delivers significant cost savings to clients.

To further manage costs, we have avoided large and expensive trading systems, outsourced fund accounting and administration, made more use of Software as a Service ("SaaS") cloud-based technology and passively invested in low-cost strategies such as fixed income, where there is little advantage to active management. We have focused on investments in strategic initiatives to enhance our investment and operational capabilities. This ensures we remain a best-in-class investment manager, providing value-added services to our clients in a cost-effective manner.

A substantial base of assets under management ("AUM") is an important factor in realizing efficient operations. The importance of growing AUM through superior returns and new clients cannot be understated for an investment management firm like IMCO. We must prospect and earn new clients with a competitive and comprehensive service offering for less than what they paid before. As the AUM of existing clients and new clients grows, they will all benefit from the resulting value created by additional economies of scale and the ability to share operating costs over a larger asset base.

COST GOVERNANCE

We are accountable to our clients for the returns we generate, the value we add through active management and the costs involved in managing the funds clients entrust to us to invest on their behalf. We operate on a cost-recovery model and have robust governance processes over total costs and their allocations to ensure they are equitable, appropriate and transparent to our clients.

Being mindful of costs and managing expenses directly contributes to the returns we generate. This cost consciousness is embedded in our culture and as an organization, we actively look for cost savings throughout each year.

A rigorous annual business planning and budgeting process ensures that all costs are aligned with our enterprise strategy and objectives to drive value for our clients. The resulting business plan and budget are presented to our board for review and approval.

IMCO also incorporates and actively uses benchmarking for both our costs and our staffing levels to confirm the reasonability of both.

BENCHMARKING IMCO COSTS

IMCO annually assesses its cost effectiveness and staffing levels through studies by CEM Benchmarking, a leading data and insights firm that has served the global institutional investor community since 1992. In the most recent study (2023), both IMCO's costs and staffing levels remained in line with those of our peer benchmarks. We regularly engage with CEM Benchmarking to further enhance our use of insights in our long-term financial planning to ensure we deliver on our strategy cost-effectively.

COMPOSITION OF COSTS AND ANALYSIS

Our costs depend on the size and types of assets under management, changes to asset mixes and the strategies used to meet client objectives. These strategies include increasing the management of assets in house and co-investing alongside strategic partners.

The table on the next page describes the types of IMCO expenses and why we incur them.

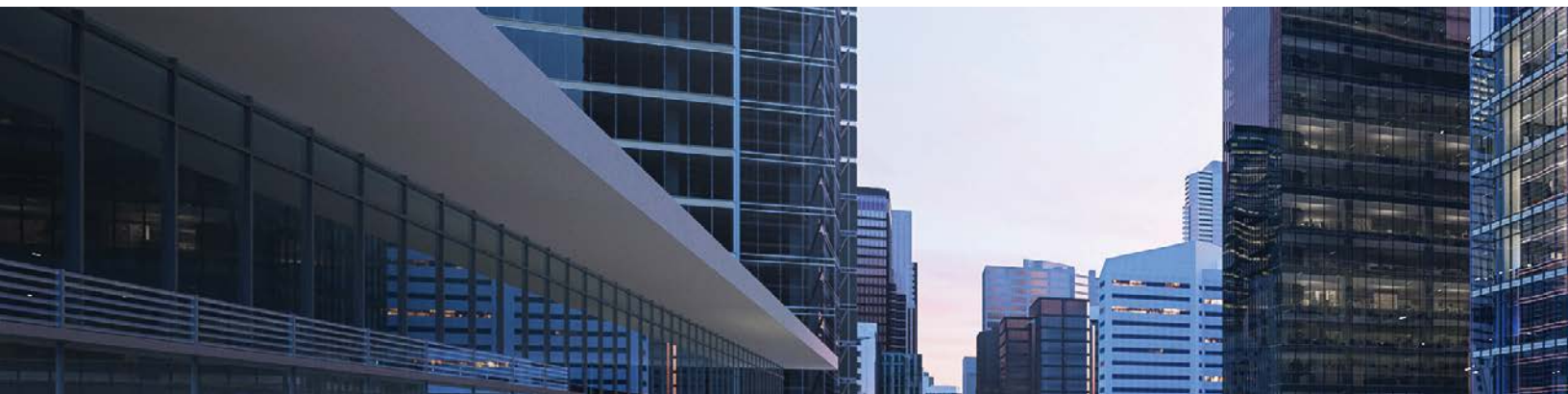


INVESTMENT COSTS

IMCO's total costs in 2024 were \$604.8 million, or 74.2 cents (also commonly referred to as basis points) per \$100 of average annual AUM, a decrease of 6.4 cents per \$100 of average annual AUM compared to \$607.4 million (80.6 cents per \$100 of average annual AUM) in 2023. The decline of our costs in basis points demonstrates our focus on managing our costs efficiently through the year as we continued to grow our average annual AUM (\$81.6 billion in 2024 versus \$75.4 billion in 2023).

TYPES OF COSTS	DESCRIPTION	PURPOSE	2024 COSTS RELATIVE TO AVERAGE ANNUAL AUM	2024 COST ANALYSIS
External Management Costs	Payments to external fund managers, which are based on commitments and invested assets.	External managers are used when they can provide more effective and efficient ways to diversify investments or access specific strategies.	External management costs in 2024 were \$339.5 million, or 41.7 bps, a decrease of 6.0 bps compared to \$359.4 million, or 47.7 bps, in 2023.	Despite a \$6.2 billion growth in average annual AUM, we reduced external management costs in 2024 by transitioning investments from external fund managers to internal teams, achieving fee savings.
Other Investment Management Costs	Costs for investment-related legal, tax, due diligence, advisory, as well as custody-related services.	Pursuing complex, large investment opportunities requires prudent due diligence, structuring, as well as compliance with international regulatory and tax requirements.	Other investment management costs of \$25.6 million, or 3.1 bps, in 2024 were lower compared to \$29.9 million, or 4.0 bps, in 2023.	Other investment management costs can fluctuate year-over-year as they are driven by investment-related activities.
Operating Costs	Costs to maintain business operations such as human resources, technology and other general operating costs, and implement strategic projects.	Provide investment, portfolio and risk management services to create superior investment and client service capabilities and provide oversight over our portfolios.	Operating costs were \$239.7 million, or 29.4 bps, in 2024 as compared to \$218.1 million, or 28.9 bps, in 2023.	Operating costs have increased due to higher personnel related costs and costs associated with the necessary IT infrastructure and data services to support our investment and operational capabilities.

Costs in basis points (bps) are calculated based on average annual assets under management gross of pre-existing financing arrangements.



2024 COSTS

AVERAGE ANNUAL AUM (\$ BILLIONS)	2024 AVERAGE ANNUAL AUM \$81.6 BILLION		2023 AVERAGE ANNUAL AUM \$75.4 BILLION	
	2024 TOTAL COSTS		2023 TOTAL COSTS	
Cost Items	\$ thousands	basis points	\$ thousands	basis points
External Management Costs ^{1, 2}	339,477	41.7	359,363	47.7
Other Investment Management Costs	25,603	3.1	29,942	4.0
Operating Costs				
Compensation and benefits	174,689	21.4	160,671	21.3
Other operating costs	64,995	8.0	57,440	7.6
Total Operating Costs	239,684	29.4	218,111	28.9
Total Costs	604,764	74.2	607,416	80.6

¹ External Management Costs include all fees that are charged by external investment managers for managing both public and private assets, including estimated fees charged by second layer managers in fund-of-funds structures. External Management Costs exclude Performance Fees. Performance Fees are a form of profit-sharing that may be paid based on performance above a predefined hurdle rate and to ensure alignment of interests with IMCO.

² External Management Costs include expenses incurred during the period from external investment managers that invoice their fees separately, as well as external investment managers that deduct fees directly at source. IMCO's financial statement note disclosures only include the cash payments during the period for invoiced amounts that were made by IMCO as an agent on behalf of its clients.



C O R P O R A T E G O V E R N A N C E





CORPORATE GOVERNANCE



A strong governance structure is critical in ensuring that investment decisions are prudent and in the best interests of our clients. Sound governance helps us effectively invest, manage risk and maintain overall confidence among clients and other key stakeholders.

Our investment and operational activities are led by an experienced senior executive team and overseen by a highly qualified, professional Board of Directors.

When IMCO was formed, independence was a fundamental principle to which all parties agreed. This included an arm's-length relationship with the government.



IMCO INVESTMENT GOVERNING POLICIES AND GUIDELINES

The Investment Governing Policies and Guidelines provide for principled, consistent application of investment management practices and transparency in our investment approach.

IMCO's Investment Approval Policy sets out the approval process by the board of directors for material investment decisions and material investment activities of, or to be made by, IMCO.

Investment Policy Statements describe, among other things, the investment objectives, investment strategies, permitted investments and restrictions for each IMCO investment strategy.

Day-to-day management of IMCO's investment activities and affairs is the responsibility of IMCO's management team.

COMMITTEES AND AUTHORITIES

The Management Investment Committee is composed of the Chief Investment Officer, the Chief Risk Officer (co-chairs) and the Chief General Counsel, along with other senior management team members. Every investment decision or activity requiring Board approval must first be recommended for approval by the Management Investment Committee. A formal committee mandate sets out the approval, review and governance process for investment decisions and investment activities.

The Management Investment Committee may delegate certain authorities to Investment Department Committees. This framework, established in 2021, is designed to help streamline decision-making.

IMCO has two Investment Department Committees: one covering private markets and credit and one for active equities.

Each committee is co-chaired by senior members of the investments and investment risk teams. Senior investment team members and representatives from legal, investment risk and sustainable investing teams provide additional perspectives. Investment Department Committees can approve investment decisions and activities up to specific thresholds. Approval authority among the Board, Management Investment Committee and Investment Department Committees is clearly defined.

BOARD OF DIRECTORS

Our professional and independent Board of Directors is committed to high governance standards in the oversight of IMCO's investment and operational activities.

The Board is responsible for the stewardship of IMCO and is required to manage or supervise the activities and affairs of IMCO in accordance with the IMCO Act, as well as the IMCO by-laws. Board members are subject to and oversee policies.

The Board has delegated to management the responsibility for IMCO's day-to-day operations, with appropriate oversight from the Board and/or Board committees.

BOARD COMPOSITION

The Board has expertise in investment management, risk management, finance, corporate governance, accounting, law, human resources and other professional areas. No IMCO officer or employee sits on the Board.

The Board must consist of at least seven and not more than 11 directors. The Ontario Minister of Finance appoints the chair and can appoint up to two other directors. The remaining board members are elected pursuant to section 13 of the IMCO Act, which provides that a nominating committee of the Board will propose candidates who may be elected to the Board by the members, pursuant to a process set out in the IMCO by-laws.

At the end of 2024, the Board consisted of nine directors, with the chair and two other directors appointed by the Minister.

BOARD COMMITTEES

To assist the Board in fulfilling its mandate, it delegates certain matters to four committees, as described below.

The *Board Investment Committee* ("BIC") responsibilities are set out in its mandate and include that it is responsible for supervising the management of IMCO's investment activities and affairs, including IMCO's approach to ESG matters in its investment activities. The BIC is responsible for: (a) reviewing and, if satisfied, approving the investment decisions and activities, (b) reviewing strategic asset allocation advice to clients, (c) monitoring the performance of IMCO's investment strategies at the asset class, client and overall portfolio levels, (d) monitoring the principal risks related to IMCO's investment decisions and activities, and overseeing the implementation of appropriate systems to manage these risks, and (e) reviewing IMCO's material activities on ESG issues under the Sustainable Investing Policy.

As at the end of 2024, Eric Tripp is Chair of the Board Investment Committee. Other members include Rajendra Kothari, Colleen McMorro, Daniel Nowlan, Lisa Raitt, Vincenza Sera, Eric Wetlaufer and Brian Gibson.

The *Finance & Audit Committee* responsibilities are set out in its mandate and include that it is responsible for: (a) overseeing IMCO's financial statements and financial disclosures, internal controls and controls over information technology and management information systems, (b) monitoring the key enterprise risks facing IMCO's business and overseeing the implementation of appropriate actions to manage these risks, (c) overseeing IMCO's compliance with applicable laws and regulations and its compliance with all significant policies and procedures approved by the Board in relation to finance, risk and audit matters, including with respect to IMCO's investment pools, (d) if requested by the Board, reviewing IMCO's annual budget and annual business plan with IMCO management, and (e) reviewing and discussing with management and the internal and external auditors the effectiveness of IMCO's capabilities, key initiatives, policies and procedures with respect to risk management.

As at the end of 2024, Colleen McMorro is Chair of the Finance & Audit Committee. Other members include Rajendra Kothari, Eric Wetlaufer, Daniel Nowlan and Brian Gibson (invited attendee).

The Nominating & Governance Committee

responsibilities are set out in its mandate and include that it is responsible for: (a) the Board nomination process and succession planning, reviewing the Board skills/needs matrix, the Board and director assessment process, reviewing committee membership, overseeing director orientation and continuing board education, (b) overseeing the effectiveness of IMCO's corporate governance framework, (c) monitoring the key risks facing IMCO's business related to corporate governance matters and overseeing the implementation of appropriate actions to manage these risks, and (d) overseeing IMCO's compliance with applicable laws and regulations and its compliance with all significant policies and procedures approved by the Board in relation to governance matters.

As at the end of 2024, Lisa Raitt is Chair of the Nominating & Governance Committee. Other members include Geoffrey Belsher, Eric Tripp, Vincenza Sera and Brian Gibson (invited attendee).

The Human Resources & Compensation Committee responsibilities are set out in its mandate and include that it is responsible for: (a) overseeing IMCO's human resources and compensation, including annually reviewing the talent management strategy, significant organizational structure changes and the corporate goals and objectives of the CEO and other executive officers, (b) overseeing IMCO's approach to culture, inclusion, diversity and well-being, (c) monitoring the principal risks of IMCO's business related to human resources and compensation matters, overseeing the implementation of appropriate systems to manage these risks, and discussing IMCO's key HR risk exposures with management, and (d) overseeing IMCO's compliance with applicable laws and regulations and its compliance with all significant Board-approved policies and procedures related to human resources and compensation matters.

As at the end of 2024, Eric Wetlaufer is Chair of the Human Resources and Compensation Committee. Other members include Rajendra Kothari, Eric Tripp, Geoffrey Belsher, Colleen McMorrow and Brian Gibson (invited attendee).

REQUIREMENTS AND CORE COMPETENCIES

IMCO Board members are expected to meet certain requirements and possess a set of personal attributes that enable them to effectively fulfill their duties. The expectation is that the majority will have investment management experience and expertise as part of their core skills.

Directors are required to:

- comply with the IMCO Act, its regulations and by-laws;
- exercise the care, diligence and skill in the investment of client assets that a person of ordinary prudence would exercise in dealing with the property of another person; and
- use in the investment of client assets all relevant knowledge and skill that they possess or, by reason of their profession, business or calling, ought to possess.

In addition, each individual director and the Board must demonstrate the following attributes and competencies:

- a high standard of personal values and ethics, including integrity, accountability, commitment and courage;
- excellent business and professional judgment, including the ability to think strategically and problem solve;
- demonstrated mature and cooperative leadership;
- a strong understanding of fiduciary duty, and support for defined benefit plans;
- strong communication skills, including the ability to listen and speak his/her mind independently and respectfully;
- willingness and ability to commit the required time to the role and actively participate in meetings;
- maintain a commitment to ongoing training and education for board skills and duties; and
- financial and investment competency/literacy.

As a whole, the Board is also required to demonstrate the core and ancillary skills described in the matrix on the following page, which also details the skills of each director.

BOARD SKILLS MATRIX

Experience and Expertise	Brian Gibson (Chair)	Geoffrey Belsher	Rajendra Kothari	Colleen McMorrow	Daniel Nowlan	Lisa Raitt	Vincenza Sera	Eric Tripp	Eric Wetlaufer
CORE SKILLS									
Investment Management									
Public Markets, including derivatives	■	■	■		■			■	■
Private Markets	■	■	■	■	■		■		■
Asset Allocation	■						■	■	■
Investment Strategy	■							■	■
ESG Management				■		■	■		■
Pension/Insurance Liability Management	■					■			■
Risk Management (including experience in investment and enterprise risk management)	■	■	■	■	■		■	■	■
Finance/Accounting/Audit (including experience in the development of, and/or oversight over, internal controls)	■	■	■	■	■		■	■	■
Public Sector Experience/ Government Relations					■	■			
Senior leadership with a significant pension plan, insurance company, financial services institution or investment organization	■	■			■		■	■	■
Human Resources/Compensation	■	■		■		■		■	■
Information Technology (including Cybersecurity)				■					■
Corporate Governance	■	■	■	■	■	■	■	■	■
Legal/Regulatory		■				■			■
ANCILLARY SKILLS									
Senior Business/Organizational Management Experience	■	■	■	■	■	■	■	■	■
Strategic Planning	■	■	■	■	■	■	■	■	■
Client Relations/Service Delivery		■	■	■	■	■		■	

BOARD DIVERSITY

IMCO believes that embracing diversity and inclusion enhances corporate governance. In 2024, the Board included three women.

IMCO endorses the Responsible Investing Association of Canada's Canadian Investor Statement on Diversity & Inclusion. We believe that institutional investors can contribute to addressing these inequities by taking steps to promote diversity and inclusion across our portfolios and within our organizations. Promoting diversity and inclusion is not only the right thing to do; it is good for business and our society.

IMCO maintains a comprehensive annual roadmap focused on diversity, equity and inclusion ("DEI"). Through our strategic partnership with the CFA Institute Diversity, Equity & Inclusion Code, we gain valuable global insights into best practices, trends and benchmarks, enabling us to continuously enhance our DEI initiatives and drive meaningful change across all levels of the organization.

BOARD EVALUATION

The Board has established an annual process for evaluating its performance through the Nominating & Governance Committee. This process includes evaluating the performance of the chair, board committees and contributions of individual directors. Assessments are conducted through surveys and director interviews done by the chair of the Board and the chair of the Nominating & Governance Committee.

A final report is provided to the Board by the chair of the Nominating & Governance Committee.

2024 ACTIVITIES

The Board meets on a regular basis and not less than once each quarter. There were four Board meetings in 2024.

In addition, there were five Board Investment Committee meetings, four Finance & Audit Committee meetings, six Human Resources & Compensation Committee meetings, and five Nominating & Governance Committee meetings.



IMCO DIRECTORS



BRIAN GIBSON, CFA, ICD.D

Chair

Mr. Gibson has 46 years of investment experience, including as Senior Vice President at the Ontario Teachers’ Pension Plan and Alberta Investment Management Corporation. During his career, he has built or restructured large institutional investment operations and has managed large investment portfolios, including those of insurance companies, a chartered bank, pension and mutual funds and endowments. He has extensive experience in corporate governance and in director education.

Mr. Gibson is a director of Samuel, Sons & Company Ltd. and of the Inuvialuit Investment Corporation. He is an advisory board member of Kruger Inc. and of Atria Development. He is a past director of several Canadian public companies and he is the past chair of the Corporate Disclosure Policy Committee of the CFA Institute. Mr. Gibson is a member of the Institute of Corporate Directors and the National Association of Corporate Directors.

IMCO Board and Committee Appointments		2024 Attendance
<i>Current term to March 31, 2025</i>		
Director, IMCO Board of Directors		4 of 4 meetings
Finance & Audit Committee		4 of 4 meetings
Nominating & Governance Committee		5 of 5 meetings
Human Resources & Compensation Committee		6 of 6 meetings
Member, Board Investment Committee		5 of 5 meetings
2024 REMUNERATION		
Annual Retainer	Meeting Fee	Committee Chair Fee
\$185,000 plus expenses	–	–



GEOFFREY BELSHER

Mr. Belsher has over 40 years of experience as a senior business executive, investment banker and corporate lawyer. He served as the Group Co-Head of Wholesale Banking at CIBC until late 2015. In 2023, he was appointed as Chairman and Country Chief Executive Officer for Barclays in Canada.

Throughout his career, Mr. Belsher has focused on providing strategic advice to public and private clients. Prior to his tenure at CIBC, he had more than 12 years of investment banking experience with major Canadian and global investment banks and was a partner at a national law firm for 13 years. In 2018/2019, he served on the board of AGT Food and Ingredients Inc. and chaired a Special Committee of the Board in connection with a going-private transaction.

IMCO Board and Committee Appointments

2024 Attendance

Current term to March 31, 2025

Director, IMCO Board of Directors	4 of 4 meetings
Member, Nominating & Governance Committee	5 of 5 meetings
Member, Human Resources & Compensation Committee	6 of 6 meetings

2024 REMUNERATION

Annual Retainer	Meeting Fee	Committee Chair Fee
\$50,000 plus expenses	\$1,500	–



RAJENDRA KOTHARI, FCPA, FCA

Mr. Kothari is a Chartered Professional Accountant and was formerly Vice Chair of PricewaterhouseCoopers LLP in Canada. He was also Managing Partner for the Greater Toronto area and National Practice Leader for the Asset & Wealth Management industry in Canada. His experience spans the areas of business assurance and advisory services, transaction support services, valuation and related services to clients in a variety of businesses.

Mr. Kothari serves on the board of a few subsidiaries of Scotiabank, including Jarislowsky Fraser and MD Growth. He also serves on the independent review committee of Brompton Funds. Mr. Kothari was appointed to the board of Schroeder Ambulatory Centre Foundation. As former chair of UHN Foundation, he continues to serve on its board as chair of nomination and governance committee.

IMCO Board and Committee Appointments

2024 Attendance

Current term to June 20, 2027

Director, IMCO Board of Directors	4 of 4 meetings
Member, Finance & Audit Committee	4 of 4 meetings
Member, Human Resources & Compensation Committee	6 of 6 meetings
Member, Board Investment Committee	5 of 5 meetings

2024 REMUNERATION

Annual Retainer	Meeting Fee	Committee Chair Fee
\$50,000 plus expenses	\$1,500	–



COLLEEN McMORROW, FCPA, FCA, ICD.D

Chair, Finance & Audit Committee

Ms. McMorrow is a Chartered Professional Accountant and former Assurance Partner at Ernst & Young (“EY”). She was a senior client serving partner in EY’s assurance practice until her retirement in 2016 and held many leadership roles over her 38-year career at EY. In addition to being an experienced corporate director, her experience includes the areas of assurance, financial reporting, risk management, financing, due diligence and other transaction related services across global businesses in various industry sectors.

Ms. McMorrow serves on the boards of public and private corporations and not-for-profit organizations, including Exco Technologies Limited, West Fraser Timber Co. Ltd. and Plan International Canada. In 2015, she was recognized by WXN as one of Canada’s Most Powerful Women Top 100 as a Trailblazer and Trendsetter.

IMCO Board and Committee Appointments		2024 Attendance
<i>Current term to July 1, 2025</i>		
Director, IMCO Board of Directors		4 of 4 meetings
Chair, Finance & Audit Committee		4 of 4 meetings
Member, Human Resources & Compensation Committee		4 of 6 meetings
Member, Board Investment Committee		5 of 5 meetings
2024 REMUNERATION		
Annual Retainer	Meeting Fee	Committee Chair Fee
\$50,000 plus expenses	\$1,500	\$15,000



DANIEL NOWLAN

Mr. Nowlan has more than 25 years of experience in the financial industry. Since 2017, he has been Vice Chair of Equity Capital Markets at National Bank of Canada. Previously, he spent 17 years at CIBC in various senior roles, including Co-Head of Equity Capital Markets and Vice Chair, Global Investment Banking.

Mr. Nowlan was Chief of Staff to the federal Minister of Finance and led the 2015 Federal Budget process. He has also served as a Special Assistant to the Canadian Minister of Industry, Science and Technology, the Minister of International Trade and the Minister of Human Resources and Labour.

IMCO Board and Committee Appointments		2024 Attendance
<i>Current term to January 23, 2026</i>		
Director, IMCO Board of Directors		4 of 4 meetings
Member, Finance & Audit Committee		4 of 4 meetings
Member, Board Investment Committee*		4 of 4 meetings
2024 REMUNERATION		
Annual Retainer	Meeting Fee	Committee Chair Fee
\$50,000 plus expenses	\$1,500	—

* Mr. Nowlan does not attend Board Investment Committee meetings for investment approvals.



LISA RAITT

Chair, Nominating & Governance Committee

Ms. Raitt is Managing Director and Vice Chair, Global Investment Banking at CIBC Capital Markets. Previously, she was the president and CEO of the Toronto Port Authority.

Ms. Raitt was elected to the House of Commons in 2008, where she served as Minister of Natural Resources, Minister of Labour and Minister of Transport. In 2015, Ms. Raitt was appointed Finance Critic for the Official Opposition and in 2017 she was appointed Deputy Leader of the Official Opposition and Deputy Leader of the Conservative Party of Canada. In 2020, Ms. Raitt was named a Woodrow Wilson Center Global Fellow of the Canada Institute.

IMCO Board and Committee Appointments		2024 Attendance
<i>Current term to January 23, 2026</i>		
Director, IMCO Board of Directors		4 of 4 meetings
Chair, Nominating & Governance Committee*		5 of 5 meetings
Member, Board Investment Committee**		3 of 4 meetings
2024 REMUNERATION		
Annual Retainer	Meeting Fee	Committee Chair Fee
\$50,000 plus expenses	\$1,500	\$7,500

* Ms. Raitt became the Chair of the Nominating & Governance Committee on July 1, 2024.

** Ms. Raitt does not attend Board Investment Committee meetings for investment approvals.



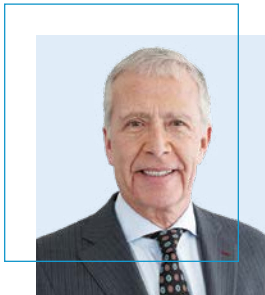
VINCENZA SERA, ICD.D

Ms. Sera is an experienced corporate director. She served on the Ontario Pension Board's board of directors for 12 years, including nine years as chair of the board and chair of its investments committee.

A former investment banker with more than 25 years' expertise in debt and equity markets, corporate finance, mergers and acquisitions and corporate governance, Ms. Sera's career has included senior positions with National Bank Financial, First Marathon Securities and CIBC. She is chair of the boards of EQB Inc. and Dream Industrial REIT and a member of the board of Dream Unlimited Corp.

IMCO Board and Committee Appointments		2024 Attendance
<i>Current term to July 1, 2025</i>		
Director, IMCO Board of Directors		4 of 4 meetings
Member, Nominating & Governance Committee*		5 of 5 meetings
Member, Board Investment Committee		4 of 5 meetings
2024 REMUNERATION		
Annual Retainer	Meeting Fee	Committee Chair Fee
\$50,000 plus expenses	\$1,500	\$7,500

* In 2024, Ms. Sera served as the Chair, Nominating & Governance Committee from January 1 – June 30.



ERIC TRIPP

Chair, Board Investment Committee

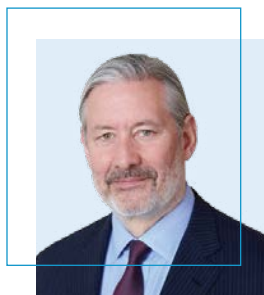
Mr. Tripp is a capital markets and financial services executive with experience building and leading global investment and corporate banking, trading products and treasury operations businesses. From 2008 to 2014, he was the President of BMO Capital Markets. He served as a member of BMO Financial Group's Management Committee with responsibility for the bank's dealings with corporate, institutional and government clients.

Mr. Tripp is an experienced director with a diverse governance profile, highlighted by current and past memberships on both corporate and not-for-profit boards. He serves on the boards of Connor Clark and Lunn Financial Group and is chair of the Michael Garron Hospital Foundation board.

IMCO Board and Committee Appointments		2024 Attendance
<i>Current term to July 1, 2025</i>		
Director, IMCO Board of Directors		4 of 4 meetings
Member, Nominating & Governance Committee		5 of 5 meetings
Member, Human Resources & Compensation Committee		6 of 6 meetings
Chair, Board Investment Committee		5 of 5 meetings
2024 REMUNERATION		
Annual Retainer	Meeting Fee	Committee Chair Fee
\$50,000 plus expenses	\$1,500	\$15,000



1650 Montgolfier in Laval, Quebec. Image by Montoni Group.



ERIC M. WETLAUFER, CFA, ICD.D

Chair, Human Resources & Compensation Committee

Eric Wetlaufer is a seasoned institutional investor, director and advisor. He provides strategic counsel to a diverse range of organizations—from large public corporations to private enterprises and family offices—primarily within the technology and financial sectors.

He currently serves as a Director of the TMX Group and Enterra Solutions, and advises entities across North America, Europe and Asia. As founder and leader of TwinRiver Capital, an impact investment platform, Eric continues to innovate in sustainable investing. Previously, he led the CPP Investment Board's Public Market Investments department and served as Fidelity Investments (Boston) CIO of International.

IMCO Board and Committee Appointments		2024 Attendance
<i>Current term to June 1, 2026</i>		
Director, IMCO Board of Directors		4 of 4 meetings
Member, Finance & Audit Committee		4 of 4 meetings
Chair, Human Resources & Compensation Committee		6 of 6 meetings
Member, Board Investment Committee		5 of 5 meetings
2024 REMUNERATION		
Annual Retainer	Meeting Fee	Committee Chair Fee
\$50,000 plus expenses	\$1,500	\$15,000



COMPENSATION DISCUSSION & ANALYSIS

At IMCO, we are committed to our people and strive to create a culture that attracts, grows and inspires a world class workforce. We believe that employees have an important contribution to make, both individually and as a team. We are committed to providing an environment where all employees are encouraged to reach their highest potential.

IMCO offers total rewards (base salary, incentive award, benefits and a defined benefit pension plan) that are competitive with the market and intended to support the strategic objectives and public mandate of the organization.

The Human Resources & Compensation Committee ("HRCC") of the Board is responsible for annually reviewing IMCO's overall compensation philosophy, including its compensation, pension and other benefit plans and programs, and makes recommendations on these matters to the Board. The HRCC is supported by an external advisor who provides advice on executive compensation, the compensation framework and any recommendations on compensation made by management.



TOTAL REWARDS PHILOSOPHY

IMCO's total rewards philosophy and compensation program is designed to:

- Be competitive to attract, retain and engage qualified talent to effectively execute our mandate.
- Reinforce and reflect our values, ensuring employees act ethically, professionally and with integrity.
- Reward employees for achieving both annual objectives and long-term performance, which promotes sustained long-term success.
- Align with client and stakeholder interests.
- Link back to our public purpose.

IMCO's incentive plan is designed to:

- Be aligned with our public purpose (based on limited tolerance for downside risk, stability of returns, cost sensitivity and long-term time horizon).
- Be competitive, while recognizing the distinct differences of IMCO compared to peers.
- Be simple to understand.
- Enable differentiation by individual contribution and performance.
- Reward not only what is done, but how it is accomplished.
- Allow for the application of informed judgment where needed.

COMPENSATION PROGRAM

IMCO's compensation program consists of two elements: base salary and an incentive award. An individual's base salary is based on job level, proficiency and experience and is intended to compensate for the fulfillment of core job responsibilities. Formal base salary reviews are conducted in line with our performance management process and are informed by a market review of relevant comparable organizations.

Employees receive a Total Incentive Target, which is expressed as a percentage of base salary. Total incentive awards are designed to be consistent with investment management market practice and reward participants for results tied to the experience of our clients. The Total Incentive Target is multiplied by the performance score that takes into consideration both IMCO and individual performance against predetermined objectives. The total incentive award may pay out as either an annual cash award, or an annual cash award plus a deferred cash award, depending on the eligible employee level.

The annual cash award is paid out in cash following the end of the fiscal year. For select employees at mid- and senior levels, a portion of the total incentive award is deferred over a period of three years (deferred cash award). Employees receive one third of the award in the first, second and third years of the grant date. During the deferral period, the value of the award will fluctuate with the value of IMCO's total fund performance. This structure is intended to promote longer-term alignment with the organization.

PERFORMANCE FRAMEWORK

IMCO's performance framework differentiates individual performance related to specific performance objectives, as well as demonstrated behaviours and values. It also recognizes overall IMCO performance, as measured by investment performance and the achievement of corporate objectives.

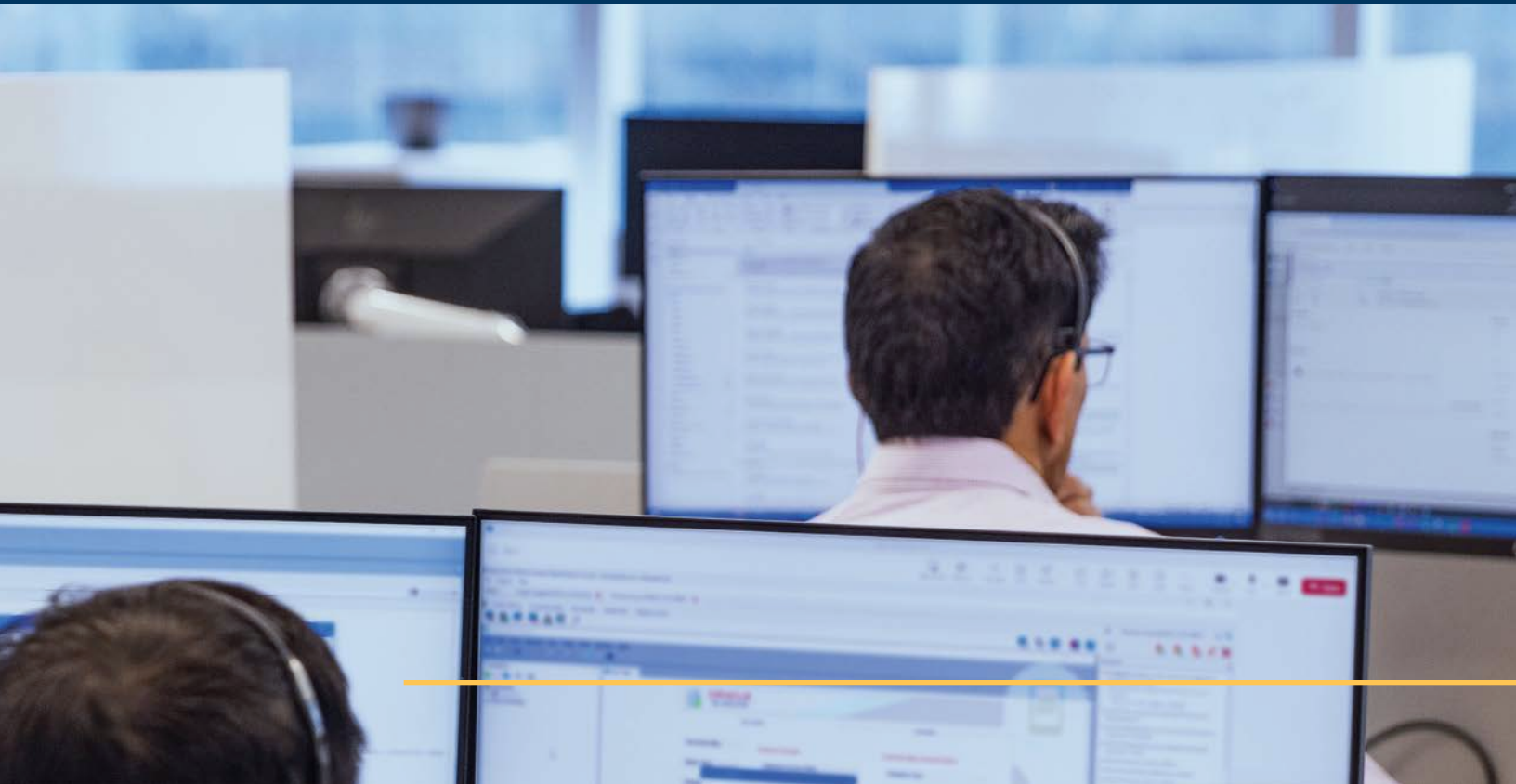
IMCO management determines the individual factor for employees below the executive level and the HRCC and Board determine the individual factor for the senior executive team and other key staff, as well as the overall IMCO factor. The overall performance score is based on the IMCO factor and the individual performance factor for all employees, including the CEO and senior executive team members.

EXECUTIVE COMPENSATION

The HRCC reviewed the 2024 objectives, performance evaluation and total compensation for the President & CEO and recommended them to the Board for approval. The HRCC also reviewed compensation and performance evaluations for the senior executive team, including the named executives listed below.

Name and Position	Year	Base Salary	Annual Cash Incentive	Deferred Cash Incentive	All Other Compensation	Total Compensation
Bert Clark, President & CEO	2024	\$575,000	\$1,687,500	\$1,687,500	\$100,733	\$4,050,733
Rossitsa Stoyanova, Chief Investment Officer	2024	\$525,000	\$1,289,453	\$1,289,453	\$73,555	\$3,177,461
Ben De Prisco, Chief Risk Officer	2024	\$375,000	\$603,525	\$603,525	\$54,917	\$1,636,967
Raneet Aggarwal, Chief Financial Officer	2024	\$375,000	\$479,063	\$479,063	\$61,457	\$1,394,583
Allen Garson, General Counsel & Corporate Secretary	2024	\$375,000	\$462,909	\$462,909	\$60,572	\$1,361,390

FINANCIAL STATEMENTS





FINANCIAL STATEMENTS

December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Investment Management Corporation of Ontario

Opinion

We have audited the financial statements of **Investment Management Corporation of Ontario** [the "Corporation"], which comprise the statement of financial position as at December 31, 2024, and the statement of operations, statement of changes in members' surplus, and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ["IFRSs"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Corporation 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.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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 IFRSs, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

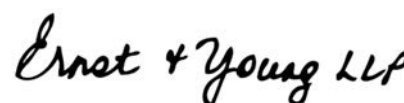
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation'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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Toronto, Canada
March 3, 2025



Chartered Professional Accountants
Licensed Public Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2024	2023
Assets		
Cash	\$ 60,958	\$ 59,237
Accounts receivable (note 6)	52,545	51,028
Prepaid expenses	5,612	4,747
Right-of-use asset, net (note 9)	24,290	28,706
Capital assets, net (note 8)	10,934	12,964
Total assets	\$ 154,339	\$ 156,682
Liabilities and members' surplus		
Accounts payable and accrued liabilities (note 5)	\$ 115,201	\$ 110,924
Lease liabilities (note 9)	28,204	32,794
Deferred recovery of costs (note 8)	10,934	12,964
Total liabilities	154,339	156,682
Commitments (note 10)		
Members' surplus	—	—
Total liabilities and members' surplus	\$ 154,339	\$ 156,682

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

Approved on behalf of the Board:



Brian Gibson
Chair, Board of Directors



Colleen McMorrow
Chair, Finance and Audit Committee

STATEMENT OF OPERATIONS

For the year ended December 31
(in thousands of dollars)

	2024	2023
Revenue		
Recovery of costs	\$ 314,043	\$ 307,063
Interest income	3,181	2,515
Total revenue	317,224	309,578
Expenses		
Compensation and benefits	174,689	160,671
External investment management and product costs	74,359	88,952
Information technology and data costs	33,757	25,856
Professional services	16,765	16,493
General, administrative, and other	11,208	11,162
Depreciation (notes 8 and 9)	6,446	6,444
Total expenses	317,224	309,578
Net operating surplus	\$ —	\$ —

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

STATEMENT OF CHANGES IN MEMBERS' SURPLUS

For the year ended December 31
(in thousands of dollars)

	2024	2023
Balance, beginning of year	\$ —	\$ —
Net operating surplus for the year	—	—
Balance, end of year	\$ —	\$ —

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

STATEMENT OF CASH FLOWS

For the year ended December 31
(in thousands of dollars)

	2024	2023
Operating activities		
Net operating surplus for the year	\$ —	\$ —
Adjustments for non-cash items:		
Depreciation on capital assets <i>(note 8)</i>	2,030	2,029
Depreciation on right-of-use asset <i>(note 9)</i>	4,416	4,415
Net changes in operating assets and liabilities:		
Prepaid expenses	(865)	(1,894)
Accounts receivable	(1,517)	(8,098)
Accounts payable and accrued liabilities	4,277	21,913
Deferred recovery of costs	(2,030)	(2,029)
Cash provided by operating activities	6,311	16,336
Investing activities		
Purchase of capital assets <i>(note 8)</i>	—	—
Cash used in investing activities	—	—
Financing activities		
Rent paid on lease liabilities – principal portion <i>(note 9)</i>	(4,590)	(4,373)
Cash used in financing activities	(4,590)	(4,373)
Net increase (decrease) in cash during the year	1,721	11,963
Cash, beginning of year	59,237	47,274
Cash, end of year	\$ 60,958	\$ 59,237

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2024
(in thousands of dollars)

1. Nature of operations

Investment Management Corporation of Ontario (“IMCO” or the “Corporation”) (in French, Société ontarienne de gestion des placements) was incorporated as a not-for-profit corporation on July 1, 2016 by proclamation of the *Investment Management Corporation of Ontario Act*, 2015. IMCO was established as a non-share corporation to enable Ontario’s Broader Public Sector (“BPS”) organizations to lessen costs and increase returns by pooling their assets. IMCO is headquartered in Toronto, Ontario, Canada.

Participation of BPS organizations to receive IMCO’s services is voluntary as outlined in their respective Investment Management Agreements. IMCO commenced commercial operations in July 2017 and currently provides investment management and advisory services to its clients on a full cost recovery basis, without profit.

The founding members and initial clients of IMCO are the Ontario Pension Board (“OPB”) and the Workplace Safety and Insurance Board (“WSIB”). OPB is the administrator of the Public Service Pension Plan (“PSPP” or the “Plan”), a major defined benefit pension plan sponsored by the Government of Ontario. WSIB is an independent agency that administers compensation and no-fault insurance for Ontario workplaces. The founding and all subsequent IMCO clients (jointly, “Clients”) will be governed by a cost recovery methodology, which ensures the continuous operations of the Corporation.

These financial statements have been prepared based on accounting principles applicable to a going concern, which assume that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. IMCO allocates to and recovers all its operational costs from its Clients based on the agreed cost allocation principles.

2. Basis of presentation

(a) Statement of compliance

These financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as published by the International Accounting Standards Board (“IASB”). The financial statements were authorized for issuance by the Board of Directors on March 3, 2025.

(b) Use of estimates and judgments

The preparation of the financial statements requires management to make estimates and exercise judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates and judgments are made based on information available as of the date of issuance of the financial statements.

Judgments are made in the assessment and application of accounting policies and financial reporting standards. Key areas of estimation include assumptions used in the evaluation of lease arrangements and the determination of employee benefit obligations including incentive compensation accruals. Refer to the relevant accounting policies in note 3 for details on our use of estimates and judgments. Actual results may differ from these amounts. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Material accounting policy information

The following are material accounting policies followed by management of the Corporation in the preparation of these financial statements. The significant accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Consolidation

Subsidiaries are consolidated in the Corporation's financial statements from the date that control is obtained until the date that control ceases.

The Corporation consolidates entities when all three of the following characteristics are present:

- When the Corporation exerts power over the relevant activities of the entity. Power exists if the Corporation has decision-making authority over those activities that significantly influence the entity's returns;
- Where the Corporation has exposure or rights to variability of returns of the entity. Exposure exists if the Corporation's returns vary as a result of the performance of the entity; and
- Where there exists a linkage between power and returns as described above. A linkage exists when the Corporation can use its power over the activities of the entity to generate returns for itself.

Generally, the Corporation utilizes investment vehicles to facilitate the management of Client investment assets. This includes establishing various structured entities, which may comprise pooled investment entities and other subsidiaries, through its role as investment manager. While IMCO has power over the relevant activities of the structured entities it manages; in all cases, the Corporation has no exposure or rights to variability of returns in these structured entities. Accordingly, these investment entities do not meet the criteria for control and are not consolidated.

(b) Financial instruments

The Corporation classifies and measures its financial assets and financial liabilities, in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). Financial assets are measured at initial recognition at fair value and are classified and subsequently measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost based on our business model for managing the financial instruments and the contractual cash flow characteristics of the instrument. Financial liabilities are classified and measured at amortized cost or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to collect the contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Accounts receivable are initially recognized when they are originated with its initial fair value established at its transaction price plus any transactions costs that are directly attributable to the acquisition or issuance of the receivable. All other financial assets and financial liabilities are initially recognized when the Corporation becomes a party to the contractual provisions of the instrument. Cash and accounts receivable are measured at amortized cost. The Corporation has not classified any of its financial assets as FVTPL or FVOCI.

Accounts payables and accrued liabilities are classified and measured at amortized cost. The Corporation has not classified any of its financial liabilities at FVTPL.

(c) Deferred recovery of costs

The Corporation recovers its operating costs from its Clients. If an amount has been collected from the Clients in advance of the actual expense being incurred by the Corporation, the amount is initially reported as deferred recovery of costs in the statement of financial position and subsequently recognized in the statement of operations when the expense is incurred by the Corporation.

Amounts that are collected from the Clients to fund the acquisition of the Corporation's capital assets, are initially reported as deferred recovery of costs in the statement of financial position, and subsequently amortized to the statement of operations as the related capital assets are depreciated.

(d) Prepaid expenses

Prepaid expenses are initially recorded at cost in the statement of financial position and subsequently amortized to the statement of operations over the term of the underlying agreement.

(e) Capital assets

Capital assets are recorded at cost less accumulated depreciation. Cost includes expenditures directly attributable to the acquisition of the capital asset.

Depreciation is provided on a straight-line basis over the estimated useful lives of the capital assets as follows:

Computer equipment	5 years
Furniture and fixtures	10 years
Leasehold improvements	Term of lease

(f) Right-of-use asset and lease liabilities

Under IFRS 16, *Leases*, IMCO capitalizes the right-of-use of all assets held under operating leases and a corresponding lease liability. The lease liability is initially measured at the present value of lease payments that are unpaid at the lease commencement date, discounted at IMCO's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. The right-of-use asset is initially measured as the initial lease liability, initial direct costs incurred, estimated cost of removal, and is reduced for lease payments made on or prior to the lease commencement date and lease inducements received. The right-of-use asset is depreciated over the lease term or the useful life, whichever is shorter.

The lease liability is remeasured when there is a change in future lease payments or if IMCO changes its assessment of whether it will exercise a purchase, extension, or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use asset and recognized in the statement of operations.

IMCO has elected not to recognize lease assets and lease liabilities for short-term leases (leases with a term of 12 months or less) and leases of low-value assets, including computer equipment. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Generally, the lease term corresponds to the duration of the contracts signed, except in cases where IMCO is reasonably certain that it will exercise contractual extension options. The exercise of extension options will result in a change in estimate of lease assets and lease liabilities. The assessment regarding exercise of extension options involves management judgment and estimates based on information at the time the assessments are made. Extension options are included in the lease term when IMCO has an economic incentive to exercise the option. Taken into consideration is the evidence available at the time of the assessment, including potential favourable terms upon extension, potential termination penalties, the relative costs associated with potential relocation or termination of the lease and the extent of leasehold improvements undertaken.

(g) Employee benefits

(i) Defined benefit plan

The employees of the Corporation participate in the Plan, which is a multi-employer contributory defined benefit pension plan in accordance with the *Public Service Pension Act, 1990*. OPB administers the Plan, including payment of pension benefits to employees. The Province of Ontario is the sole sponsor (the “Sponsor”) of the Plan. The Plan is accounted for as a defined contribution plan because insufficient information is provided to the Corporation or otherwise available for the Corporation to apply defined benefit plan accounting to the Plan.

The Plan Sponsor is responsible for ensuring that the Plan is financially viable. Any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the Corporation. The Corporation is not exposed to any liability to the Plan for other entities’ obligations under the terms and conditions of the Plan.

In addition, there is no agreed allocation of a deficit or surplus on wind-up or withdrawal by the Corporation from the Plan. Payments made to the Plan are recognized as an expense when employees have rendered the service entitling them to the contributions. Information on the level of participation of the Corporation in the Plan compared with other participating entities is not available. The Corporation’s contributions are disclosed in the statement of operations under compensation and benefits. The expected contributions for the Plan for fiscal 2025 are not available.

(ii) Incentive cash award plan

The Corporation provides eligible employees with a cash award (Short-Term Incentive or “STI”). Certain employees are also eligible for a deferred cash award (Long-Term Incentive or “LTI”). The STI award is accrued on an annual basis and paid out in the subsequent year. LTI is accounted for as ‘compensation and benefits’ and is accrued on a graded vesting basis for eligible employees in the year of performance and over the following three-year period. Each LTI award vests and is paid out in three equal instalments over the subsequent three-year period.

(h) Functional currency

All figures presented in the financial statements and note disclosures to the financial statements are reflected in Canadian dollars, which is the functional currency of the Corporation.

(i) Foreign currency translation

Foreign currency transactions are translated into Canadian dollars at the exchange rates prevailing at the dates of the transactions. The monetary assets and liabilities denominated in foreign currencies are translated at the rates in effect at year-end.

(j) Income taxes

IMCO is a not-for-profit corporation without share capital and, accordingly, no provision for income taxes has been recorded in these financial statements.

4. Future changes in accounting policies

Below are the new standards, amendments to standards and interpretations that are not yet effective as of December 31, 2024 and have not been applied in preparing these financial statements.

(a) Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7, *Financial Instruments: Disclosures*. Among other amendments, the IASB clarified that a financial liability is derecognised on the 'settlement date' and introduced an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. These amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted.

(b) IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18")

In April 2024, the IASB issued IFRS 18, which replaces IAS 1, *Presentation of Financial Statements*. It introduces several new requirements that are expected to impact the presentation and disclosure of the financial statements. These include:

- (i) the requirement to classify all income and expense into specified categories and provide specified totals and subtotals in the statement of profit or loss;
- (ii) enhanced guidance on the aggregation, location and labeling of items across the financial statements and the notes to the financial statements; and
- (iii) required disclosures about management-defined performance measures.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

The Corporation is currently assessing the effect of the above standard and amendments. No other new standards, amendments and interpretations are expected to have a material effect on the financial statements.

5. Accounts payable and accrued liabilities

	2024	2023
Trade payables and other accruals	\$ 31,123	\$ 40,178
Compensation and benefits accruals	84,078	70,746
	\$ 115,201	\$ 110,924

Compensation and benefits accruals are comprised primarily of accruals in respect of the annual and deferred incentive cash award plans as described in note 3(g)(ii), and other employee-related payments and benefits. In 2024, total expense related to the STI was \$50,784 (2023 – \$46,913) and for the LTI was \$26,388 (2023 – \$18,002), respectively, which are reported under compensation and benefits in the statement of operations.

6. Related party transactions

As at December 31, 2024, of the total accounts receivable balance, the majority relates to cost recoveries due from Clients for operating expenses, external investment management and product costs incurred by IMCO in the amount of \$51,412 (2023 – \$49,838), plus HST. The remainder relates to miscellaneous receivables for various charges paid on behalf of Clients.

As an agent, IMCO administers external management fees, custodian fees, and other investment-related fees pertaining to the assets managed on behalf of its Clients. The contracts relating to these fees are with the Clients and, therefore, are not liabilities of the Corporation. These fees are collected from the Clients and subsequently paid to external vendors upon receipt of billings.

During the year ended December 31, 2024, investment-related fees administered by IMCO on behalf of its Clients were as follows:

	2024	2023
Agency fees collected or receivable from members	\$ 52,438	\$ 84,111
Agency fees paid or payable on behalf of members		
Investment management fees	49,886	80,966
Custodial and other investment-related fees	2,552	3,145
	\$ 52,438	\$ 84,111

As at December 31, 2024, included in cash and accounts payable and accrued liabilities is \$6,880 (2023 – \$5,363) relating to agency fees collected from clients, but not yet billed by external vendors.

OPB administers the PSPP, in which all IMCO employees participate. In relation to this service, IMCO remits to OPB the employee contributions and employer match portion.

The Corporation maintains prior banked vacation liabilities for certain legacy OPB and WSIB employees upon their transfer to IMCO in 2017. The assumed obligation is reported as a liability with an offset to a fixed receivable from OPB and WSIB. The value of the liability may change due to changes in the base compensation of the associated employees. The liability is paid out when the employee leaves IMCO. As the liability is settled with employees over time, a recovery is made from the Clients, thereby reducing the receivable balance. As at December 31, 2024, the legacy banked vacation liability was \$216 (2023 – \$329).

All the above transactions are in the normal course of business and carried out on an arm's length basis.

Remuneration of key management personnel and directors is as follows:

	2024	2023
Key management personnel and directors	\$ 15,640	\$ 13,350
	\$ 15,640	\$ 13,350

Notes 8 and 9 describe additional related party transactions.

7. Letters of credit

The Corporation holds various letter of credit facilities from its lead Canadian chartered bank, which are used for specific purposes including as a guarantee on its contributions to the PSPP and for certain investment entities that IMCO manages on behalf of its Clients. A fee of 0.475% per annum is charged for all letters of credit on the face amount payable monthly and each revolving letter of credit may be renewed or extended on their next expiry or anniversary date. Total aggregate letters of credit facilities available as at December 31, 2024 is \$10,852 (2023 – \$12,345).

As at December 31, 2024 and December 31, 2023, there were no amounts drawn on any letters of credit.

8. Capital assets

Capital assets consist of the following:

	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Cost				
Balance, December 31, 2023	\$ 930	3,013	\$ 13,933	\$ 17,876
Additions	—	—	—	—
Balance, December 31, 2024	\$ 930	\$ 3,013	\$ 13,933	\$ 17,876
Accumulated depreciation				
Balance, December 31, 2023	\$ 443	\$ 703	\$ 3,766	\$ 4,912
Depreciation expense	185	301	1,544	2,030
Balance, December 31, 2024	\$ 628	\$ 1,004	\$ 5,310	\$ 6,942
Net book value				
As at December 31, 2023	\$ 487	\$ 2,310	\$ 10,167	\$ 12,964
As at December 31, 2024	\$ 302	\$ 2,009	\$ 8,623	\$ 10,934

The computer equipment, furniture and fixtures, and leasehold improvements all relate to the 16 York St., Toronto ("16 York") office premises. Notes 9 and 10 include additional details on the 16 York lease.

As at December 31, 2024, all capital expenditures funded by OPB and WSIB in respect of capital assets at 16 York are reported as deferred recovery of costs in the amount of \$10,934 (2023 – \$12,964) in the statement of financial position.

9. Right-of-use asset and lease liabilities

In 2019, IMCO entered into an arrangement to lease office space in the 16 York building. The lease commenced in August 2020 with a lease term of 10 years and contains an extension option. Management is uncertain at this time whether the extension option will be exercised.

The movement in the 16 York right-of-use asset and lease liabilities during the year is set out below:

	2024		2023	
	Right-of-use asset	Lease liabilities	Right-of-use asset	Lease liabilities
Balance, beginning of year	\$ 28,706	\$ 32,794	\$ 33,121	\$ 37,167
Depreciation expense	(4,416)	—	(4,415)	—
Interest expense	—	557	—	638
Lease payments	—	(5,147)	—	(5,011)
Balance, end of year	\$ 24,290	\$ 28,204	\$ 28,706	\$ 32,794

10. Lease commitments

The 16 York lease is considered a related party transaction, as OPB has ownership interest in this property. The lease agreement, however, was negotiated on an arm's length basis.

As at December 31, 2024, the minimum annual cash payments related to non-cancellable lease commitments for the 16 York office premises are as follows:

	2024	2023
Within one year	\$ 5,928	\$ 5,823
After one year but not more than five years	24,138	24,032
More than five years	3,520	9,555
	\$ 33,586	\$ 39,410

11. Financial instruments and risk management

The various risks that the Corporation is exposed to and the Corporation's policies and processes to measure and manage them are set out below:

(a) Credit risk

Credit risk on financial instruments is the risk of financial loss occurring as a result of default of a counterparty on their obligation to the Corporation and arises principally from the Corporation's accounts receivable and cash on deposit with banks.

The accounts receivable are all due to be recovered from the Clients. The Corporation is not exposed to significant credit risk as the Corporation acts as fund manager for Clients and recovers the outstanding amounts in accordance with agreements with them.

The cash on deposit with banks is held with Canadian Schedule I banks that have high credit ratings. The Corporation considers the cash on deposit to have a low credit risk as the cash is highly liquid and available on demand, and the banking counterparties have high credit ratings.

No impairment allowance has been recognized on the Corporation's financial assets, and the Corporation does not hold any collateral as security. The maximum exposure of the Corporation to credit risk is the carrying amount of these financial assets.

(b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Corporation. The Corporation does not have significant exposure to interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation cannot meet a demand for cash or fund its obligations as they come due. The Corporation is entirely dependent upon support from its Clients to meet its obligations as they become due. The Corporation's management is responsible for ensuring adequate funds exist to support its various business functions. The Corporation manages its liquidity risk by forecasting cash flows and anticipated operating activities. Senior management is also actively involved in the review and approval of planned expenditures.

ENDNOTES

- i Consistent with IMCO's fiduciary duty, IMCO uses screening to reduce the risks associated with investing in a company, sector or category of investment that would be inconsistent with our beliefs about sustainability and their relative risks and rewards; or exposure to products, production methods, or other business activities which cause significant harm to humans and/or the environment with few discernible benefits or plans to improve or remediate them.
- ii Financed emissions refer to the GHG emissions generated from the assets in our portfolio, proportionate to our debt and equity holdings. We calculated our financed emissions in accordance with the PCAF Financed Emissions second edition guidance and the GHG Protocol. Our portfolio's emission intensity is reported as tonnes CO2 equivalent (tCO2e) per \$1 million invested.
- iii Clean energy transition investments are a subset of climate solutions, namely solutions in categories such as: i) renewable energy/alternative fuels, ii) energy efficiency/clean technology, iii) clean transportation, iv) circular economy/recycling, and pollution prevention and emissions control. Eligible assets are consistent with those defined in the International Capital Market Association's Green Bond Principles and Climate Bond Initiative taxonomy.
- iv Delta is the change in the value of a derivative relative to the change in the value of the underlying asset. Gamma is the change in a derivative's delta in response to the change in the value of the underlying asset.

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