CREDIT OPINION
20 July 2026

Update

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RATINGS

Ontario Teachers' Pension Plan Board

Domicile	Canada
Long Term CRR	Not Assigned
Long Term Issuer Rating	Aa1
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Ontario Teachers' Pension Plan Board

Update to credit analysis

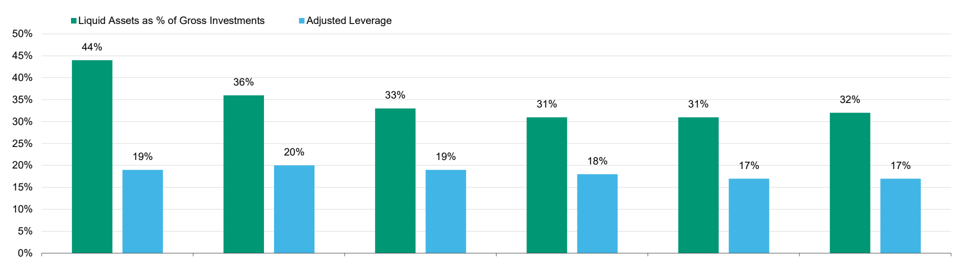
Summary

Ontario Teachers' Pension Plan Board's (OTPP) aa3 Baseline Credit Assessment (BCA) reflects its strong liquidity, the predictability of its future cash flows, and a pension obligation that is over-funded after applying Moody's discount rate adjustments. On a Moody's adjusted basis, OTPP's funding ratio was 154% as of 31 December 2025. OTPP's credit profile also reflects a high proportion of high-risk assets (as defined in Moody's methodology) as well as a high level of less-liquid and private market assets that help the fund meet its expected target return, but reduce liquidity for creditors. Additionally, OTPP also has a moderate level of leverage and elevated notional derivatives exposure, relative to Moody's-rated Canadian pension fund peers.

OTPP's co-sponsors are the Province of Ontario (Ontario, Aa3 stable) and the Ontario Teacher's Federation, which represents the four teacher associations in the province. As the province provides a salary to public teachers, for analytical purposes we view both sponsors as having the same creditworthiness as Ontario. OTPP's Aa1 long-term issuer rating is based on its aa3 BCA, and our high assumption of extraordinary support from its sponsor, Ontario. OTPP's Aa1 issuer rating benefits from an additional two notches of uplift from asset coverage because of a statutory framework that ranks OTPP's creditor obligations senior to the pension manager's pension obligations.

Ontario Teachers' Finance Trust (OTFT), a wholly-owned subsidiary of OTPP, has a backed senior unsecured rating of Aa1 and a backed commercial paper rating of Prime-1, reflecting the instrument-level guarantees provided by OTPP. OTFT adds a moderate degree of leverage by issuing commercial paper and term debt with the goal of diversifying funding sources and enhancing overall returns of the fund.

Exhibit 1
OTPP's adjusted leverage is moderate
The pension fund maintains strong liquidity



Fiscal year ending 31 December 2025. Liquid assets represent cash, and level 1 assets.
Source: Company financials and Moody's Ratings

Credit strengths

» Creditors have an effective priority over pension obligations and benefit from strong asset coverage by high quality liquid assets

» An over-funded pension obligation, on a Moody's adjusted basis, which afford the pension manager greater financial flexibility compared to underfunded plans

» Flexible pension benefit obligation levers that share the risk of funding shortfalls with both contributors and retirees

» High expectation of extraordinary support from the Province of Ontario

» OTFT's issued instruments are unconditionally and irrevocably guaranteed by OTPP

Credit challenges

» Increasing cash outflows due to the impact of member longevity, new retirements and inflationary growth of pensions in pay, adding liquidity pressures from growing benefit payments

» High exposure to illiquid and private market assets which help the fund meet its expected target investment return, but reduce liquidity for creditors

» Investments in less liquid level 3 assets, such as real estate, infrastructure, and private equity, increases operational, valuation and reputational risks.

» High exposure to derivatives, which exposes the plan to greater liquidity, operational, and counterparty risks

Rating outlook

The stable outlook reflects the outlook of OTPP's sponsor and support provider, the Province of Ontario (Aa3 Stable) as well as the strength of OTPP's funding profile.

Factors that could lead to an upgrade

» The key driver of an upgrade of OTPP's long-term issuer rating would be an upgrade of the Province of Ontario, as its support provider

» Adjusted leverage below 10% for a sustained period of time

» OTFT's ratings could be upgraded following an upgrade of OTPP's ratings

Factors that could lead to a downgrade

» A downgrade of the Province of Ontario

» Adjusted leverage above 25% for a sustained period of time

Key indicators

Exhibit 2
Key Indicators

Ontario Teachers' Pension Plan Board	2025	2024	2023	2022	2021
Gross Assets (CAD millions)	353,810	329,427	310,203	316,320	321,549
Net Assets (CAD millions)	279,403	266,339	247,513	247,235	241,582
Gross Investments (CAD millions)	345,785	322,622	305,335	311,270	317,714
Alternative Investments % Gross Investments	13%	10%	11%	10%	7%
Fixed Income % Gross Investments	36%	32%	30%	32%	33%
Public Equities % Gross Investments	2%	4%	7%	6%	8%
Private Equity % Gross Investments	20%	22%	22%	22%	19%
Real Estate % Gross Investments	8%	9%	9%	9%	10%
Infrastructure % Gross Investments	10%	13%	13%	13%	8%
Inflation Sensitive Assets % Gross Investments	4%	5%	4%	4%	3%
Receivables % Gross Investments	7%	4%	4%	5%	11%
Repurchase Agreements (CAD millions)	29,119	18,313	23,795	26,316	25,529
Derivative Notionals (CAD millions)	1,106,400	748,362	735,090	566,319	729,770
Accrued Pension Benefits (CAD millions)	214,538	213,166	211,393	206,197	257,482
Funding Ratio	130%	125%	117%	120%	94%
Adjusted Leverage	17%	17%	18%	19%	20%

Source: Company Financials, Moody's Ratings

Profile

OTPP was established by the Government of Ontario to manage the investments and administer the pension benefits of school teachers in the province. Its co-sponsors are Ontario and Ontario Teacher's Federation; the latter representing the four teacher associations in the province. As the province provides a salary to public teachers, for analytical purposes we view both sponsors as having the same creditworthiness as Ontario (Aa3 Stable).

Detailed credit considerations

Funded Status - Excellent funding position with a conservative discount rate

Moody's considers the actuarial obligation of OTPP to be over-funded. As a pension fund, it has responsibility for the administration of benefits and in setting actuarial assumptions of the underlying obligation.

At 31 December 2025, OTPP reported a funding surplus of 130% using a discount rate of 4.65%. Under our calculation, we use the FTSE Pension Discount Curve and Liability Index as the standard discount rate to determine OTPP's pension benefit obligation to arrive at our adjusted funding ratio. As of 31 December 2025, the discount rate under this Index was 5.61% compared to 5.54% as of 31 December 2024. Therefore, on a Moody's adjusted basis, OTPP's funding ratio was 154% as of 31 December 2025, which implies OTPP's pension obligation is well over-funded.

OTPP has two funding levers that further support its strong funding profile; conditional inflation protection and contribution increases. Both of these levers are key aspects of OTPP's Funding Management Policy. Conditional inflation protection benefits for credited service earned after 2009 are conditional on the plan's funded status. When the plan is in an underfunded position, on a going concern basis, the co-sponsors can reduce the level of inflation adjustments retirees receive. The pension obligation's long duration is driven by the long life expectancy of its predominantly female teacher membership. The fact that teachers live longer than average working Canadians, and low eligible retirement age of members, means that changes in expected benefit increases can produce large changes in the value of the benefit obligation. Over time, this lever will become more valuable as service credited after 2009 becomes a larger part of the obligation. Since 1 January 2018, contribution levels have been at the desired target level of 11% of pay per plan sponsor and 100% inflation protection levels have been provided on all benefits.

Our assigned score for funding is aaa, which reflects OTPP's strong, over-funded status.

Liquidity - Predictable cash flow profile, and solid coverage partially offset by incremental liquidity risks

As of 31 December 2025, OTPP had solid coverage of liquid assets to cash obligations. The ratio of discounted liquid asset inflows to recognized obligation outflows was 232% as of 31 December 2025, down from 266% at the end of 2024 but still at a very strong level. Additionally, plan members are legally obligated to become contributors to the plan; creating a very stable source of regular cash inflows.

OTPP's active-to-retired plan members ratio has declined from 2.0 in the year 2000 to 1.2 in 2025. As the proportion of retired members rises, OTPP's cash inflows from contributions will decrease and benefit payments to retired members will increase, creating more liquidity pressure on the plan. In order to meet its net pension obligations, OTPP maintains sufficient income-based instruments in its investment portfolio that pay interest and dividends.

As pension benefit obligations have a long-duration profile, we assess current cash flow patterns to evaluate coverage of creditor obligations. In 2025, OTPP's net cash outflow (benefit payments, and member services expenses in excess of contributions) was approximately CAD4.5 billion. This outflow was more than offset by stable cash inflows of CAD5.2 billion from interest and dividends as well as real estate operating income. In addition, further cash flow support was provided by CAD24 billion in realized gains.

As at 31 December 2025, the proportion of gross assets funded by repos and short-sold securities was 6.0%, however, we note this ratio has historically been much higher as the proportion has fallen from 11.5% at the end of 2019.

Our assigned score for liquidity is aa1, which is one notch lower than the initial score of aaa. This reflects OTPP's stable, predictable cash flow profile and its strong coverage of cash obligations, balanced by its usage of repos, and derivatives which add incremental liquidity risk.

Asset Risk - High levels of less-liquid assets, although broadly diversified by geography and sector

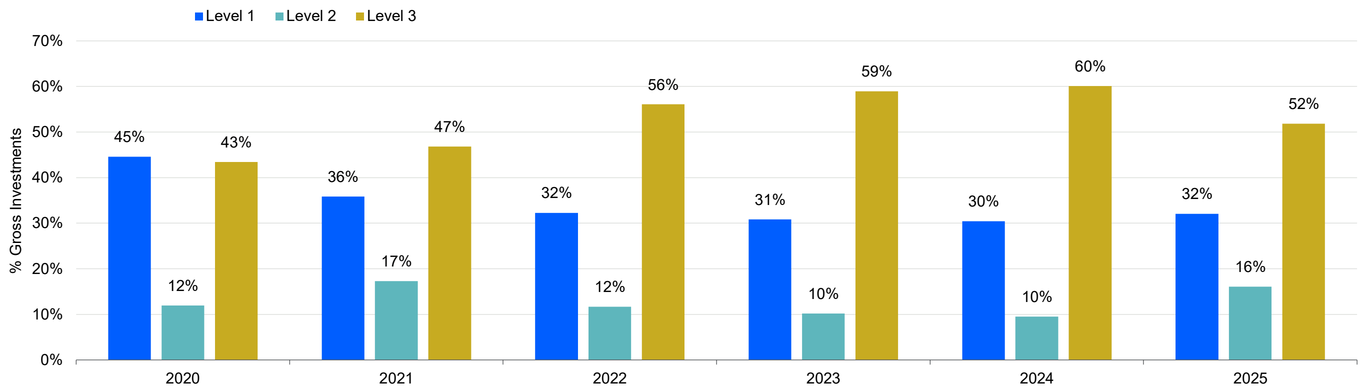
OTPP's ratio of high risk assets to gross assets was 62% as of 31 December 2025 which was in largely in line with its pension plan peers. These assets are largely invested outside Canada and are broadly diversified across several asset classes and sectors. Moody's definition of high risk assets broadly comprises all investments other than investment-grade bonds and mortgage loans, including below-investment-grade and unrated bonds/loans, common and preferred stock equities, alternative investments such as private equity and hedge fund holdings, real estate assets, and other investments that are not classified on a pension manager's balance sheet.

At 31 December 2025, OTPP's gross investment assets were primarily comprised fixed income securities (36%), private equity (20%), alternatives (13%), infrastructure (10%), real estate (8%), and public equities (2%). That said, in 2025, OTPP's effective investment exposure to fixed income and private equity declined and its exposure to public equities and commodities increased given shifts in the risk-adjusted return profiles of these asset classes. As a result of portfolio rebalancing during the year, OTPP's Level 3 assets decreased to 52% of gross investments from 60% in 2024. While less liquid asset classes align with the pension manager's mandate to invest over a longer time horizon and have historically offered attractive returns from an illiquidity premium perspective, they also add incremental liquidity and operational risks to the fund.

Exhibit 3

OTPP's asset allocation is skewed towards less-liquid assets

Real estate, infrastructure and private equity align with OTPP's long time horizon



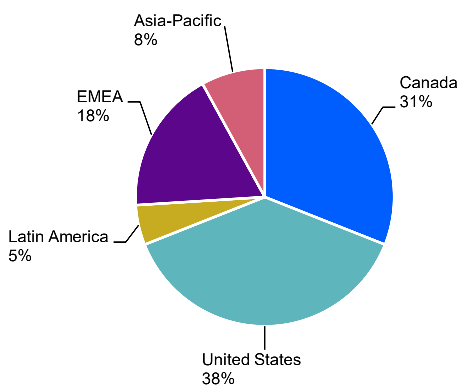
Data as of 31 December 2025

Source: Company Financials, Moody's Ratings

As of 31 December 2025, 69% of OTPP's investment portfolio was invested outside Canada (Exhibit 4), and was broadly diversified across several asset classes, and industry groups. The geographic diversification suggests that OTPP's cash flow generation in regions outside of Canada should be somewhat insulated from softer macroeconomic conditions in Canada that may affect its pension obligations and related contribution cash flows.

Exhibit 4

OTPP's investments are globally diversified



As of 31 December 2025

Source: Company financials and Moody's Ratings

OTPP's long investment horizon is a considerable advantage since it affords time to make portfolio shifts, particularly with less-liquid investments. For the year ended 31 December 2025, OTPP reported a 6.7% overall return on its investments primarily due to strong returns from public equities and commodities.

Our assigned score for Asset Quality is baa1, which reflects OTPP's concentration in high-risk assets, which is somewhat mitigated by the strong geographic, sector, and asset class diversification in its investment portfolio.

Financial Policy - Conservative financial policies and investment profile is natural hedge to creditor obligations

OTPP's financial policies are broadly conservative. It has good liquidity and risk management practices that mitigate the refinancing and counterparty risks associated with its modest portfolio leverage. OTPP hedges currency risks within certain portfolios and has natural currency hedges between its investments and funding. Over two-thirds of OTPP's investment portfolio is in USD or CAD which aligns with its creditor obligations, much of which is denominated in USD.

That said, OTPP leverages derivatives to gain additional exposure in its investment portfolio, as well as for carrying out absolute return strategies, and for leverage and hedging purposes. The ratio of notional derivatives to total assets was 3.1 times as of 31 December 2025 which is very high relative to Moody's-rated Canadian pension fund peers. While OTPP's derivatives usage is quite elevated, we view the pension manager as having good liquidity and counterparty credit risk management policies. OTPP manages its exposure to credit and counterparty risk through internal credit risk assessment processes, by primarily dealing with investment-grade counterparties and has policies to limit the maximum exposure to any individual counterparty.

Moreover, as of 31 December 2025, the pension manager is over-funded with a Moody's adjusted funding ratio of 154%. Overall, we view the pension fund as having conservative financial policies and have assigned it an aa financial policy score.

Financial Profile

OTPP's scorecard-indicated Financial Profile Outcome is aa2 which incorporates a downward adjustment for Liquidity. As OTPP's sponsor, Ontario's Aa3 long-term issuer rating is a constraint on OTPP's BCA as OTPP's BCA cannot be higher than Ontario's Aa3 rating. As a result, the BCA assigned to OTPP is aa3.

Support and structural considerations

High expectation of extraordinary support with a mandate as the exclusive pension manager of public school teachers in Ontario

Extraordinary support represents the probability that the sponsor of a government-related issuer (GRI) would provide financial support, or other contractual protections, to a GRI to avoid a default on its debt obligations. The expectation of a continuation of ordinary support does not constitute extraordinary support and is instead considered in our assessment of the GRI's BCA.

As noted, OTPP has exclusive legal authority as the investment manager and provider of pension benefits for over 346,000 working members and pensioners in Ontario as of 31 December 2025. The pension manager is a key element of the provincial government's employment system and an important contributor to the economy of Ontario. In our view, a default of OTPP would be politically unacceptable, and would have negative implications on the Province of Ontario's ability to access debt markets. As such, we believe the Province of Ontario would provide extraordinary support, financial or otherwise, to OTPP if necessary.

Creditors have an effective priority over pension obligations and therefore benefit from good coverage of high-quality liquid assets

OTPP's governing legislation does not explicitly define the priority of its unsecured creditors relative to its pension obligation. However, Moody's believes these obligations rank ahead of payments because Schedule 1 to the Teachers' Pension Act places properly incurred liabilities to creditors ahead of accrued benefit entitlements of members, if the plan were to be wound down. As a result, OTPP's creditor and guarantee obligations rank senior to the amounts that become due to the pension plan beneficiaries and pari passu with other senior unsecured obligations.

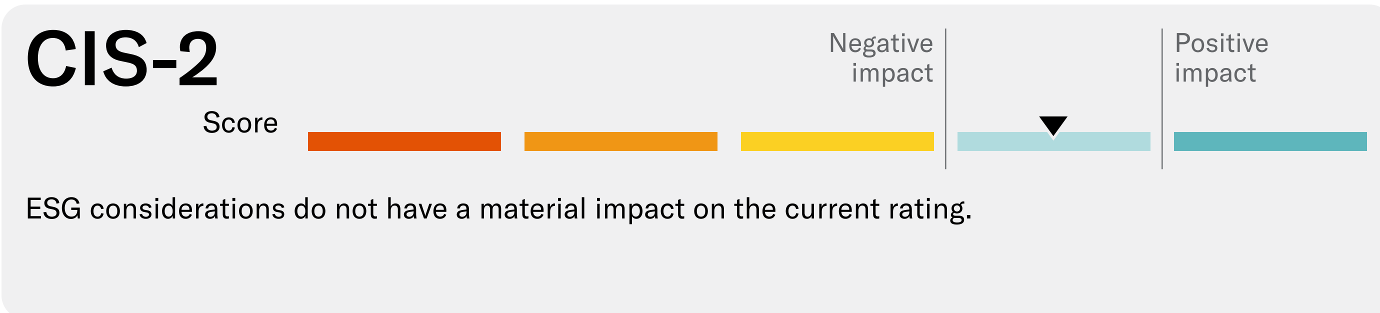
As of 31 December 2025, OTPP had CAD354 billion in gross assets and CAD279 billion in net assets; which constitutes a loss absorbing cushion for the benefit of creditors. While OTPP's use of leverage is incrementally higher than most pension manager peers, OTPP has an established track record of its use and has policies in place to mitigate liquidity and counterparty credit risks.

As at 31 December 2025, OTPP's leverage was 17% after adjusting for nettable repurchase agreements and derivatives that are not offset for accounting purposes. As noted previously, this results in two additional rating notches for the issuer and senior unsecured rating from the BCA.

ESG considerations

Ontario Teachers' Pension Plan Board's ESG credit impact score is CIS-2

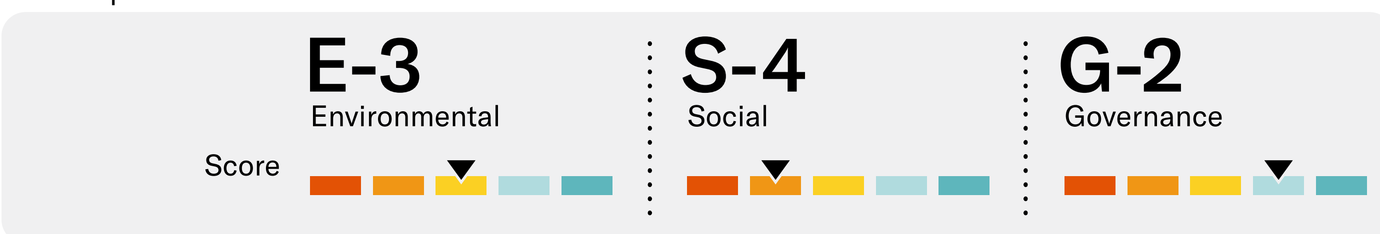
Exhibit 5
ESG credit impact score



Source: Moody's Ratings

OTPP's ESG **CIS-2** score reflects the limited impact of environmental, social and governance considerations on the current rating.

Exhibit 6
ESG issuer profile scores



Source: Moody's Ratings

Environmental

OTPP faces moderate exposure to environmental risk related to carbon-intensive investments in its portfolio, such as oil & gas, transportation and other utilities. As well, the fund's real estate and infrastructure portfolios are exposed to physical climate risk where assets could be damaged by extreme weather or rising sea levels. In addition, natural capital assets, such as agriculture, are used as hedge against inflation.

Social

OTPP faces high industry-wide exposure to social risks, primarily from changes in unemployment or immigration rates, which can impact contribution cash flows; however also from direct exposure to an aging population. OTPP also faces high industrywide risks related to cyber and personal data security, which raises the potential for a data leak of beneficiary information compared with pension managers that do not have such responsibility. These risks are mitigated by continued IT investments by the pension plan that are focused on threat prevention and detection.

Governance

OTPP faces low governance risks with governance practices that are in line with most standards within the Canadian financial services sector. This includes a defined risk appetite statement, risk and performance benchmarks and a professional board of directors and standing board control committees. OTPP has consistently maintained a high funding ratio due to a strong risk management function that stands out relative to its peers.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

Exhibit 7

Rating Factors

Public Pension Manager						
Ontario Teachers' Pension Plan Board						
2025						
	Historical			Assigned		
	Factor Weights	Historic Ratio	Initial Score	Assigned Score	Key driver #1	Key driver #2
Funding Ratio*						
Net Assets / PBO	40%	100.0%	aaa	aaa	Benefit Flexibility	
Liquidity						
Liquidity Inflows / Outflows	20%	232.3%	aaa	aa1	Asset Encumbrance	
Asset Quality						
High Risk Assets / Gross Assets	20%	59.4%	baa1	baa1		
Financial Policy						
Financial Policy	20%	aa	aa	aa		
Financial Profile Outcome	100%		aa2	aa2		
Qualitative Notching						
Political Independence				0		
Corporate Behavior				0		
Scorecard-Indicated Outcome Before Constraint				aa2		
Consideration of:					Comment	
Sovereign Constraint (Y/N)				Yes		
Sovereign Rating				Aaa		
Sponsor Constraint (Y/N)				Yes		
Sponsor Rating				Aa3		
Scorecard-Indicated Outcome				aa3		

*Set to 100% for Reserve Funds, OTPP's reported Funding Ratio was 130% as of 31 December 2025

Source: Moody's Ratings

Ratings

Exhibit 8

Category	Moody's Rating
ONTARIO TEACHERS' PENSION PLAN BOARD	
Outlook	Stable
Baseline Credit Assessment	aa3
Issuer Rating -Dom Curr	Aa1
ONTARIO TEACHERS' FINANCE TRUST	
Outlook	Stable
Bkd Senior Unsecured	Aa1
Bkd Commercial Paper	P-1
ONTARIO TEACHERS' CADILLAC FAIRVIEW PROP TRT	
Outlook	Stable
Issuer Rating -Dom Curr	A1
Senior Unsecured	A1

Source: Moody's Ratings

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