CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

(Canadian $ millions)		As at June 30, 2025		As at December 31, 2024
Net assets available for benefits				
ASSETS				
Cash		**661**		741
Receivable from the Province of Ontario (NOTE 7)		**3,102**		3,767
Receivable from brokers		**2,056**		1,969
Investments (NOTE 2)		**329,996**		322,622
Premises and equipment		**313**		328
	$	**336,128**	$	329,427
LIABILITIES				
Accounts payable and accrued liabilities		**692**		826
Due to brokers		**819**		494
Investment-related liabilities (NOTE 2)		**64,993**		61,768
	$	**66,504**	$	63,088
Net assets available for benefits	**$**	**269,624**	$	266,339
Accrued pension benefits and surplus				
Accrued pension benefits (NOTE 3)	**$**	**211,947**	$	213,166
Surplus		**57,677**		53,173
Accrued pension benefits and surplus	**$**	**269,624**	$	266,339

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

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

For the six-month period ended June 30 (Canadian $ millions)		2025		2024
Net assets available for benefits, as at January 1	**$**	**266,339**	$	247,513
Investment operations				
Net investment income (NOTE 4)		**5,964**		10,763
Administrative expenses		**(482)**		(463)
Net investment operations		**5,482**		10,300
Member service operations				
Contributions (NOTE 6a)		**2,045**		2,070
Benefits (NOTE 6b)		**(4,198)**		(4,028)
Administrative expenses		**(44)**		(40)
Net member service operations		**(2,197)**		(1,998)
Increase in net assets available for benefits		**3,285**		8,302
Net assets available for benefits, as at June 30	**$**	**269,624**	$	255,815

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

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

For the six-month period ended June 30 (Canadian $ millions)		2025		2024
Accrued pension benefits, as at January 1	**$**	**213,166**	$	211,393
Increase in accrued pension benefits				
Interest on accrued pension benefits		**4,519**		4,218
Benefits accrued		**3,192**		3,077
Experience losses (NOTE 3c)		**789**		1,078
		8,500	$	8,373
Decrease in accrued pension benefits				
Benefits paid (NOTE 6b)		**4,198**		4,027
Changes in actuarial assumptions and methods (NOTE 3a)		**5,521**		7,558
		9,719	$	11,585
Net decrease in accrued pension benefits		**(1,219)**		(3,212)
Accrued pension benefits, as at June 30	**$**	**211,947**	$	208,181

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SURPLUS (unaudited)

For the six-month period ended June 30 (Canadian $ millions)		2025		2024
Surplus, as at January 1	**$**	**53,173**	$	36,120
Increase in net assets available for benefits		**3,285**		8,302
Net decrease in accrued pension benefits		**1,219**		3,212
Surplus, as at June 30	**$**	**57,677**	$	47,634

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

DESCRIPTION OF ONTARIO TEACHERS' AND THE PLAN

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

(a) General

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

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

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

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

(b) Funding

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

(c) Retirement pensions

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

(d) Disability pensions

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

(e) Death benefits

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

(f) Escalation of benefits

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

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

(g) Retirement Compensation Arrangement

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

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

NOTE 1.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

The Interim Financial Statements should be read in conjunction with the annual consolidated financial statements and the accompanying notes included in the Plan's 2024 Annual Report. The Interim Financial Statements follow the same accounting policies and methods used in preparation of the audited 2024 annual consolidated financial statements.

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

The Interim Financial Statements were authorized for issue through a resolution of the board on August 7, 2025.

(b) Current and future changes in accounting policies

There were no newly issued standards, changes in existing standards or new interpretations in Part IV or Part I of the CPA Handbook during the six-month period ended June 30, 2025 requiring adoption that had a material impact on the Interim Financial Statements.

In April 2025, the Accounting Standards Board (AcSB) issued amendments to Section 4600 related to the presentation and disclosure of investments held by pension plans, including full adherence to the disclosure requirements in IFRS 13, *Fair Value Measurement* and the introduction of new disclosure requirements for investment expenses and interests in investment vehicles. The amendments apply to annual reporting periods beginning on or after January 1, 2027. Ontario Teachers' is currently assessing the impact of these amendments.

There are no other issued standards, changes in existing standards or new interpretations with effective dates on or after July 1, 2025 that are expected to have a material impact on the Interim Financial Statements.

(c) Investments

Valuation of investments

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

Details of the valuation methodologies are disclosed in the most recent audited annual consolidated financial statements. There have been no changes to the valuation methodologies since December 31, 2024.

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

Fair value hierarchy

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

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

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

Trade-date reporting

Investment transactions are recorded when the risks and rewards of ownership are transferred. Purchases and sales of traded investments and derivative contracts which require delivery within time frames established by regulation or market convention are recorded as of the trade date.

Net investment income

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

Transaction costs

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

Management fees

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

(d) Foreign currency translation

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

(e) Accrued pension benefits

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

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

(f) Contributions

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

(g) Benefits

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

(h) Premises and equipment

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

(i) Use of estimates

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

(j) Contingencies

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

NOTE 2.
INVESTMENTS

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

(a) Investments

The schedule below summarizes Ontario Teachers' investments and investment-related liabilities, including net accrued interest and dividends of $531 million (December 31, 2024 - $371 million):

	As at June 30, 2025		As at December 31, 2024	
(Canadian $ millions)	**Fair Value**	**Cost**	Fair Value	Cost
Equity				
Publicly traded				
Canadian	**$ 2,431**	**$ 1,057**	$ 2,562	$ 1,012
Non-Canadian	**5,924**	**5,619**	11,749	10,486
Non-publicly traded				
Canadian	**7,628**	**4,672**	7,748	4,440
Non-Canadian	**62,245**	**39,796**	62,687	39,065
	78,228	**51,144**	84,746	55,003
Fixed income				
Bonds	**43,280**	**43,367**	48,402	47,607
Short-term investments	**45,005**	**44,881**	28,429	28,247
Canadian real-rate products	**11,087**	**8,199**	10,590	7,765
Non-Canadian real-rate products	**1,275**	**1,231**	892	840
Other debt	**14,009**	**14,171**	16,359	15,612
	114,656	**111,849**	104,672	100,071
Alternative investments	**30,770**	**23,055**	33,127	24,262
Inflation sensitive				
Commodities	**2,248**	**853**	1,880	853
Timberland	**3,265**	**1,911**	3,233	1,899
Natural resources	**8,865**	**7,765**	9,464	7,758
	14,378	**10,529**	14,577	10,510
Real assets				
Real estate[1]	**28,421**	**25,750**	29,484	26,019
Infrastructure	**41,269**	**30,079**	43,259	31,545
	69,690	**55,829**	72,743	57,564
	307,722	**252,406**	309,865	247,410

[1] Real estate is presented net of liabilities of $6,913 million at June 30, 2025 (December 31, 2024 - $6,281 million) for investments controlled by Ontario Teachers', which include issued debt with fair value of $2,742 million (December 31, 2024 - $2,800 million). None of the outstanding liabilities at June 30, 2025 or December 31, 2024 were guaranteed by Ontario Teachers'.

(Canadian $ millions)	As at June 30, 2025 Fair Value	Cost	As at December 31, 2024 Fair Value	Cost
Investment-related receivables				
Securities purchased under agreements to resell	**$ 18,257**	**$ 18,271**	$ 8,936	$ 8,820
Cash collateral deposited under securities borrowing arrangements	**122**	**122**	92	92
Cash collateral paid under credit support annexes	**4**	**4**	1	1
Derivative-related, net	**3,891**	**2,225**	3,728	2,074
	22,274	**20,622**	12,757	10,987
Total investments	**329,996**	**273,028**	322,622	258,397
Investment-related liabilities				
Securities sold under agreements to repurchase	**(24,713)**	**(24,676)**	(18,313)	(18,269)
Securities sold but not yet purchased				
Equities	**(1,588)**	**(1,600)**	(1,490)	(1,559)
Fixed income	**(6,004)**	**(6,060)**	(5,846)	(5,712)
Commercial paper	**(2,654)**	**(2,685)**	(2,785)	(2,610)
Term debt	**(26,747)**	**(26,949)**	(28,499)	(29,082)
Cash collateral received under credit support annexes	**(980)**	**(980)**	(1,044)	(1,044)
Derivative-related, net	**(2,307)**	**(932)**	(3,791)	(763)
	(64,993)	**(63,882)**	(61,768)	(59,039)
Net investments (NOTE 2d)	**$ 265,003**	**$ 209,146**	$ 260,854	$ 199,358

(b) Fair value hierarchy

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

(Canadian $ millions)	Level 1	Level 2	Level 3	As at June 30, 2025 Total
Equity	**$ 8,355**	**$ 43**	**$ 69,830**	**$ 78,228**
Fixed income	**94,448**	**14,611**	**5,597**	**114,656**
Alternative investments	**—**	**—**	**30,770**	**30,770**
Inflation sensitive	**2,248**	**—**	**12,130**	**14,378**
Real assets	**—**	**36**	**69,654**	**69,690**
Investment-related receivables	**470**	**21,744**	**60**	**22,274**
Investment-related liabilities	**(6,079)**	**(58,783)**	**(131)**	**(64,993)**
Net investments	**$ 99,442**	**$ (22,349)**	**$ 187,910**	**$ 265,003**

			As at December 31, 2024	
(Canadian $ millions)	Level 1	Level 2	Level 3	Total
Equity	$ 14,311	$ 174	$ 70,261	$ 84,746
Fixed income	81,522	18,113	5,037	104,672
Alternative investments	—	—	33,127	33,127
Inflation sensitive	1,880	—	12,697	14,577
Real assets	17	125	72,601	72,743
Investment-related receivables	366	12,260	131	12,757
Investment-related liabilities	(5,549)	(56,207)	(12)	(61,768)
Net investments	$ 92,547	$ (25,535)	$ 193,842	$ 260,854

During the six-month period ended June 30, 2025, investments valued at $nil (2024 - $nil) were transferred from Level 2 to Level 1 and investments valued at $nil (2024 - $nil) were transferred from Level 1 to Level 2. Transfers between Level 1 and Level 2 are due to changes in the characteristics of investments and availability of observable inputs.

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

								For the six-month period ended June 30, 2025
(Canadian $ millions)	**Equity**	**Fixed Income**	**Alternative Investments**	**Inflation Sensitive**	**Real Assets**	**Investment-Related Receivables**	**Investment-Related Liabilities**	**Total**
Balance, as at January 1	**$ 70,261**	**$ 5,037**	**$ 33,127**	**$ 12,697**	**$ 72,601**	**$ 131**	**$ (12)**	**$ 193,842**
Purchases	**2,771**	**1,418**	**2,302**	**177**	**1,959**	**39**	**—**	**8,666**
Sales	**(2,128)**	**(833)**	**(5,085)**	**(549)**	**(4,041)**	**(114)**	**—**	**(12,750)**
Transfers in[2]	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Transfers out[2]	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Gains/(losses) included in investment income[3]	**(1,074)**	**(25)**	**426**	**(195)**	**(865)**	**4**	**(119)**	**(1,848)**
Balance, as at June 30	**$ 69,830**	**$ 5,597**	**$ 30,770**	**$ 12,130**	**$ 69,654**	**$ 60**	**$ (131)**	**$ 187,910**

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

[3] Includes realized gains from investments of $2,889 million and change in unrealized gains/(losses) from investments of $(4,737) million.

For the six-month period ended June 30, 2024

(Canadian $ millions)	Equity	Fixed Income	Alternative Investments	Inflation Sensitive	Real Assets	Investment-Related Receivables	Investment-Related Liabilities	Total
Balance, as at January 1	$ 66,938	$ 2,956	$ 32,206	$ 11,547	$ 66,356	$ 65	$ (20)	$ 180,048
Purchases	3,132	690	1,751	197	2,836	1	1	8,608
Sales	(4,237)	(262)	(4,025)	(439)	(1,266)	(17)	—	(10,246)
Transfers in[4]	—	—	—	—	1,724	—	—	1,724
Transfers out[4]	(1,724)	—	—	—	—	—	—	(1,724)
Gains/(losses) included in investment income[5]	1,943	105	2,802	996	1,468	(3)	7	7,318
Balance, as at June 30	$ 66,052	$ 3,489	$ 32,734	$ 12,301	$ 71,118	$ 46	$ (12)	$ 185,728

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

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

Sensitivity to changes in assumptions for investments in Level 3

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

			As at June 30, 2025	**As at December 31, 2024**
(Canadian $ millions)	Significant Inputs	Change in Significant Inputs	**Increase / (Decrease) to Fair Value**	Increase / (Decrease) to Fair Value
Non-publicly traded equity	Multiple[6]	+ / - 5%	**$ 4,058 / (4,009)**	$ 4,195 / (4,196)
Infrastructure and Natural resources	Discount Rate	- / + 0.50%	**3,860 / (3,532)**	4,203 / (3,774)
Real estate	Capitalization Rate	- / + 0.50%	**2,438 / (2,136)**	2,683 / (2,348)

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

The above analysis excludes (i) investments of $52.8 billion (December 31, 2024 - $54.2 billion) where fair values are based on information provided by the external funds' administrators or funds' managers as Ontario Teachers' does not have access to the assumptions and methodologies used to determine the fair value of these underlying investments and ii) investments of $10.6 billion (December 31, 2024 - $10.5 billion) where, in management's judgement, changing one or more of the inputs to a reasonable alternative assumption would not change the fair value significantly.

(c) Derivative contracts

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

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

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

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

		As at June 30, 2025			As at December 31, 2024		
		Notional	**Fair Value**		Notional	Fair Value	
(Canadian $ millions)			**Assets**	**Liabilities**		Assets	Liabilities
Equity and commodity derivatives							
Swaps		**$ 33,870**	**$ 696**	**$ (497)**	$ 36,462	$ 591	$ (301)
Futures		**49,604**	**—**	**—**	47,945	—	—
Options: Listed	– purchased	**268**	**13**	**—**	880	1	—
	– written	**—**	**—**	**—**	—	—	—
OTC	– purchased	**39,289**	**791**	**—**	42,493	813	—
	– written	**31,053**	**—**	**(209)**	33,571	—	(229)
		154,084	**1,500**	**(706)**	161,351	1,405	(530)
Interest rate derivatives							
Swaps		**123,986**	**131**	**(174)**	70,869	260	(57)
Futures		**124,782**	**—**	**—**	67,940	—	—
Options: OTC	– purchased	**37,431**	**169**	**(197)**	24,880	125	(103)
	– written	**48,677**	**181**	**(122)**	29,864	95	(94)
		334,876	**481**	**(493)**	193,553	480	(254)
Currency derivatives							
Swaps		**10,110**	**3**	**(53)**	3,412	22	(134)
Forwards		**121,145**	**1,213**	**(500)**	92,203	917	(2,231)
Options: OTC	– purchased	**32,885**	**34**	**—**	30,799	564	—
	– written	**6,341**	**—**	**(8)**	3,884	—	(85)
		170,481	**1,250**	**(561)**	130,298	1,503	(2,450)
Credit derivatives							
Credit default swaps	– purchased	**209,167**	**12**	**(293)**	126,951	23	(292)
	– written	**223,956**	**257**	**(75)**	136,137	269	(68)
Swaps		**—**	**—**	**—**	72	—	—
		433,123	**269**	**(368)**	263,160	292	(360)
		1,092,564	**3,500**	**(2,128)**	748,362	3,680	(3,594)
Net cash collateral receivable/(payable) under derivative contracts		**—**	**391**	**(179)**	—	48	(197)
Notional and fair value of derivative contracts		**$ 1,092,564**	**$ 3,891**	**$ (2,307)**	$ 748,362	$ 3,728	$ (3,791)

(d) Investment asset mix

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

	As at June 30, 2025		As at December 31, 2024	
	Effective Net Investments at Fair Value ($ millions)	**Asset Mix %**	Effective Net Investments at Fair Value ($ millions)	Asset Mix %
Equity				
Public equity	**$ 31,514**	**12 %**	$ 37,398	14 %
Private equity	**55,401**	**21**	60,393	23
Venture growth	**10,615**	**4**	10,357	4
	97,530	**37**	108,148	41
Fixed income	**63,855**	**24**	77,985	30
Inflation sensitive				
Commodities	**29,186**	**11**	28,890	11
Natural resources	**11,883**	**4**	12,481	5
Inflation hedge	**11,961**	**5**	12,595	5
	53,030	**20**	53,966	21
Real assets				
Real estate	**28,837**	**11**	29,436	11
Infrastructure	**35,324**	**13**	43,153	17
	64,161	**24**	72,589	28
Credit	**35,560**	**13**	37,210	14
Absolute return strategies	**25,580**	**10**	24,033	9
Funding and other	**(74,713)**	**(28)**	(113,077)	(43)
Net investments	**$ 265,003**	**100 %**	$ 260,854	100 %

(e) Risk management

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

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

As of June 30, 2025, Ontario Teachers' exposures across all risk parameters including market, credit, liquidity and leverage, have remained within the targeted risk tolerances established by the board.

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

Policies

- Statement of Investment Policies and Procedures - The statement effective for the period ended June 30, 2025 was last amended June 27, 2025 and includes the following asset class exposure limits:

	Asset Mix % Minimum	Asset Mix % Maximum
Equities	30%	45%
Fixed Income	0%	67%
Inflation sensitive	15%	25%
Real Assets	21%	35%
Credit	10%	20%
Absolute return Strategies	4%	14%
Funding for Investments[7]	(106)%	10%

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

(f) Credit risk

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

Maximum exposure to credit risk before collateral held

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

(Canadian $ millions)							**As at June 30, 2025**
Credit rating	**Bonds and Short-term investments**	**Real-rate products**	**Securities purchased under agreements to resell**	**Other Debt**	**Shareholder Loans**	**OTC Derivatives**	**Total**
AAA/R-1 (high)	**$ 72,490**	**$ 8,577**	**$ —**	**$ 28**	**$ —**	**$ —**	**$ 81,095**
AA/R-1 (mid)	**9,065**	**2,304**	**5,480**	**160**	**—**	**278**	**17,287**
A/R-1 (low)	**458**	**1,478**	**12,128**	**117**	**—**	**1,402**	**15,583**
BBB/R-2	**1,361**	**—**	**—**	**317**	**—**	**—**	**1,678**
Below BBB/R-2	**4,115**	**—**	**—**	**6,421**	**—**	**—**	**10,536**
Unrated[8]	**796**	**3**	**649**	**6,966**	**16,141**	**—**	**24,555**
	$ 88,285	**$ 12,362**	**$ 18,257**	**$ 14,009**	**$ 16,141**	**$ 1,680**	**$ 150,734**

(Canadian $ millions)							As at December 31, 2024
Credit rating	Bonds and Short-term investments	Real-rate products	Securities purchased under agreements to resell	Other Debt	Shareholder Loans	OTC Derivatives	Total
AAA/R-1 (high)	$ 64,918	$ 9,008	$ —	$ 486	$ —	$ —	$ 74,412
AA/R-1 (mid)	5,344	1,798	2,427	311	—	602	10,482
A/R-1 (low)	119	672	6,509	185	—	1,095	8,580
BBB/R-2	1,126	—	—	247	—	—	1,373
Below BBB/R-2	4,536	—	—	8,448	—	—	12,984
Unrated[8]	788	4	—	6,682	16,881	—	24,355
	$ 76,831	$ 11,482	$ 8,936	$ 16,359	$ 16,881	$ 1,697	$ 132,186

[8] Unrated comprises securities that are either privately held, managed externally, or not rated by the rating agencies.

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

(Canadian $ millions)		**As at June 30, 2025**		As at December 31, 2024
Guarantees (NOTE 10)	**$**	**461**	$	966
Loan commitments (NOTE 9)		**1,005**		1,108
Notional amount of written credit derivatives (NOTE 2c)		**223,956**		136,137
Total off-balance sheet credit risk exposure	**$**	**225,422**	$	138,211

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

Credit risk concentrations

As at June 30, 2025, Ontario Teachers’ has a significant concentration of credit risk with the Government of Canada, the U.S. Treasury and the Province of Ontario. This concentration relates primarily to holding Government of Canada issued securities of $76.8 billion (December 31, 2024 – $66.6 billion), U.S. Treasury issued securities of $5.5 billion (December 31, 2024 – $4.5 billion), Province of Ontario bonds of $2.6 billion (December 31, 2024 – $4.1 billion), and receivable from the Province of Ontario of $3.1 billion (December 31, 2024 – $3.8 billion).

(g) Market risk

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

Market and credit risk measurement

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

Total Asset Risk is measured using the ETL methodology which captures the investment risk exposure by asset class and reflects the risk of potential losses in net assets due to both market and credit risk factors. Statistically, Ontario Teachers' would expect to see losses approximate to the risk exposure only 1% of the time over a one year period, subject to certain assumptions and limitations. Further details of the ETL methodology are disclosed in the most recent audited annual consolidated financial statements. The ETL as at June 30, 2025 was $59.0 billion (December 31, 2024 – $52.5 billion)[9].

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

(Canadian $ billions)[10]		**As at June 30, 2025**		As at December 31, 2024
Equity				
Public equity	**$**	**8.0**	$	9.5
Private equity		**20.5**		23.0
Venture growth		**6.5**		6.5
Fixed income		**11.5**		14.0
Inflation sensitive				
Commodities		**5.5**		6.0
Natural resources		**2.0**		2.5
Inflation hedge		**2.5**		2.5
Real assets				
Real estate		**7.0**		7.0
Infrastructure		**6.5**		8.0
Credit		**5.0**		5.0
Absolute return strategies		**3.0**		2.5
Funding and other		**35.0**		30.5

[9] Total Asset Risk ETL Exposure does not equal the sum of the ETL exposure for each asset class because diversification reduces total risk exposure.
[10] Rounded to the nearest $0.5 billion.

Interest rate risk

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

Ontario Teachers' measures and manages interest rate and inflation risk primarily using DV01, which measures the possible gain/loss in the investment strategy as a result of a 1 basis point decrease/increase in rates. The interest rate and inflation risk to relevant asset classes in its asset mix (NOTE 2d) from a 1% increase or decrease in rates are as follows:

- The sensitivity to changes in nominal interest rates - a 1% increase/decrease in nominal interest rates would result in a decrease/increase in the value of bonds and derivative contracts included in the Fixed income, Credit, Real assets and Funding and other asset classes of $4.8 billion (December 31, 2024 – $5.8 billion).

- The sensitivity to changes in real interest rates - a 1% increase/decrease in real interest rates would result in a decrease/increase in the value of real-rate products and derivative contracts included in the Fixed income asset class of $1.3 billion (December 31, 2024 – $1.2 billion).

- The sensitivity to changes in market-implied inflation - a 1% increase/decrease in the market-implied rate of inflation would result in a increase/decrease in the value of derivative contracts included in the Inflation hedge category of the Inflation sensitive asset class of $0.6 billion (December 31, 2024 – $0.6 billion).

Foreign currency risk

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

(Canadian $ millions)	**As at June 30, 2025**	As at December 31, 2024
Currency	**Net Exposure**	Net Exposure
United States Dollar	**$ 40,166**	$ 90,874
Euro	**16,795**	9,064
Japanese Yen	**8,291**	9,626
Swiss Franc	**7,560**	5,226
Mexican Peso	**5,267**	5,064
Indian Rupee	**5,055**	4,555
Chinese Renminbi	**3,771**	4,076
Chilean Peso	**2,373**	2,299
Korean Won	**2,088**	1,688
Brazilian Real	**2,083**	1,968
Other	**5,918**	7,691
	$ 99,367	$ 142,131

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

(Canadian $ millions)	**As at June 30, 2025**	As at December 31, 2024
Currency	**Change in Net Investment Value**	Change in Net Investment Value
United States Dollar	**$ 2,008**	$ 4,544
Euro	**840**	453
Japanese Yen	**414**	481
Swiss Franc	**378**	261
Other	**1,328**	1,367
	$ 4,968	$ 7,106

(h) Liquidity risk

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

Liquid assets

Available liquid assets primarily consist of sovereign, provincial or territorial government debt, other liquid investment grade debt, publicly traded equity securities, and physical gold after considering the impact of collateral pledged and received, repurchase agreements and securities lending and borrowing arrangements. As at June 30, 2025, Ontario Teachers' maintains $80.4 billion of available liquid assets (December 31, 2024 - $64.3 billion).

Contractual maturity

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

(Canadian $ millions)				**As at June 30, 2025**
	Within One Year	**One to Five Years**	**Over Five Years**	**Total**
Securities sold under agreements to repurchase	**$ (24,713)**	**$ —**	**$ —**	**$ (24,713)**
Securities sold but not yet purchased				
Equities	**(1,588)**	**—**	**—**	**(1,588)**
Fixed income	**(6,004)**	**—**	**—**	**(6,004)**
Commercial paper	**(2,654)**	**—**	**—**	**(2,654)**
Term debt[11]	**(944)**	**(14,995)**	**(15,804)**	**(31,743)**
Cash collateral received under credit support annexes	**(980)**	**—**	**—**	**(980)**
Derivative-related, net	**(2,307)**	**—**	**—**	**(2,307)**
	$ (39,190)	**$ (14,995)**	**$ (15,804)**	**$ (69,989)**

(Canadian $ millions)				As at December 31, 2024
	Within One Year	One to Five Years	Over Five Years	Total
Securities sold under agreements to repurchase	$ (18,313)	—	$ —	$ (18,313)
Securities sold but not yet purchased				
Equities	(1,490)	—	—	(1,490)
Fixed income	(5,846)	—	—	(5,846)
Commercial paper	(2,785)	—	—	(2,785)
Term debt[11]	(3,682)	(16,404)	(13,782)	(33,868)
Cash collateral received under credit support annexes	(1,044)	—	—	(1,044)
Derivative-related, net	(3,791)	—	—	(3,791)
	$ (36,951)	$ (16,404)	$ (13,782)	$ (67,137)

[11] Based on undiscounted cash flows.

(i) Collateral pledged and received

Ontario Teachers' pledges and receives cash and security collateral in the ordinary course of managing net investments. Security collateral consists primarily of Canadian and U.S. government securities. Additional collateral is provided if the value of the securities falls below a predetermined level. The securities transferred are recognized as assets when Ontario Teachers' retains substantially all risks and rewards, including credit risk, settlement risk and market risk. Ontario Teachers' is not permitted to either pledge the same securities with other financial institutions or to sell them to another entity unless Ontario Teachers' substitutes such securities with other eligible securities. Ontario Teachers' holds the collateral received as long as Ontario Teachers' is not a defaulting party or an affected party in connection with a specified condition listed in the contractual agreement and there is no early termination of the contractual agreement. With the exception of initial margin collateral held in third party custodial accounts, Ontario Teachers' is permitted to either sell or repledge the collateral in the absence of default by the owner of the collateral. The fair value of collateral sold or repledged as at June 30, 2025 is $nil (December 31, 2024 - $13 million).

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

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

(Canadian $ millions)	**As at June 30, 2025**	As at December 31, 2024
Securities purchased under agreements to resell and sold under agreements to repurchase		
Gross amounts of securities purchased under agreements to resell[12]	**$ 18,257**	$ 8,936
Collateral held	**18,472**	8,852
Gross amounts of securities sold under agreements to repurchase[12]	**24,713**	18,313
Collateral pledged	**24,924**	18,267
Securities borrowing		
Securities borrowed	**1,645**	1,548
Collateral pledged[13]	**1,931**	1,878
Derivative-related		
Collateral received[14]	**3,883**	5,082
Collateral pledged[15]	**8,379**	10,102

[12] See NOTE 2j for reconciliation of total gross amount to net amounts presented in NOTE 2a.
[13] Includes cash collateral of $122 million (December 31, 2024 - $92 million).
[14] Includes cash collateral of $980 million (December 31, 2024 - $1,044 million) and initial margin collateral of $2,077 million (December 31, 2024 - $3,408 million).
[15] Includes cash collateral of $4 million (December 31, 2024 - $1 million) and initial margin collateral of $1,978 million (December 31, 2024 - $3,000 million).

(j) Offsetting financial assets and financial liabilities

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

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

(Canadian $ millions)						**As at June 30, 2025**
	Gross amounts	**Less: Amounts offset**	**Net amount presented in NOTE 2a**	**Amounts subject to netting agreements**	**Securities and cash collateral[16]**	**Net Exposure**
Financial assets						
Securities purchased under agreements to resell	**$ 18,257**	**$ —**	**$ 18,257**	**$ (13,773)**	**$ (4,484)**	**$ —**
Derivative-related receivables	**3,891**	**—**	**3,891**	**(1,801)**	**(1,561)**	**529**
	$ 22,148	**$ —**	**$ 22,148**	**$ (15,574)**	**$ (6,045)**	**$ 529**
Financial liabilities						
Securities sold under agreements to repurchase	**$ (24,713)**	**$ —**	**$ (24,713)**	**$ 13,773**	**$ 10,926**	**$ (14)**
Derivative-related liabilities	**(2,307)**	**—**	**(2,307)**	**1,801**	**291**	**(215)**
	$ (27,020)	**$ —**	**$ (27,020)**	**$ 15,574**	**$ 11,217**	**$ (229)**

(Canadian $ millions)						As at December 31, 2024
	Gross amounts	Less: Amounts offset	Net amount presented in NOTE 2a	Amounts subject to netting agreements	Securities and cash collateral[16]	Net Exposure
Financial assets						
Securities purchased under agreements to resell	$ 8,936	$ —	$ 8,936	$ (7,040)	$ (1,891)	$ 5
Derivative-related receivables	3,728	—	3,728	(1,981)	(1,656)	91
	$ 12,664	$ —	$ 12,664	$ (9,021)	$ (3,547)	$ 96
Financial liabilities						
Securities sold under agreements to repurchase	$ (18,313)	$ —	$ (18,313)	$ 7,040	$ 11,273	$ —
Derivative-related liabilities	(3,791)	—	(3,791)	1,981	1,559	(251)
	$ (22,104)	$ —	$ (22,104)	$ 9,021	$ 12,832	$ (251)

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

NOTE 3.
ACCRUED PENSION BENEFITS

(a) Actuarial assumptions and methods

The actuarial assumptions used in determining the value of accrued pension benefits of $211,947 million (December 31, 2024 – $213,166 million, June 30, 2024 – $208,181 million) reflect management's best estimate of future economic events and involve both economic and non-economic assumptions. The non-economic assumptions include considerations such as mortality as well as withdrawal and retirement rates. The primary economic assumptions include the discount rate, the salary escalation rate and the inflation rate. The discount rate is based on market rates, as at the valuation date, of bonds issued by the Province of Ontario, which have characteristics similar to obligations under the Plan. The discount rate was determined by applying a weighted average discount rate that reflects the estimated timing and amount of benefit payments. The inflation rate is the geometric difference between the yield on Government of Canada long-term nominal bonds and Government of Canada real-return bonds. The salary escalation rate incorporates the inflation rate assumption and long-term expectation of growth in real wages.

The primary economic assumptions were updated to June 30, 2025 to reflect increasing nominal bond yields and an increase in the long-term inflation rate.

The changes in economic assumptions resulted in a net decrease in the value of accrued pension benefits of $5,521 million for the six-month period ended June 30, 2025 (June 30, 2024 - $7,558 million net decrease).

A summary of the primary economic assumptions is as follows:

	As at June 30, 2025	As at December 31, 2024	As at June 30, 2024
Nominal discount rate[1]	**4.50 %**	4.25 %	4.40 %
Salary escalation rate[2]	**2.90 %**	2.80 %	2.80 %
Long-term inflation rate[3]	**1.90 %**	1.80 %	1.80 %
YMPE / ITA limit growth[4]	**2.90 %**	2.80 %	2.80 %
Real discount rate[5]	**2.55 %**	2.40 %	2.55 %

[1] As at June 30, 2025, holding all other assumptions constant, a 100 basis point decrease in the discount rate would result in an increase in pension liabilities of approximately $39.1 billion (December 31, 2024 - $40.1 billion, June 30, 2024 - $38.6 billion).

[2] As at June 30, 2025, the salary escalation rate reflects increases of 2.75% on September 1, 2024, and 2.50% on September 1, 2025 for all four affiliate unions and all principals and vice principals. For these members, the estimated salary increase rate of 2.90% is applicable starting September 1, 2026.

[3] As at June 30, 2025, holding all other assumptions constant, an additional 100 basis point increase in the assumed annual pension benefit increase for 2026 would result in an increase in pension liabilities of approximately $1.1 billion (December 31, 2024 - $1.2 billion, June 30, 2024 - $1.1 billion).

[4] YMPE / ITA limit growth is the sum of the inflation rate and the Average Industrial Wage (AIW) real wage growth rate of 1.0%.

[5] Real rate shown as the geometric difference between the discount rate and the inflation rate.

There were no changes to non-economic assumptions for the six-month period ended June 30, 2025 or June 30, 2024.

(b) Inflation protection levels

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

For financial statement valuations, future pension payments are indexed at the inflation protection levels stated in the most recent funding valuation filing. As a result, the June 30, 2025 accrued pension benefits reflect the inflation protection levels as stated in the January 1, 2024 funding valuation report.

As noted in the filed January 1, 2024 funding valuation, inflation protection levels are 100% of the CPI ratio for pension credit earned after 2009. This level will remain in effect until the next actuarial valuation is filed with the regulatory authorities at which time the level may be reduced depending on the funded status of the Plan.

The inflation protection levels reflected in accrued pension benefits as at June 30, 2025, December 31, 2024 and June 30, 2024 are as follows:

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

[6] Inflation protection levels per the January 1, 2024 filed funding valuation.

(c) Experience gains and losses

Experience losses on the accrued pension benefits for the six-month period ended June 30, 2025 of $789 million (June 30, 2024 – $1,078 million) arose from differences between the actuarial assumptions and actual results for near-term increases to pensions in pay.

Accrued pension benefits as at June 30, 2025 reflect the actual January 1, 2025 increase to pensions in pay of 2.7%. Also reflected is an estimate of the January 1, 2026 increase to pensions in pay of 2.1%. This estimate was determined using known CPI data through to May 2025 and applying the assumed funding valuation long-term inflation rate thereafter to September 30, 2025. The increase to pensions in pay at January 1, 2026 was previously (as at December 31, 2024) estimated at 1.4% and was determined using known CPI data through December 2024 and applying the assumed funding valuation long-term inflation rate thereafter to September 30, 2025. The update resulted in an experience loss of $789 million.

NOTE 4.
NET INVESTMENT INCOME

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

	For the six-month period ended June 30, 2025					
(Canadian $ millions)	Income [1]	Net Gain (Loss) on Investments [2]	Investment Income [3]	Management Fees	Transaction Costs	Net Investment Income
Equity						
Publicly traded						
Canadian	$ 10	(131)	$ (121)	$ —	$ (4)	$ (125)
Non-Canadian	53	86	139	(3)	(22)	114
Non-publicly traded						
Canadian	102	(354)	(252)	(1)	(5)	(258)
Non-Canadian	236	(901)	(665)	(1)	(42)	(708)
	401	(1,300)	(899)	(5)	(73)	(977)
Fixed income						
Bonds	282	526	808	—	(12)	796
Short-term investments	1	515	516	—	(3)	513
Canadian real-rate products	135	64	199	—	—	199
Non-Canadian real-rate products	8	(2)	6	—	—	6
Other debt	672	(690)	(18)	(1)	(1)	(20)
	1,098	413	1,511	(1)	(16)	1,494
Alternative investments	154	359	513	—	(1)	512
Inflation sensitive						
Commodities	(337)	3,036	2,699	(1)	(1)	2,697
Timberland	12	21	33	—	—	33
Natural resources	223	(255)	(32)	(2)	(3)	(37)
	(102)	2,802	2,700	(3)	(4)	2,693
Real assets						
Real estate	177	(994)	(817)	(16)	(13)	(846)
Infrastructure	675	12	687	(4)	(87)	596
	852	(982)	(130)	(20)	(100)	(250)
Overlay[4]	(6)	2,498	2,492	—	—	2,492
Total	$ 2,397	$ 3,790	$ 6,187	$ (29)	$ (194)	$ 5,964

[1] Income includes interest, dividends and other investment-related income and expenses.
[2] Includes realized gain from investments of $9,427 million and change in unrealized gains (losses) from investments of $(5,637) million.
[3] Net of certain management and performance fees.
[4] Includes income from investments that manage the foreign exchange risk for the total fund.

For the six-month period ended June 30, 2024

(Canadian $ millions)	Income[5]	Net Gain (Loss) on Investments[6]	Investment Income[7]	Management Fees	Transaction Costs	Net Investment Income
Equity						
Publicly traded						
Canadian	$ 5	252	$ 257	$ (1)	$ —	$ 256
Non-Canadian	170	3,940	4,110	(11)	(20)	4,079
Non-publicly traded						
Canadian	184	(424)	(240)	(1)	(8)	(249)
Non-Canadian	214	2,229	2,443	—	(63)	2,380
	573	5,997	6,570	(13)	(91)	6,466
Fixed income						
Bonds	21	(3,275)	(3,254)	—	(13)	(3,267)
Short-term investments	2	485	487	—	—	487
Canadian real-rate products	128	(163)	(35)	—	—	(35)
Non-Canadian real-rate products	3	228	231	—	—	231
Other debt	586	362	948	(1)	(1)	946
	740	(2,363)	(1,623)	(1)	(14)	(1,638)
Alternative investments	142	2,803	2,945	—	—	2,945
Inflation sensitive						
Commodities	(396)	2,600	2,204	—	(3)	2,201
Timberland	15	55	70	—	—	70
Natural resources	160	900	1,060	(1)	(31)	1,028
	(221)	3,555	3,334	(1)	(34)	3,299
Real assets						
Real estate	355	(78)	277	—	(24)	253
Infrastructure	616	1,342	1,958	(21)	(13)	1,924
	971	1,264	2,235	(21)	(37)	2,177
Overlay[8]	(5)	(2,481)	(2,486)	—	—	(2,486)
Total	$ 2,200	$ 8,775	$ 10,975	$ (36)	$ (176)	$ 10,763

[5] Income includes interest, dividends and other investment-related income and expenses.

[6] Includes realized gain from investments of $5,836 million and change in unrealized gains from investments of $2,939 million.

[7] Net of certain management and performance fees.

[8] Includes income from investments that manage the foreign exchange risk for the total fund.

NOTE 5.
FUNDING VALUATIONS

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

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

The most recent funding valuation that has been filed with regulatory authorities was prepared as at January 1, 2024 by the external actuary and disclosed a funding surplus of $19.4 billion. The co-sponsors classified the surplus as a contingency reserve.

A preliminary funding valuation was prepared as at January 1, 2025 by the external actuary and disclosed a funding surplus of $29.1 billion. On June 4, 2025, the co-sponsors publicly announced that the funding valuation will be filed with the regulatory authorities, which will be completed before September 30, 2025. The co-sponsors elected to classify the surplus as a contingency reserve.

NOTE 6.
CONTRIBUTIONS AND BENEFITS

(a) Contributions

For the six-month period ended June 30 (Canadian $ millions)	2025	2024
Members		
Current service[1]	$ 981	$ 997
Optional credit	23	25
	1,004	1,022
Province of Ontario		
Current service	956	975
Interest	35	20
Optional credit	22	23
	1,013	1,018
Designated employers	23	21
Transfers from other pension plans	5	9
	28	30
	$ 2,045	$ 2,070

[1] As at June 30, 2025, contributions past due are less than $5 million (June 30, 2024 — less than $1 million).

(b) Benefits

For the six-month period ended June 30 (Canadian $ millions)	2025	2024
Retirement pensions	$ 3,821	$ 3,680
Death benefits	315	286
Disability pensions	12	12
Commuted value transfers	39	32
Family law transfers	8	11
Transfers to other plans	2	6
Refunds	1	—
Benefits paid	4,198	4,027
Other payments[2]	—	1
	$ 4,198	$ 4,028

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

NOTE 7.
RELATED PARTY TRANSACTIONS

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

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

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

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

NOTE 8.
CAPITAL

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

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

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

Preliminary funding valuation surpluses or deficits are determined annually. At least once every three years, a formal funding valuation report is required to be filed with the regulatory authorities (see NOTE 5). As stated in the Partners' Agreement[1], the Plan cannot be in a deficit position when such reports are filed[2]. As a result, the formal report must include adjustments to benefit and / or contribution levels as necessary to eliminate any preliminary valuation deficit. Any required adjustments are determined by the co-sponsors with guidance from the Funding Management Policy (Appendix A to the Partners' Agreement).

[1] The Partners' Agreement is the document which establishes the partnership between the co-sponsors and outlines the roles of Ontario Teachers', its board and the co-sponsors.
[2] The formal funding valuation report must be actuarially balanced such that the sum of the funding liabilities (present value of future pension benefits), the present value of the reduction in cost due to providing inflation protection levels below 100% and any contingency reserve is equal to the sum of the Plan's market value of assets, asset smoothing adjustment, present value of future contributions and present value of future matching of foregone inflation adjustments.

NOTE 9.
COMMITMENTS

Ontario Teachers' has committed to enter into investment and other transactions, which may be funded over the next several years in accordance with the terms and conditions agreed to. As at June 30, 2025, these commitments totaled $18.9 billion (December 31, 2024 – $22.6 billion).

NOTE 10.
GUARANTEES AND INDEMNIFICATIONS

(a) Guarantees

Ontario Teachers' provides guarantees to third parties related to certain investments and could be called upon to satisfy these guarantees if the investee companies fail to meet their obligations. Ontario Teachers' expects most guarantees to expire unused. Ontario Teachers' made a $28 million payment under these guarantees during the six-month period ended June 30, 2025 (the six-month period ended June 30, 2024 – $nil).

Ontario Teachers' guarantees certain investee loan and credit agreements which will expire by 2026. Ontario Teachers' maximum exposure is $163 million as at June 30, 2025 (December 31, 2024 – $646 million). The investee companies have drawn $63 million under the agreements (December 31, 2024 – $387 million).

Ontario Teachers' guarantees certain lease agreements for an investee company which will expire by 2059. Ontario Teachers' maximum exposure is $212 million as at June 30, 2025 (December 31, 2024 – $210 million). There were no default lease payments in either the six-month period ended June 30, 2025 or the six-month period ended June 30, 2024.

Ontario Teachers' guarantees the ability of certain investee companies to settle certain financial obligations. Ontario Teachers' maximum exposure is $86 million as at June 30, 2025 (December 31, 2024 – $110 million).

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

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

Issuance	Currency	Principal Amount	Maturity	Coupon
September 2020	USD	$1.50 billion	September 2030	1.250%
October 2020	CAD	$1.25 billion	October 2027	1.100%
November 2020[1]	EUR	€0.75 billion	November 2030	0.050%
April 2021	USD	$1.50 billion	April 2031	2.000%
May 2021	EUR	€1.25 billion	May 2028	0.100%
May 2021	EUR	€1.25 billion	May 2041	0.900%
September 2021	USD	$2.00 billion	September 2026	0.875%
October 2021	GBP	£0.50 billion	May 2026	1.125%
November 2021[1]	EUR	€0.50 billion	November 2051	0.950%
April 2022	USD	$1.50 billion	April 2027	3.000%
April 2022	EUR	€1.25 billion	May 2032	1.850%
October 2022	EUR	€0.50 billion	October 2029	3.300%
November 2022[1]	CAD	$1.00 billion	June 2032	4.450%
February 2023[1]	CAD	$1.00 billion	November 2029	4.150%
April 2023	USD	$1.50 billion	April 2028	4.250%
April 2024	USD	$1.50 billion	April 2029	4.625%
June 2024	CAD	$1.00 billion	June 2034	4.300%
May 2025[1]	EUR	€1.00 billion	December 2031	2.850%

[1] Green bond issuances in accordance with Ontario Teachers' Green Bond Framework.

The commercial paper issued by OTFT is not redeemable prior to maturity or subject to voluntary prepayment, except as described in the U.S. Commercial Paper Private Placement Memorandum dated June 2017. The maturity terms for the commercial paper outstanding as at June 30, 2025 are up to 397 days from the date of issue in the U.S. and up to 364 days in Canada. The maximum aggregate principal amounts of the commercial paper outstanding at any one time do not exceed $10 billion. As at June 30, 2025, the principal amounts of commercial paper issued was $2,692 million (December 31, 2024 – $2,818 million).

(b) Indemnifications

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