



Our Vision for the future:

A professional, sustainable pension plan, designed for the future of our members.

Our Mission and Purpose is:

To deliver to our plan members their pension entitlements.

We do this by:

- Acting **collaboratively** with each other, with employers and with the plan sponsor, constantly seeking **member-focussed outcomes**
- **Prudently investing and monitoring** plan assets
- Delivering **timely, accurate information** to members, allowing them to make educated, informed decisions
- Fostering a working environment that attracts & retains **motivated, talented people**

Our Values

In our relationships, decisions, words and actions, we are guided by the following values:

- Staying resolutely **member-focussed**; always seeking the **best outcomes** for our members;
- Acting with **integrity, professionalism** and **excellence**;
- Ensuring **transparency** and **accountability** to our members and other stakeholders;
- Pursuing and rewarding **innovation**, in the interests of best outcomes;
- Modelling and fostering **collaboration** and **respectful action** as the means of pursuing best member outcomes.

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Cover photo - Pisew Falls, MB



MINISTER RESPONSIBLE FOR THE CIVIL SERVICE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

June 9, 2020

The Honourable Janice C. Filmon, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235 Legislative Building
Winnipeg MB R3C 0V8

May It Please Your Honour:

As Minister Responsible, I have the privilege of presenting for the information of Your Honour, the 81st Annual Report of The Manitoba Civil Service Superannuation Board for the calendar year ended December 31, 2019.

Respectfully submitted,

Honourable Reg Helwer
Minister of Central Services,
Minister Responsible for
The Civil Service Superannuation Act



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June 8, 2020

Honourable Reg Helwer
Minister of Central Services,
Minister Responsible for The Civil Service Superannuation Act

Sir:

In conformity with the provisions of The Civil Service Superannuation Act, I am pleased to forward to you, the Minister Responsible for The Civil Service Superannuation Act, the 81st Annual Report of The Civil Service Superannuation Board.

This report covers the period January 1, 2019 to December 31, 2019 and includes a review of the Board's activities for that period as well as the Report of the Office of the Auditor General and attached audited financial statements for that period.

Respectfully submitted,

Al Morin, Chair
The Civil Service Superannuation Board

BOARD AND STANDING COMMITTEE MEMBERS

THE CIVIL SERVICE SUPERANNUATION BOARD

Chair

Al Morin
Retired, President and Chief Executive Officer
Assiniboine Credit Union

Employee Representatives

Ray Erb
Civil Service Representative
Retired, Manitoba Government & General Employees Union

Jody Gillis
Civil Service Representative
Red River College

C. Reed Winstone
Manitoba Hydro Representative
Retired, Manitoba Hydro-Electric Board

Doug Troke
Civil Service Representative
Department of Finance

Employer Representatives

Ed Balcewich
Investment Advisor, FMA, FSCI.

Andrew Clarke
Financial Planner

Normand Collet, MBA

Wayne D. McGimpsey, CPA, CA

FINANCE AND AUDIT COMMITTEE

Chair

Doug Troke - Employee Representative

Normand Collet - Employer Representative

Ray Erb - Employee Representative

Wayne McGimpsey - Employer Representative

HR AND GOVERNANCE COMMITTEE

Chair

Jody Gillis - Employee Representative

Ed Balcewich - Employer Representative

Andrew Clarke - Employer Representative

C. Reed Winstone - Employee Representative

INVESTMENT COMMITTEE

Chair

A. Scott Penman *
Retired, Executive Vice-President and
Chief Investment Officer
Investors Group Inc.

Brian Allison *
Executive Vice-President, Chief Investment Officer
The Canada Life Assurance Company

Richard Brownscombe *
President
Montrose Mortgage Corporation Ltd.

Jody Gillis ^
Civil Service Representative

Al Morin ^
Chair
The Civil Service Superannuation Board

Elizabeth Marr, CFA *
Vice President and Director, Institutional Relationships
TD Greystone Asset Management

Bruce Schroeder ^
General Manager
The Civil Service Superannuation Board

Vacant ^
Deputy Minister of Finance
Province of Manitoba

The Investment Committee also manages the assets of the Manitoba Hydro Employer Fund and three Centra Gas portfolios. Manitoba Hydro appointed the following person as their representative to those committees in conjunction with the above members.

Aurel Tess
CFO, VP Finance
Manitoba Hydro-Electric Board

* Appointed based on investment expertise

^ Required by legislation

THE CIVIL SERVICE SUPERANNUATION BOARD

The Board has the fiduciary responsibility for the administration of the Plan and management of the investment funds in the best interest of all Plan members and beneficiaries. It is also responsible to:

- Ensure that staff fulfil the investment and administrative obligations set out in the Act and comply with the requirements of both the Pension Benefits Act of Manitoba and the Income Tax Act
- Delegate the day-to-day management to the General Manager and staff
- Provide overall direction and approval of policy items

These duties are vested in four members that are elected by participating employees and five members including a chair that are appointed by Government. The Board meets 10 to 12 times per year.

As the Plan trustee, the Board is required to:

- Manage The Civil Service Superannuation Fund (Fund) in accordance with the rules of the Plan, governing legislation, and common law in the interest of Plan members and their beneficiaries
- Obtain an actuarial valuation every three years
- Regularly review its investment policy
- Obtain an independent audit each year
- Prepare an Annual Report

The day-to-day management of investment assets and delivery of pension and insurance benefits is accomplished by a dedicated and diverse team consisting of approximately 50 staff members.

CSSB MANAGEMENT TEAM

Dale Allen
Director, Management Information Systems

Bruce Schroeder
General Manager

Peter Josephson, CFA
Chief Investment Officer

Patti Malbasa
Director, Communications and Client Services

Ellement Consulting Group
Consulting Actuary

Dawn Prokopowich
Director, Client Services Administration

Fillmore Riley
Legal Counsel

Rick Wilson
Director, Finance and Investment Communications
& Management Services

Office of the Auditor General
Auditor

YOUR PENSION PLAN

Your Plan is a “defined benefit” plan which means that your pension is based on a formula that provides pension, disability, death and termination benefits for all eligible members. The formula is based on your years of service and average salary. While some employers prefund their share of pension benefits, others are obligated to fund their share when those pension benefits are paid.

The amount of pension a member will receive is not directly related to investment returns. Good investment returns are necessary to secure the Fund's ability to continue to meet its current and future obligations to pay benefits, and are the major contributor to surplus.

A member may be eligible to retire as early as age 55. Unless the person is age 60 or older with 10 years of service, or has achieved the Rule of 80 (age plus service), there is a reduction for early retirement. Members who reach age 65 will receive an unreduced pension.

All employees who are employed full time are required to join the Plan. Seasonal and part-time employees are required to join after meeting an earnings test (when they have earned 25% of the Yearly Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan in each of two successive calendar years).

HIGHLIGHTS

Financial

	2019 (*)	2018 (*)
Rate of Return on Investments	13.66%	(0.90)%
Investments at Market Value	7,797,819	7,199,516
Net Investment Income	246,076	281,345
Current Period Change in Fair Value of Investments	699,363	(359,959)
Employee Contributions	157,795	161,003
Employer Payments	319,688	312,795
The Province of Manitoba Unfunded Pension Liability Trust Account	2,265,796	2,098,635
Pension Payments	538,661	505,303
Refunds and Transfers	150,891	167,985
General Expenses - Net	2,658	2,489

* \$Thousands unless otherwise noted

Membership

	2019	2018
Non-Retired Members	31,837	32,691
Retired Members and Other Recipients	22,744	22,103
Total Members	54,581	54,794

Other Plans Under Administration

	2019	2018
Manitoba Telecom Services Inc.^	n/a	5,492
Money Purchase Accounts Plan	3,177	3,195
Centra Gas^	757	761
Winnipeg Child and Family Services^	228	236
MLA's^	92	95
Legislative Assembly Pension Plan^	118	113
Total Membership (all Plans)	58,953	64,686

^ Active and Retired

On behalf of myself and the members of the Board, I am pleased to present the 2019 Annual Report for The Civil Service Superannuation Fund (Fund).

As I write this report, the world is in a state of shock and disbelief due to the COVID-19 (coronavirus) pandemic that is affecting all of us emotionally, financially, and physically. When the Manitoba government declared a provincewide state of emergency on March 20, 2020, The Civil Service Superannuation Board (CSSB) activated their Business Continuity Plan (BCP) in response to ensure the health and safety of its staff and membership. In doing our part to help flatten the COVID-19 curve, the CSSB has abided by the social and physical distancing guidelines by closing the Board office. This plan has allowed the CSSB to continue to operate with the majority of staff working remotely. This has resulted in minimal disruptions to the day-to-day operations as the pandemic continues to evolve. The systems in place at the CSSB have made the transition for staff to work from home virtually seamless as phone calls and emails from members continue to be answered and responded to in a timely manner. The CSSB is committed to serving our plan membership while doing everything possible to stay safe.

In 2019, the Fund investments gained 13.66%. Although underperforming its benchmark of 14.07% by 0.41%, it is important to remember that the annualized long-term rate of return of the Fund over the last five and 10 years is 7.24% and 7.98% respectively, exceeding the 5.75% benchmark set as the Actuarial required rate of return. The Actuarial rate of return is the benchmark established to help ensure the Fund is able to support the long-term sustainability of the Plan and meet its future financial obligations. In 2019 the Board's actuary recommended that the Board lower the Fund's actuarially required rate from 6.0% to 5.75%. Lowering this rate increases the liability of the Fund but is considered a prudent step in projecting the long-term realistic investment returns of the Fund.

Late in 2019, the Provincial Government tasked four of the province's largest pension plans to create a conceptual framework to lower the cost of managing the assets in each plan. The main goals of this centralization of investment management services are to:

- Utilize internal management of public assets,
- Utilize internal management of alternative assets, and
- Increase buying power with third party providers.

The Government initially requested the four plans to meet and report back by the end of March 2020. With each plan having different philosophies on investment management as well as governance and ownership, this will be a long-term process. To date there have been four meetings

however the current COVID-19 pandemic situation has put work on this framework on hold.

In 2019 the CSSB held the election for Employee Representatives to sit on the Board. Congratulations to Mr. Ray Erb, Mr. Jody Gillis, and Mr. Doug Troke on being re-elected for three-year terms as Government Employee representatives while Mr. Reed Winstone was elected as the Manitoba Hydro representative. On behalf of the Board, plan members, staff and management, we sincerely thank out-going Manitoba Hydro representative Mr. Dan Marchant for his dedication and contributions to the Board. As 2020 continues to unfold around us, I would like to acknowledge the management and staff of the CSSB for their vision and long-term planning. Without a well-defined and comprehensive plan in place, the March 20th state of emergency declaration could have immobilized the CSSB. This was not the case as membership continues to receive the same extraordinary service and assistance as pre-COVID-19.

MESSAGE FROM THE GENERAL MANAGER

BRUCE SCHROEDER

Firstly, let's start with some good news, overall 2019 was a stable year that produced a good overall return of 13.66% which exceeds our actuarially required rate of 5.75%. In 2019 the Board's actuary recommended that the Board lower the Civil Service Superannuation Fund's (the Fund) actuarially required rate from 6.0% to 5.75%. Lowering this rate increases the liability of the Fund but is considered a prudent step in projecting the long-term realistic investment returns of the Fund.

Administrative operations for 2019 focused on several initiatives. Defined benefit plans such as ours can be confusing and hard to understand. To help explain the various aspects of the Fund's parameters we have developed a new member onboarding package that will be provided to new members upon registration with the plan. The package will provide an overview of the plan and direct members on how to register for Online Services as well as how to access services and information. In the past we have relied on employers to provide this information but felt that a more direct approach would be beneficial for the new members.

Member survey results from our 2018 survey showed that most members rely on our website for information. Although the survey's questions around the effectiveness of the website had generally positive feedback, we felt that there was room for improvement. To that end we conducted a review of our website design in 2019 and identified areas that can be improved. We are redesigning our site in 2020 with an anticipated launch near the end of 2020.

The Civil Service Superannuation Board's dedicated employees are our most important asset. Ongoing training is paramount in order to provide our employees the best tools to provide exceptional service to our membership. In 2019 we created a Lunch and Learn educational series that provides employees with industry information as well as Fund specific training. This initiative complements current ongoing training methodologies provided to our employees.

In 2020 we plan to review our Group Insurance policy with the goal of developing a new more modern policy in conjunction with our service provider. We also plan to survey our participating employers to see how we can make our interactions with them more efficient. We are going to create an employer survey which will enable us to get a better understanding of the challenges employers face when providing us with the information we require. The survey results will lead us in developing solutions to any issues or inefficiencies that the survey reveals.

Although this report is for 2019, I would be remiss in not discussing the challenges that have arisen as a result of the global COVID-19 pandemic. The challenges and speed with which we had to adapt and make changes in our way of doing business were stunning. Once it was decided that it was no longer viable or prudent to have staff continue to work in the office, all staff were provided with the capability to conduct their job duties remotely within a one-week time frame. The results were amazing, other than no longer being able to conduct personal one-on-one appointments (they are now done by phone) or conducting live retirement seminars (we have a webinar available for viewing) the services we provide continued seamlessly with no disruption to membership services or delays in responding to requests.

We have had a business continuity plan in place for several years, but it was mainly designed for the loss of use of our office building. It has proved to be just as effective with the current pandemic situation. The last number of years we have invested in the technology required to provide more of our services in an online environment and the COVID-19 pandemic has shown that to be a sound investment of resources. Investing in technology has proven to be a prudent use of resources that has enabled us to continue to provide the high level of service that our members expect.

Management and staff look forward to continuing to provide exceptional service in 2020 when the situation in the world hopefully becomes more normal again. I would like to thank the Board for their continued support in these trying times.



Investment Information



GUIDELINES AND PRACTICES

Policies and Procedures

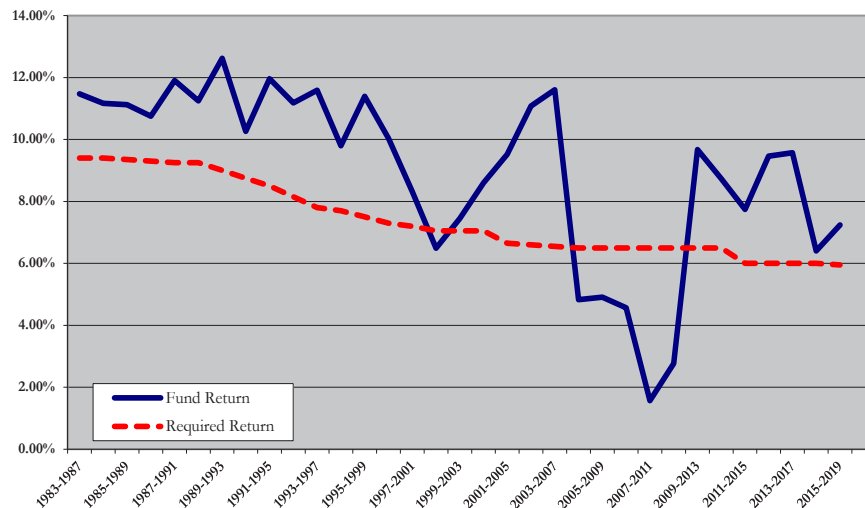
The Fund's Statement of Investment Policies and Procedures (SIP&P) guides the investment decision making process. This document is created by independent consultants and matches the Fund's assets with its liabilities, now and into the future. Upon its approval by the Board, this document is put into effect and is monitored for compliance. The SIP&P includes such things as appropriate asset mix limits, investment grade quality, holding limits, investment objectives, valuation procedures and investment management structure.

Asset mix is the single most important factor in determining pension fund performance. Different risk elements relating to market volatility and potential returns are factored into an investment decision. Investments that produce lower returns are generally a result of lower risk or volatility. In order to optimize returns and reduce investment volatility, Fund assets are diversified among the various asset classes and across the world's economic regions.

Long-term Success of Investment Policy

The ultimate success of the Fund's investment policy is measured by how well it meets the long-term obligations for its members. An actuarial valuation on the Fund is the best way to measure this obligation. Pension fund rates of return are sometimes measured in five-year periods to emphasize longer-term trends which are more relevant to pension funding, rather than short-term volatility. The following chart compares the Fund's five-year moving rate of return and the actuarially required rate (converted from three-year rates to five-year moving rates for comparison).

Five-Year Annualized Return



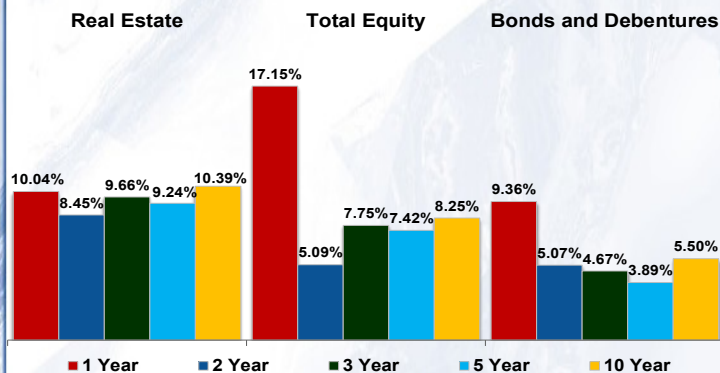
Policies and procedures that continue to guide or impact investment decisions include:

- Statement of Investment Policies and Procedures
- Investment Manager Mandates
- Proxy Voting Policy and Guidelines

In 2019, global capital markets generated impressive returns across all asset classes and regions. Global equities advanced the most in 10 years and in the U.S., the S&P500 registered its largest gain since 2013. For Canadian investors, the strength of the Canadian dollar had a negative impact on Non-Canadian investment of approximately 6%. In the U.S., equity indices surged higher with the S&P up 24.84%, the Dow Jones Industrial average gained 19.4%, while the technology heavy NASDAQ moved higher by 28.8% (in CAD). Regarding the technology sector in the S&P, it was up a spectacular 48% (in USD) and contributed one third of the S&P's gains for 2019.

Domestically, the Canadian market had solid returns, advancing 22.9%. For global markets, most produced similarly strong results. The MSCI (all world ex Canada and the U.S.) gained 15.5%, the MSCI EAFE rose 15.9%, MSCI Europe advanced 19.1%, while MSCI emerging markets were up 12.4%. In the Asia Pacific region, China advanced 19.0%, Australia moved higher by 21.6%, while Japan returned 15.5% and Hong Kong lagged, gaining 6.4% respectively. The main drivers of these universally positive global equity returns were largely the actions of global central banks, the eventual easing of U.S. and China trade tensions and a reduction of fear that the global economy was heading into recession.

Annualized Rates of Return



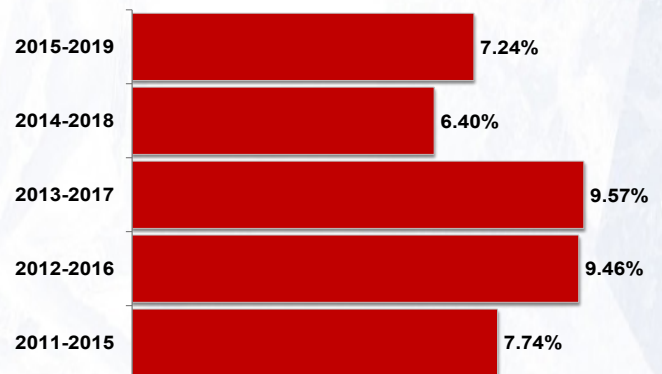
The initial support for the recovery in equity markets in 2019 was provided by the U.S. Federal Reserve (Fed). In 2018, they had raised the benchmark lending rate four times and reduced quantitative easing. In addition, they had indicated further tightening was likely required. This to a large extent had resulted in the severe market sell off during the fourth quarter of 2018.

Early in 2019 in reaction to the market turmoil, growing fears of a U.S. and global recession and the potential negative impact of the U.S. and China trade tensions, the Federal Reserve announced an abrupt shift in monetary policy. They indicated that they would halt further rate

increases, reassess the balance sheet reduction plan and were prepared to act if economic activity softened. This sparked a dramatic recovery in equity markets during the first quarter, recouping all of the equity market losses experienced during the fourth quarter of 2018. Subsequently, the actions of the Federal Reserve were followed by the European Central Bank moving to a more accommodative stance and China enhanced its monetary and fiscal stimulus.

A further boost for investor confidence was provided by positive commentary on U.S. and China trade negotiations and relatively positive U.S. economic data.

Total Fund Annualized Five-Year Rates of Return



Post the first quarter recovery, equity markets did experience periods of volatility. During the second and third quarters, markets suffered short sharp corrections in the 5%-7% range. These periods of market concern were largely driven by negative headlines concerning U.S. and China trade negotiations, increased tariffs, slowing global growth and fears that global monetary stimulus may not lift economic activity. However, each of these market pullbacks proved brief as markets absorbed these concerns and marched higher.

Finally, during the last quarter of 2019, investor sentiment turned decisively positive. The U.S. Federal Reserve had delivered three interest rate cuts and was once again adding substantial liquidity to the financial markets. The European Central Bank cut rates further into negative territory and reinstated quantitative easing. Japan maintained its extraordinary monetary policy and announced a fiscal stimulus plan, while China continued to provide targeted monetary and fiscal support to stabilize growth.

The U.S. and China agreed to a "phase one" trade deal which was expected to significantly de-escalate the trade confrontation. As well, while global economic data

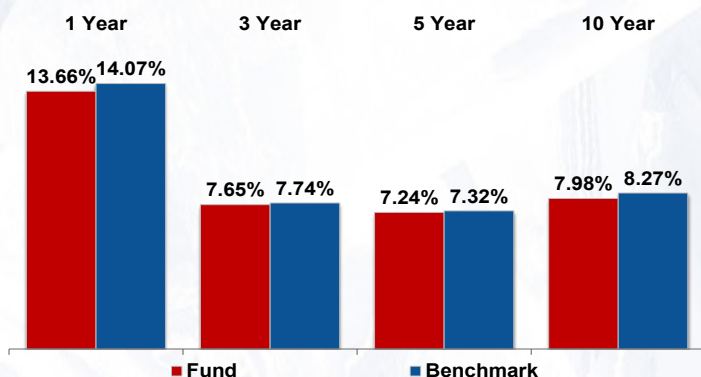
OVERVIEW AND PERFORMANCE (CONT'D)

remained mixed, recession fears had moderated. Thus, in stark contrast to the decline in the fourth quarter of 2018, global equity markets strengthened over the final quarter and closed at record highs.

Turning to fixed income markets, global interest rates were locked in a downtrend for the majority of 2019. However, the level of interest rates experienced significant volatility during the period. Fears of slowing global growth, trade tensions and central bank policy were all factors weighing on the level of interest rates. In the U.S., the ten-year yield fell from 2.58% to 1.91% and hit a low of 1.45% late in the summer. Similarly, in Canada, the 10-year yield declined from 1.95% at the start of the year, to 1.69% at year end and hit a low of 1.09% in August. Global yields were also under significant downward pressure for most of the year as rates moved solidly into negative territory. In fact, at one point there was over \$17 trillion of global fixed income that had negative yields.

At their lowest levels, rates were suggesting that the global economy would experience a recession, largely driven by global trade wars. As these fears abated over the last several months of 2019, global interest rates moved modestly higher.

Total Fund Annualized Rates of Return versus Benchmark



For the year, Canadian fixed income returns, while less robust versus equities were respectable. The FTSE TMX universe index advanced 6.9%, the FTSE short-term index gained 3.1%, the FTSE mid-term index rose 5.8% and the FTSE long-term composite surged 12.7%. The CSSB's custom fixed income benchmark returned 8.75%.

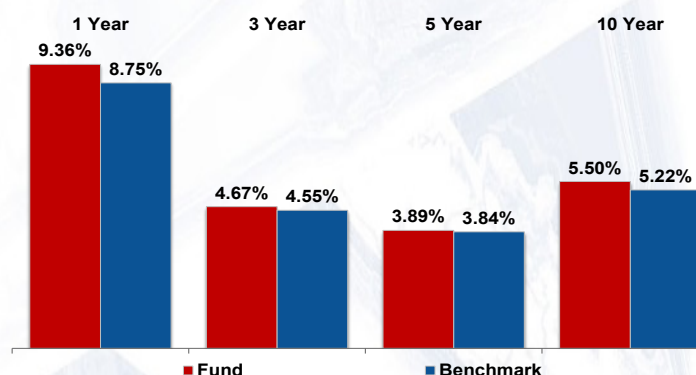
Cash and Cash Equivalents

Cash remains a relatively small portion of the Fund. Active management added 5 basis points (bps) with a return of 1.70% compared to the FTSE TMX Canada 91 Day T-Bill return of 1.65%.

Bonds and Debentures

The Canadian yield curve bull flattened in 2019 as the Bank of Canada held overnight rates steady while long yields declined due to growth concerns stemming from the U.S. and China trade war. The uncertainty caused by the trade war led the US Federal Reserve and the European Central Bank to ease monetary policy in 2019 and the spill over effect into the Canadian debt market resulted in lower long end yields and tighter credit spreads as large amounts of corporate and provincial issuance ended up being done in Europe and the US.

Annualized Bonds & Debentures Rate of Return



Overall the Canadian Bond Universe Index returned 6.87% while the long portion of that universe returned 12.71%. Long corporate debt outperformed with a return of 14.41% compared to 13.52% for long provincial debt and 8.39% for long federal debt.

The Bond portfolio outperformed by 61 bps with a return of 9.36% versus 8.75% for the benchmark. The outperformance was mainly due to tighter credit spreads as the fund began the year overweight corporate debt and in particular, long corporate debt.

Real Return

Products such as Index-Linked Mortgages remain a designated vehicle to fund the Cost-of-Living Account for future benefits. Real return investments earned 6.83% in 2019 compared to 5.25% for the benchmark.

Total Equity

In 2019, global capital markets generated impressive returns across all asset classes and regions. Global equities advanced the most in 10 years and in the U.S., the S&P500 registered its largest gain since 2013. For Canadian investors, the strength of the Canadian dollar had a negative impact on Non-Canadian investment of

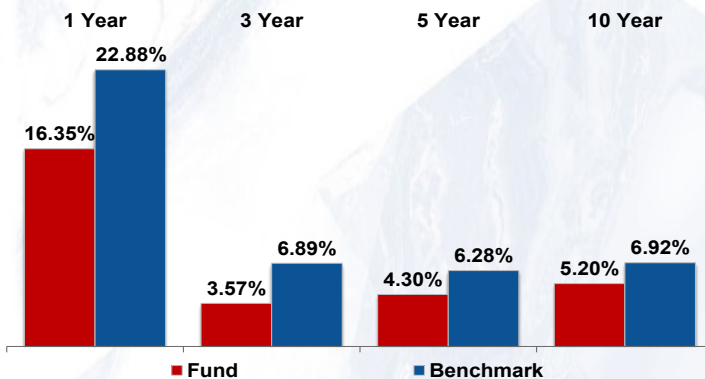
approximately 6%. In the U.S., equity indices surged higher with the S&P up 24.8%, the Dow Jones Industrial average gained 19.4%, while the technology heavy NASDAQ moved higher by 28.8% (in CAD).

Regarding the technology sector in the S&P, it was up a spectacular 48% (in USD) and contributed one third of the S&P's gains for 2019. Domestically, the Canadian market had solid returns, advancing 22.9%. For global markets, most produced similarly strong results. The MSCI (all world ex Canada and the U.S.) gained 15.5%, the MSCI EAFE rose 15.9%, MSCI Europe advanced 19.1%, while MSCI emerging markets were up 12.4%. In the Asia Pacific region, China advanced 19.0%, Australia moved higher by 21.6%, while Japan returned 15.5% and Hong Kong lagged, gaining 6.4%.

The main drivers of these universally positive global equity returns were largely the actions of global central banks, the eventual easing of U.S. and China trade tensions and a reduction of fear that the global economy was heading into recession.

Canadian Equity

Annualized Canadian Equity Rates of Return



Several changes were made to the internal Canadian Equity mandates during 2019. The small/mid-capitalization Canadian Equity Fund was wound down at the end of the third quarter and replaced with an Index Fund tracking the S&P/TSX Composite. At the same time, the Large Cap Canadian Equity Fund was transitioned to incorporate a more growth-oriented approach to managing the fund's capital. This transition in manager style has opened up new investment opportunities in high-growth sectors such as information technology. At the end of 2019, approximately 67% (\$770mm) of the fund's Canadian Equity exposure was actively managed in the Large Cap Canadian Equity Fund with the balance (\$390mm) exposed to the XIC Canadian Equity Index Fund.

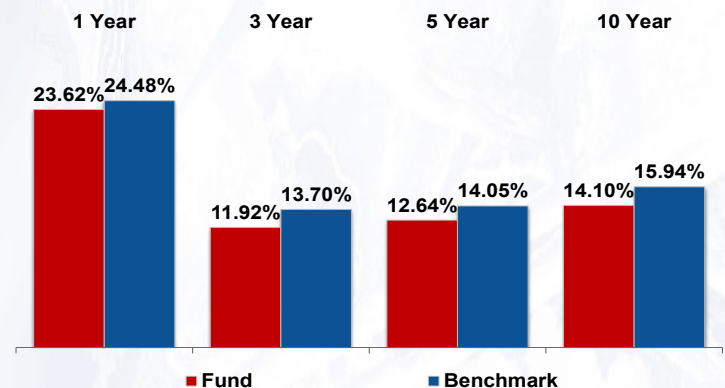
Canadian Equities performed remarkably during 2019, with the S&P/TSX Composite posting a 22.9% gain on the year. Information Technology, Precious Metals and Utilities paced gains on the Composite, surging 64%, 42% and 32% respectively over the twelve-month period. Financials (+17%) and Energy (+16%) underperformed the index while Health Care (Cannabis) was the only sector to finish the year in negative territory. Given a general lack of exposure to the top-performing sectors during the year, Canadian Equities returned 16.4%, underperforming the Canadian Equity benchmark.

The transition in the third quarter of 2019 resulted in a number of changes to end-market exposures for the portfolio, including significant increases in Information Technology, Utilities and Consumer Discretionary and a significant decrease in exposure to Energy, specifically oil and gas producers.

U.S. Equity

2019 was a year of transition for our U.S. Equity mandates. We used the year to finish the internal transition of the portfolio management of both our factor-based U.S. Low Volatility Dividend fund and our actively managed U.S. Large Cap Equity program. During 2019 we also transitioned our factor-based U.S. Midcap strategy to an indexed based approach and added an S&P 500 index mandate. We now have allocations to four different mandates within U.S. equities providing us with diversification.

Annualized U.S. Equity Rates of Return



As at the end of 2019:

- 56.2% U.S. Large Cap Equity Fund (\$1.005 Billion)
- 17.0% U.S. Low Volatility Dividend Fund (\$304 Million)
- 8.1% U.S. Midcap Equity Index Fund (\$145 Million)
- 18.6% U.S. S&P 500 Index Fund (\$333 Million)

OVERVIEW AND PERFORMANCE (CONT'D)

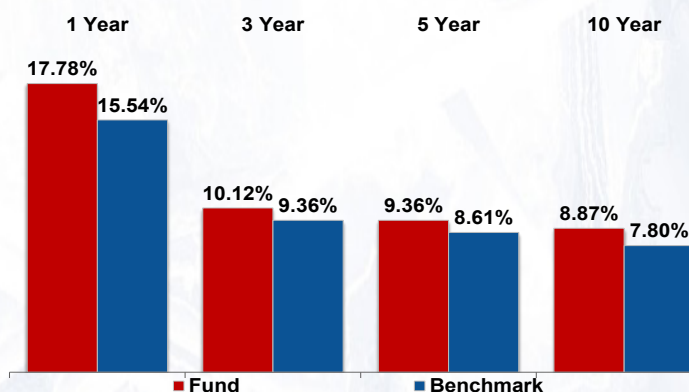
2019 was a very strong year for equity markets with the S&P 500 increasing 24.84% in CAD (31.33% in USD). Our internally managed U.S. Large Cap Equity portfolio finished ahead of the S&P 500 by 34 basis points returning 25.18% in CAD. The 2019 performance increases the Canadian dollar trailing 5-year return for the internally managed U.S. Large Cap Equity Portfolio to 13.13% per year for five years. Overall the combined return for all our U.S. Equity programs was 23.62% in 2019 (CAD) and the 5-year return for all U.S. mandates combined increases to 12.64% per year (CAD).

We ended 2019 with cautious positioning as the market multiple was at the higher end of normal and the global growth outlook for 2020 appeared to be below average which has served us well year to date in 2020.

Non-North American Equity

The Non-North American Equity portfolio returned 17.78% compared to the benchmark return of 15.54%, outperforming by 224 bps. Value was added due to the large outperformance of the emerging markets and Asia Pacific portfolios. The Fund's Emerging Markets manager outperformed by 4.38%. The Asia Pacific fund managers outperformed by 8.22%. The EAFE manager outperformed by 1.72% while the internal international portfolio underperformed by 0.41%.

Annualized Non-North American Rates of Return



Private Equity

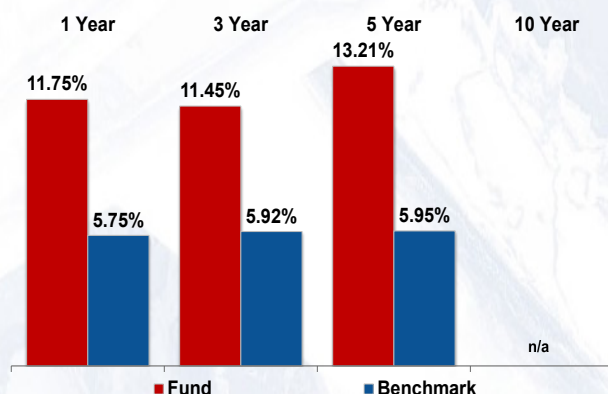
The market environment for Canadian oil and gas assets continued to be challenging in 2019. As a result, for the year ending December 31, 2019, the value of Gain Energy suffered a significant decline in value. This resulted in a carrying value for the year-end of \$11.7 million versus \$87 million at the end of 2018. The Board of Gain Energy has made a decision to divest the remaining oil and gas holdings and has engaged an investment banking firm to begin the process in early 2020.

Outside of Gain Energy, we are in the process of building out a traditional Private Equity program consisting of buyout and secondary fund commitments. The intention is to grow the program to 3% of assets over the next five years. To date we have made one commitment in 2018 to Brookfield Capital Partners V. This fund is 30% committed to four high quality assets and continues to look for attractive opportunities. Due to the young vintage, the fund continues to hold all assets at cost in their local currency.

Infrastructure

It was another busy year in the infrastructure group and performance was excellent. Overall the group of funds and co-investments managed to beat the 5.75% benchmark by a decent margin in gaining 11.75% for the year. Total dollars invested now exceeds \$700 million.

Annualized Infrastructure Rates of Return



Investments include:

- Borealis
- Brookfield Infrastructure III
- InstarAGF - AMPORTS
- InstarAGF - Essential Infrastructure Fund
- InstarAGF - Essential Infrastructure Fund II
- InstarAGF - Steel Reef
- InstarAGF - Project Wrangler
- Northleaf NICP II
- Northwest Parkway

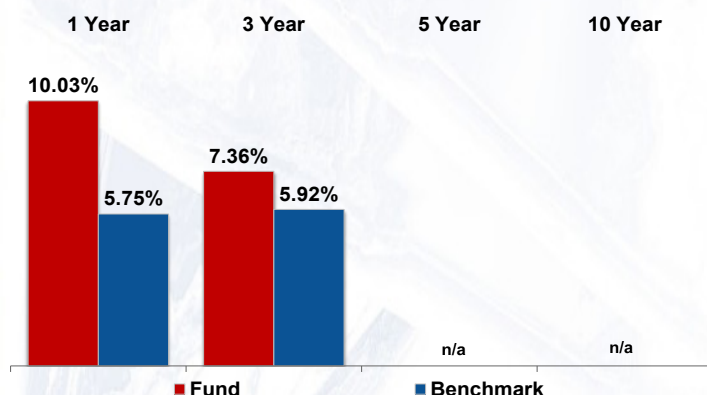
Private Credit

2019 was a successful year for the Private Credit program, which is in its fourth year and is still in its infancy as we execute on the strategy. The NAV for the program is in excess of \$500 million total, with \$187 million attributed to Antares. Overall the Private Credit program generated a return of 10.03% versus the actuarial required rate of return benchmark, which currently sits at 5.75%. 2019 was a good year for the program with all funds performing in line with expectations.

Investments include:

- Antares
- Brookfield Real Estate Finance Fund V
- Carlyle Credit Opportunities Fund
- Grosvenor True North II
- Northleaf Private Credit Fund I
- Northleaf Private Credit Fund II
- Sagard Credit Partners

Annualized Private Credit Rates of Return



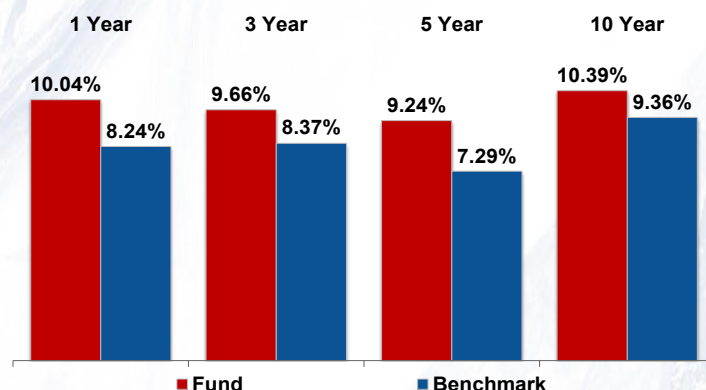
Hedging Program

On September 28th, 2018 we began passively hedging the U.S. dollar portion of the Alternative Assets by entering into a forward agreement matched to the most current valuations. We roll our forwards on a quarterly basis, updating our hedge amount according to the most recent valuations available and move to immediately hedge new funding as they are called by our counterparties. The currency hedging is to reduce volatility in these asset classes, which totaled \$500 million USD at the end of the year, growing from \$295 million at the beginning of the program as we continue to expand our Alternative Asset program. The cost of the hedge is offset by the accrued interest from an allocated bond and marked deficits are funded with Repurchase Agreements utilizing the same bond holding.

Real Estate

The real estate portfolio returned 10.04% during 2019 compared to an 8.24% return on the IPD index. The strong outperformance can be attributed to significant returns in office, residential, and industrial assets as well as profit realization on a number of development projects. Although there are signs of stabilization in the retail sector for many of our assets, these property types continue to drag down overall returns. Retail centres that focus on everyday needs-based items, like grocery stores, continue to retain strong valuations.

Annualized Real Estate Rates of Return

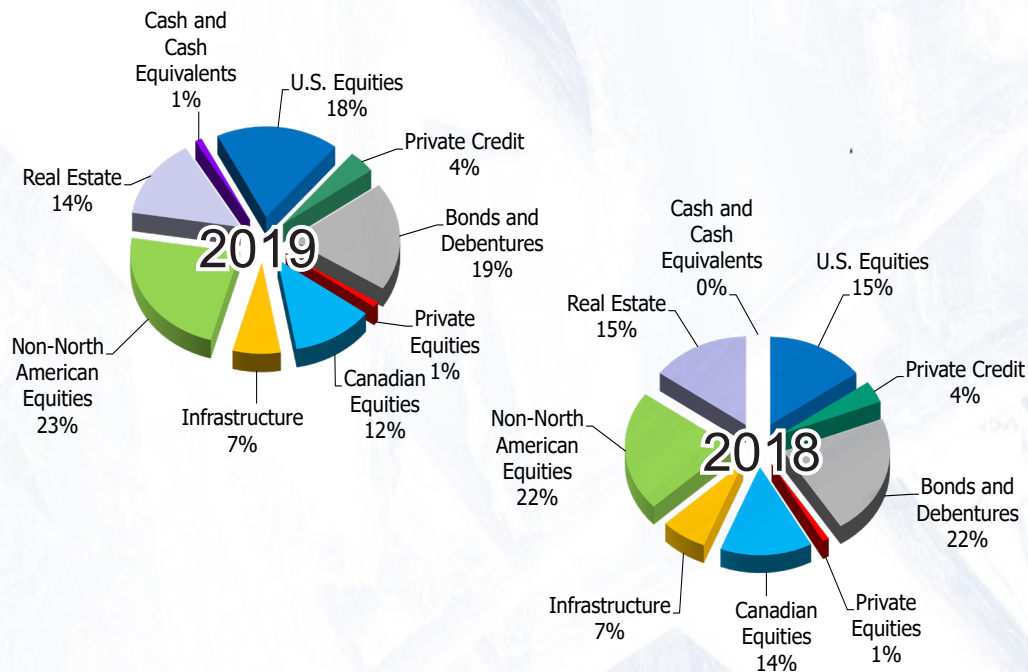


By geography, Toronto, Montreal, and Vancouver continue to lead the major markets as land constraints combined with exceptional population growth has put upward pressure on rental rates. Overall property fundamentals across Canada remain healthy with low vacancy and steady rental rate increases. We are focused on off-market transactions as a means to acquire real estate at attractive valuations and undertake select development opportunities where risk adjusted returns are appropriate.

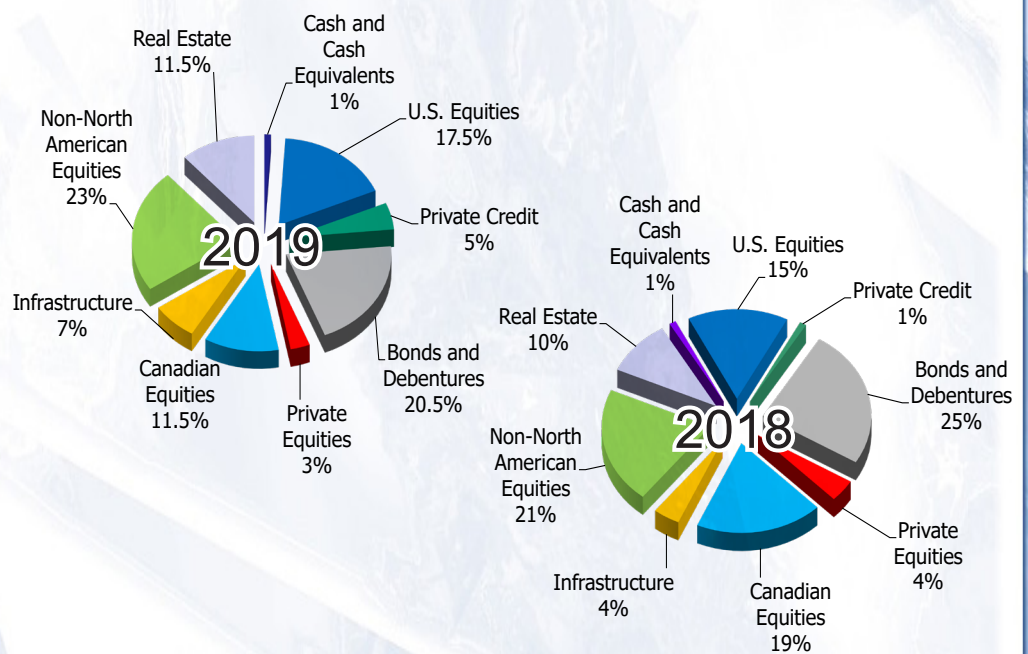
Total Fund

For 2019 as a whole, the total fund underperformed its benchmark by 0.41% as it gained 13.66% versus its benchmark of 14.07%. The underperformance was mainly due to the Fund's private investment in Gain Energy which experienced a significant decline in value. Performance benefitted from positive relative returns to their benchmark by some of the Fund's internal and external managers. In addition, our allocation to real estate and alternatives (infrastructure, private debt and private equity) was a strong contributor to the 2019 total fund return. Finally, asset allocation, which emphasized equities and alternatives over fixed income positively impacted performance to our benchmark.

Fund Investments



Investment Policy Normal Allocation



FUND INVESTMENTS

	2019(*)	2018(*)
Contractual Investments		
Cash and Short-term	83,696	46,528
Bonds and Debentures	1,547,261	1,506,066
Mortgages	8,869	11,575
Public Equity Investments		
Canadian Equities	947,431	1,001,732
U.S. Equities	1,378,927	1,114,996
Non-North American Equities	1,809,294	1,563,223
Non-Public Equity Investments		
Real Estate	1,106,864	1,082,695
Private Equity	28,858	74,122
Infrastructure	553,203	511,283
Private Credit	333,416	287,296
Total Investments	7,797,819	7,199,516

* \$Thousands

STRATEGY AND OUTLOOK

The COVID-19 pandemic has caused a serious shift in society and the global economic outlook. While the health of the world's population is the major concern, we must recognize that the health of individuals and the world economy are inextricably linked. In order to attempt to contain an overwhelming spread of the virus ("flattening the curve"), global governments have locked-down major portions of their economies. These actions, while targeted to limit further human tragedy, have resulted in an unprecedented sharp contraction in global economic activity.

The IMF recently forecast that the scale of the downturn could surpass that experienced in the 2008/2009 GFC and may be the worst decline in modern times. The IMF now expects global GDP to fall over 3% in 2020 versus its previous estimate of +3.1%. The extent of the economic damage has started to be reflected in recently released first quarter economic data for several countries. However, as the majority of global economies were shuttered in early March, the most severe impact can be expected in the second quarter of 2020.

Currently, the extreme containment measures have proven effective in slowing the rate of infection and in many countries the infection rate appears to be plateauing. This has been the experience in China where COVID-19 originated in December 2019. The Chinese economy was locked down for over 11 weeks and began to reopen slowly in late March. At the time of writing, many regions, including the U.S., have announced plans to gradually remove some restrictions and gradually restart their economies over the next several weeks. Should this prove successful and infections do not reaccelerate, requiring renewed lockdown measures, global economic activity should rebound over the last half of 2020.

The magnitude of the recovery, whether it is a sharp "V", a gradual "U", a double dip "W" or an elongated "L" is highly uncertain at this time. A return to pre-COVID-19 levels of economic activity and social interaction will be solely dependent on the swift development of drugs to treat the virus and ultimately a vaccine to provide immunity. While we are optimistic that science will be successful, timing is everything. In the short-term, governments must rapidly ramp up testing, contact tracing, and isolation of positive cases. Over the near term, it is inevitable that economic data for world economies will be shockingly negative.

In the U.S., since the lockdown began, unemployment claims have risen to over 22 million. This staggering rapid increase is equal to an unemployment rate of approximately 15% and has wiped out 10 years of job gains. For March, retail sales were recently reported to

decline 8.7%, industrial production dropped 5.4% and the U.S. leading indicators fell 6.7%, the largest in 60 years. Expectations for first quarter real GDP are for a decline of over 6% and the second quarter is forecast to decline 25% at an annualized rate. In anticipation of a significant decline in U.S. economic activity, the U.S. Federal Reserve has lowered rates by 150bps to near zero and restarted quantitative easing and put in place many emergency funding processes to support financial market stability. In fact, the Fed has gone well beyond its traditional monetary policy to support both the financial sector and the broader economy. They are providing liquidity to short-term markets by purchasing state, municipal and corporate bonds. This was recently expanded to include higher risk corporate debt and bond ETFs.

Total Federal Reserve actions are expected to dramatically increase its balance sheet by over \$4 Trillion and more may be required. The U.S. government has approved and implemented a \$2 Trillion economic support package for corporations (large and small), individuals, the health care sector (hospitals) and state and local governments. While these measures passed only a few weeks ago, and money just started to flow, congress is currently preparing an additional package estimated at \$500 billion. The total monetary and fiscal stimulus is estimated at over 10% of U.S. GDP. These emergency fiscal and monetary programs are required to prevent a short severe virus shock from spiraling into a long-lasting deep recession. Essentially, the Federal Reserve and U.S. government "will do whatever it takes" to support the economy and financial market stability.

Domestically, in Canada the coronavirus shutdown, in combination with a collapse in oil prices (down over 60%), will be a severe blow to economic activity. Over the first several weeks of the lockdown, Canada has lost over one million jobs and approximately two million workers are working reduced hours. The first estimate for March monthly GDP came in at (9.0)%, suggesting a quarterly decline in excess of 10%. Estimates for the second quarter are projected to be a decline of over 30%.

To support the Canadian economy and financial markets the Federal government and the Bank of Canada announced historical fiscal and monetary policy support programs. The government has put in place \$150 billion (over 10% of GDP) of fiscal spending to provide assistance to individuals, corporations and the broad economy. The Bank of Canada aggressively cut rates from 1.75% to 0.25% and for the first time ever launched quantitative easing. Initially, the latter was targeted at government bonds in combination with providing liquidity to overnight credit markets. As credit market conditions worsened these

liquidity programs were expanded to include commercial paper, bankers acceptances, provincial bonds and corporate bonds.

Going forward, both the Federal government and the Bank of Canada may be required to expand their support, should economic activity remain under stress. Concerning China, where the COVID-19 virus outbreak originated in December 2019, it was the first region to isolate its population and shut down industry. In mid-March, the government started to ease restrictions and restart economic activity. The economy is gradually recovering and operating at approximately 75% of previous levels.

Recently, China's first quarter GDP was reported at (6.8)% quarter over quarter (-35% on an annualized basis). This is the largest decline in economic activity in three decades. It is expected that China's economy will continue to face significant headwinds for several quarters as the balance of global economies were shut down later in the first quarter as the virus spread globally. Given this, exports, global trade, industrial production, manufacturing and the domestic economy will struggle to recover. Current estimates for China's real GDP growth in 2020 are highly dependent in the timing of when global economies reopen and range from (3.0)% to (1.5)%.

In response to the pandemic induced economic crisis, Chinese authorities have implemented several fiscal and monetary stimulus plans. They have cut lending rates, increased liquidity for bank lending, cut taxes and boosted infrastructure spending. As the economy is expected to continue to face challenges, we would expect the Chinese government to move to more aggressive fiscal and monetary stimulus to support economy stability. The IMF has estimated that Chinese GDP will only grow by 1.2% in 2020 but rebound to a whopping 9.2% growth in 2021, however a return to growth seems difficult to predict until we know how long this pandemic will last.

The European economy was showing modest signs of recovery early in the year. However, the onset of COVID-19 and the related economic shutdowns have dramatically reversed the outlook. As economic activity ground to a halt, the European Central Bank and the European Commission implemented unprecedented policies to support the economy. The European Commission for the first time ever activated the general escape clause of the stability and growth pact. This allowed European governments to increase fiscal spending well beyond the budget restrictions that it mandated. The ECB substantially increased quantitative easing and created a \$750 billion Euro pandemic

emergency program to buy additional government and corporate bonds.

In addition, the European Commission is working on a plan for a \$500 billion Euro aid package for the region. It is likely that the European authorities will expand support further as it is required. This was indicated by the President of the ECB, Christine Lagarde who stated, "Extraordinary times require "extraordinary" actions. There are no limits to our commitment to the Euro area. We are determined to use the full potential for our tools within our mandate."

Japan's economy was already very weak heading into 2020. 2019 fourth quarter GDP had contracted 7.1%, the worst level in over six years. This was largely the result of the increase in the value added tax bills and its impact on consumer and business spending. Given Japan's heavy dependence on global trade and manufacturing the shutdown of global economies will be a severe hit to economic growth. In addition, the 2020 Olympic games scheduled to be held this summer in Japan have been cancelled. The decline in GDP over the near term is expected to be painful with first and second quarter declines in the range of 25-30% annualized. As the Bank of Japan already has in place extreme monetary policies, the government of Japan announced an emergency fiscal stimulus program equivalent to 20% of GDP to attempt to contain further economic damages.

The global COVID-19 pandemic and the lockdown of world economies has certainly clouded the outlook for the global economy over the short-term. We are cautiously optimistic that we are close to the beginning of the end of this severe impact on world economies.

Turning to global equity markets, we are currently experiencing a strong rebound in equity values. From the March 23, 2020 lows, the S&P500 has risen over 30% off the bottom and recovered almost half of its losses. This spirited relief rally can largely be attributed to the massive amounts of liquidity and fiscal stimulus the global central banks and governments are pushing into the financial system and the economy.

These measures have provided investors with cautious optimism that these actions will bridge the gap between the severe lockdown recession and a recovery in economic activity. In addition, there are signs that the extreme containment measures are working, and the spread of the virus has reached a peak. The rally in equity markets may move higher as liquidity/momentum driven markets can move farther and faster than market participants expect.

STRATEGY AND OUTLOOK (CONT'D)

There remains a concern the current bounce in equities is a bear market rally and markets may retest their March lows. However, many market indicators are suggesting that the downside may be limited. At the lows, investor sentiment moved to a bearish extreme, cash levels are very high, stocks participating in the rally have broadened and the volatility index (gauge of fear) is well off historic highs set in March. The bull case would suggest that markets experienced a capitulation sell-off and are now in the process of bottoming. While this seems to be in stark contrast to a dire economic outlook, we must remember that markets are forward looking, and economic data is backward looking.

At the present time, it appears that equity markets have discounted the expected sharp decline in corporate earnings in 2020 and are looking at a recovery in 2021. We certainly expect equity markets to be volatile over the balance of the year and very reactive to headlines concerning the economy and developments regarding the COVID-19 virus. For now, our view is that equities have passed the point of peak stress. However, should the spread of the virus reaccelerate as the economy gradually opens, causing a further reinstatement of lockdowns, equity markets would react extremely negatively.

For fixed income markets, the severe economic shock from the coronavirus pandemic has certainly solidified the case for rates to stay lower for longer. The Federal Reserve, the Bank of Canada and other global central banks have provided vast amounts of liquidity to stabilize fixed income markets. In fact, they put bond buying programs in place for sectors of the market that prior to this crisis would never have been contemplated. Presently, 10-year yields in the U.S. and Canada are 0.6%, close to the lows of the year.

We do not expect upward pressure on rates to materialize until there is evidence that global economic activity is troughing. Our fixed income portfolio remains neutral to the benchmark policy weight at this time. At these interest rate levels, we see little value in the fixed income market over the long-term. However, we are maintaining this position for liquidity and defensive purposes.

Regarding our alternatives (including real estate) portfolio, our expectation is that these assets should cushion the total portfolio from the sharp pullback in equity markets. We are in contact with all our managers to review the status of their holdings. Currently they are closely monitoring portfolio companies/properties and reviewing the potential impact of the economic shock on their business and liquidity.

As we entered this period of market turmoil, the asset mix of the fund was relatively neutral to our benchmark policy mix. The portfolio is well diversified by asset class and geography. In terms of public portfolios, they were relatively defensively positioned entering the downturn.

Membership Information



MEMBERSHIP INFORMATION

MEMBER SERVICES

The Board offers the following services to members and their families, financial planners, solicitors, etc.:

1. Individual Meetings

Members can meet with Board staff in Winnipeg and rural areas to discuss pension and insurance benefits. Members are encouraged to bring anyone they wish to these meetings, like a spouse or financial planner.

2. Pre-Retirement Planning Seminars

The Board offers half-day sessions designed for employees who are beginning to plan for retirement. They are presented in major centres throughout Manitoba for groups of 15 to 50 people, and members are encouraged to bring their spouses. The focus of these seminars is on pension and insurance benefits offered through the Board.

3. Employee Pension and Insurance Seminars

The employee information seminars focus on pension and insurance benefits, such as eligibility, entitlement to benefits, family protection, disability, death, relationship separation, etc. They are provided at the invitation of the Government or participating employers.

4. Personal and General Inquiries

Board staff are available to answer questions by way of phone and written communication.

5. Electronic Communications

The Board's website and Online Services allow members to view general information and obtain detailed personalized information at their convenience.

Staff are available to meet your information needs with respect to enrolment, retirement, disability, termination and pension projections for estate and retirement planning.

We ask that you have your personal identification number (PIN), social insurance number (SIN), or employee number ready when calling the office and that you make an appointment prior to visiting to assist us in serving you better.

GOVERNANCE

The Board and sub-committees regularly receive management certified compliance reports and informational material to assist with oversight requirements. In addition, the Board reviews and formally approves the minutes of all subcommittee meetings.

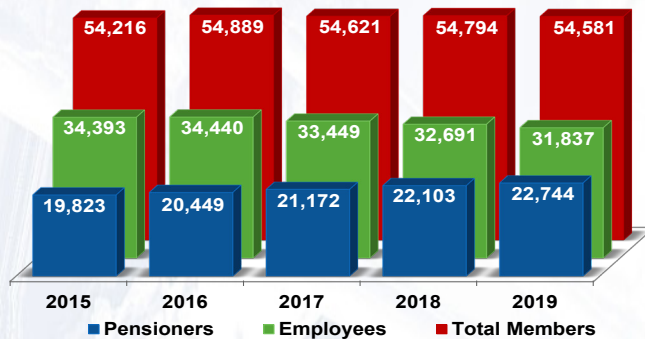
The Board is currently conducting a review of its governance processes. The results of the review will form the foundation of future Board policies and procedures.

MEMBERS/RETIREMENTS

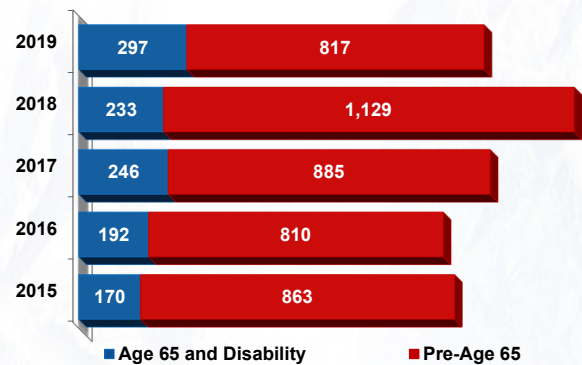
During 2019

- Total members decreased by 213 to 54,581
- Employees/former employees participating in the Fund decreased by 854 to 31,837
- Pensioners/beneficiaries increased by 641 to 22,744

Total Members



Retirements

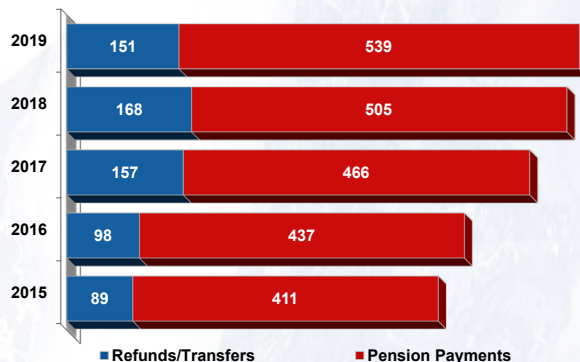


PAYING YOUR BENEFITS

During 2019

- 22,744 pensioners/beneficiaries were receiving pension benefits at the end of the year
- \$539 million was paid in pensions

Payments From The Fund (\$ Millions)



Former Contributors



MEMBERSHIP INFORMATION (CONT'D)

EMPLOYEE CONTRIBUTIONS/EMPLOYER PAYMENTS

During 2019

- Employees contributed \$158 million to the Fund compared to \$161 million in 2018
- Employers paid \$320 million to the Fund compared to \$313 million in 2018

Employees and Employers share the cost of the plan.

- 89.8% of your contributions fund basic pension and beneficiary benefits
- 10.2% of your contributions are allocated for cost-of-living benefits

Employer payments include:

- Approximately 50% of pensions paid and transfer values for terminations, relationship separations, and deaths for payment-funding employers
- Payments made by prefunding employers

Contributions and Payments (\$ Millions)



An employee contributes to the pension plan at one rate on salary up to his or her Canada pensionable earnings, and at a different rate on salary over of his or her Canada pensionable earnings. Canada pensionable earnings is the salary an employee receives in a year that does not exceed the Yearly Maximum Pensionable Earnings under the Canada Pension Plan. The Yearly Maximum Pensionable Earnings for 2020 is \$58,700.

COST-OF-LIVING ADJUSTMENT (COLA)

- 10.2% of employee contributions and prefunding employer payments go to a separate account to fund COLA
- The account funds approximately half the COLA increase while employers pay their share
- Pensioners and beneficiaries receive an annual increase to a maximum of $\frac{2}{3}$ of the increase in the Canadian Consumer Price Index (CPI)
- The COLA paid July 1, 2019 was 1.33%

Cost-of-Living Account

The Board is concerned with the future viability of COLA. COLA is limited to the extent that the COLA account is, in the opinion of our actuary, able to pay for approximately one half of the increases. The employer pays for the remainder of the increases. The Board is concerned that the COLA account will not be able to continue to provide increases of $\frac{2}{3}$ of the increase in the Canadian Consumer Price Index. Concerned members should contact the Pension and Insurance Liaison Committee.

FUNDING OF PENSION BENEFITS

The Fund's net assets available for benefits are primarily funded by:

- Investment income
- Employee contributions
- Employer payments

These assets are used to finance the payment of the Fund's portion of the basic pension, the indexing benefits, and the employers' share for several prefunding employers. The majority of employers are payment funding and defer payment of their share of pension benefits until the benefit is paid.

The Fund consists of two separate accounts:

1. Basic Benefits Account

- Finances the Fund's share of the basic pension benefit calculated as at a specific date (i.e. retirement, termination or death)

2. Indexing Benefits Account

- Has been specifically established to finance the Fund's share of cost-of-living benefits paid to members
- 10.2% of employee contributions and prefunding employer payments are credited annually to this account

The cost-of-living benefit payments are limited to the extent that the Indexing Benefits Account is able to finance its share of each increase. Legislation limits the maximum annual cost-of-living adjustment to $\frac{2}{3}$ of the increase in the CPI until the account can prefund anticipated adjustments for the next 20 years.

The net assets available to finance pension benefits, the obligations for pension benefits, and any surplus in the Basic Benefits Account and the funds available to finance future cost-of-living adjustments as at December 31, 2019 are summarized below.

	Fund (*)	Payment Funding Employers (*)	Obligations Total (*)
1. Net Assets Available (Net of Actuarial Reserves)			
Basic Benefits Account	4,736,643		
Indexing Benefits Account	595,854		
Total	5,332,497		
2. Actuarial Obligations for Pension Benefits			
Basic Benefits Account (Excluding future benefits)	5,447,800	4,153,012	9,600,812
Indexing Benefits Account	394,523	364,492	759,015
Total	5,842,323	4,517,504	10,359,827
3. Actuarial Position/Funds Available			
Basic Benefits Account	(711,158)	(4,153,012)	(4,864,170)
Indexing Benefits Account (funds available to finance future adjustments)	201,332	(364,492)	(163,160)
Surplus/(Deficit)	(509,826)	(4,517,504)	(5,027,330)

* \$Thousands

Refer to the Audited Financial Statements for additional information.

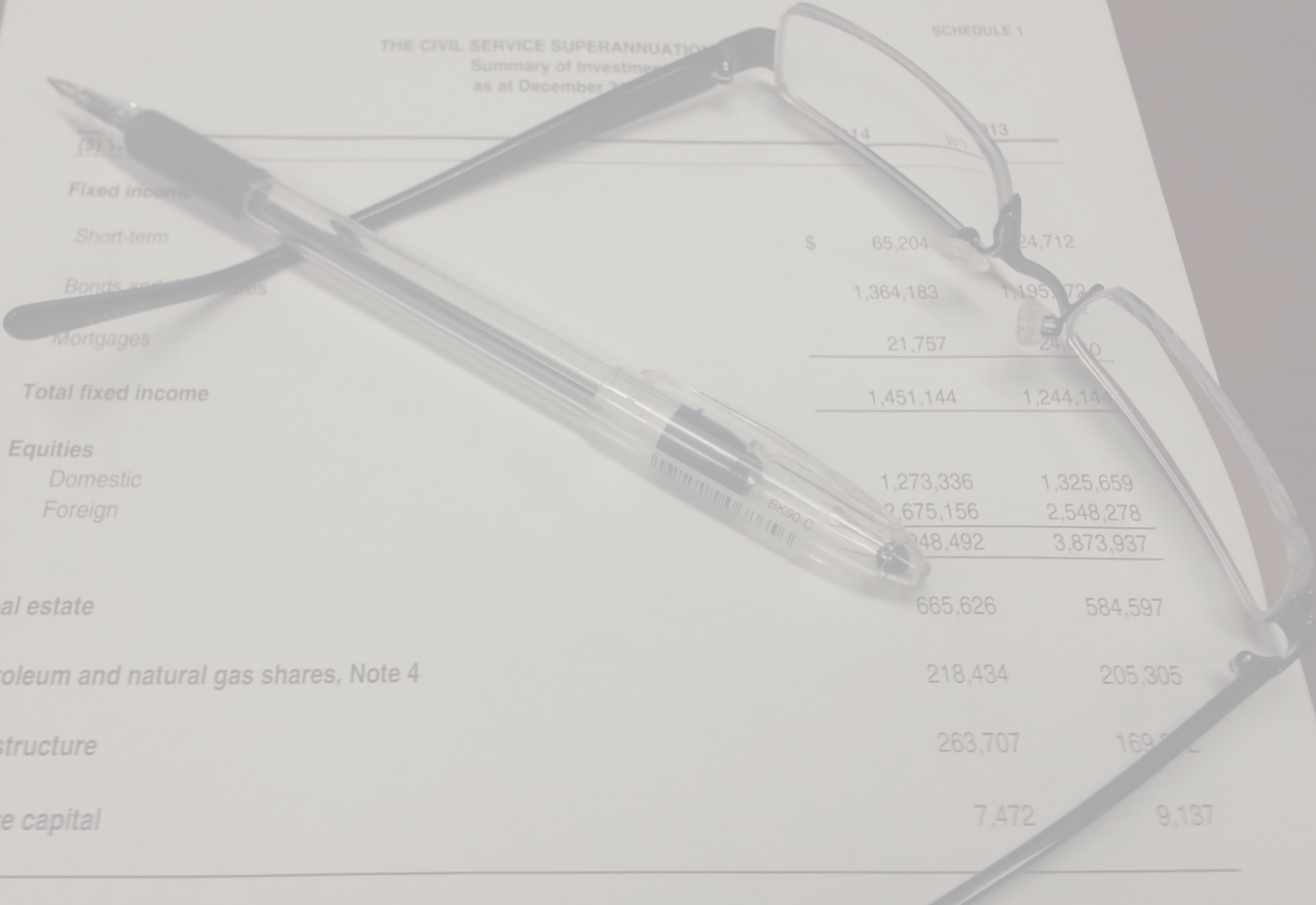
MEMBERSHIP INFORMATION (CONT'D)

FIVE-YEAR COMPARATIVE STATISTICS

		2015 (*)	2016 (*)	2017 (*)	2018 (*)	2019(*)
Investments	Rate of Return	7.63%	5.65%	10.80%	(0.90)%	13.66%
	Market Value	6,885,208	7,077,658	7,561,547	7,199,516	7,797,819
Contributions and Payments	Employee Contributions	157,703	165,787	164,100	161,003	157,795
	Employer Payments	236,356	251,374	288,584	312,795	319,688
	Total	394,059	417,161	452,684	473,798	477,483
Payments from the Fund	Pension Benefits Paid	410,870	437,233	466,122	505,303	538,661
	Refunds and Transfers	88,961	97,803	156,450	167,985	150,891
Expenses	Administrative, net before recoveries from payment funding employers	3,345	3,867	3,908	4,273	4,520
	Investment, net	6,665	6,708	7,782	11,003	11,881
* \$Thousands unless otherwise noted						

		2015	2016	2017	2018	2019
Membership	Non-Retired Members	34,393	34,097	33,449	32,691	31,837
	Pensioners and Other Recipients	19,823	20,793	21,172	22,103	22,744
	Total Members	54,216	54,890	54,621	54,794	54,581
	Refunded/Transferred Members	1,911	1,807	2,078	2,108	1,742
	Retirements	1,033	1,002	1,131	1,362	1,114

Financial Information



THE CIVIL SERVICE SUPERANNUATION
Summary of Investments
as at December 31, 2013

SCHEDULE 1

	2014	2013
Fixed income		
Short-term	\$ 65,204	24,712
Bonds and securities	1,364,183	1,195,723
Mortgages	21,757	24,000
Total fixed income	1,451,144	1,244,435
Equities		
Domestic	1,273,336	1,325,659
Foreign	2,675,156	2,548,278
	3,948,492	3,873,937
Real estate	665,626	584,597
Petroleum and natural gas shares, Note 4	218,434	205,305
Infrastructure	263,707	169,800
Venture capital	7,472	9,137

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Civil Service Superannuation Fund are the responsibility of management and have been prepared in accordance with Canadian accounting standards for pension plans, as stated in the notes to the financial statements. Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and to safeguard the assets of the Fund. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to May 28, 2020.

The firm of Ellement Consulting Group has been appointed as consulting actuary for the Fund. The role of the actuary is to complete the triennial actuarial valuations of the Fund in accordance with actuarial practice and estimate the obligations for benefits for inclusion in the annual financial statements.

The Auditor General performs an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards. The resulting opinion is set out in the Auditor's Report attached to the financial statements.

Ultimate responsibility for the financial statements rests with the members of the Civil Service Superannuation Board. The Board established a Finance and Audit Committee to meet with Board staff and representatives of the Auditor General. It is the responsibility of the Finance and Audit Committee to review the financial statements, ensure that each group has properly discharged its respective responsibilities and make a recommendation to the Board regarding approval of the financial statements. The auditors have full and unrestricted access to the Board and to the Finance and Audit Committee.

The Board has reviewed and approved these financial statements.

On behalf of Management,



Bruce Schroeder
General Manager



Rick Wilson
Director, Finance

REPORT OF THE OFFICE OF THE AUDITOR GENERAL ON THE CIVIL SERVICE SUPERANNUATION FUND



Auditor General
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Civil Service Superannuation Board

Opinion

We have audited the financial statements of the Civil Service Superannuation Fund which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets available for benefits, changes in pension obligations and changes in surplus (deficit) for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Civil Service Superannuation Fund as at December 31, 2019, and the changes in its net assets available for benefits, the changes in its pension obligations and the changes in its surplus (deficit) for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Civil Service Superannuation Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Civil Service Superannuation Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate the Civil Service Superannuation Fund or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Civil Service Superannuation Fund's financial reporting process.

REPORT OF THE OFFICE OF THE AUDITOR GENERAL ON THE CIVIL SERVICE SUPERANNUATION FUND



Auditor General
MANITOBA

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Civil Service Superannuation Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Civil Service Superannuation Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Civil Service Superannuation Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*Original signed by
Tyson Shtykalo*

Winnipeg, Manitoba
May 28, 2020

Tyson Shtykalo, CPA, CA
Deputy Auditor General

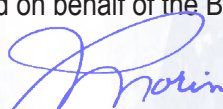
THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Financial Position
as at December 31, 2019

EXHIBIT A

	2019	2018
(\$) Thousands		
Assets		
Investments, Schedule 1 and Note 2(b)	\$ 7,797,819	\$ 7,199,516
Capital assets	320	379
Prepaid expenses	258	293
Debt due from the Province of Manitoba, Note 4	1,826	1,826
Receivables, Note 5	10,254	3,779
Accrued dividends and interest	14,287	15,175
Total assets	7,824,764	7,220,968
Liabilities		
Accounts payable and accrued liabilities	16,430	32,416
The Province of Manitoba Unfunded Pension Liability Trust Account, Note 6	2,265,796	2,098,635
Manitoba Hydro Enhanced Benefit Trust Account, Note 7	36,641	31,638
Correctional Officers' Trust Account, Note 8	14,660	12,317
Employer Trust Accounts, Note 9	114,332	100,774
Money Purchase Accounts Plan, Note 10	44,408	38,842
Total liabilities	2,492,267	2,314,622
Net assets available for benefits, Exhibit B	\$ 5,332,497	\$ 4,906,346
Pension Obligations and Deficit		
Actuarial value of pension obligations, Exhibit C, Note 11	\$ 10,359,827	\$ 10,118,896
Deficit, Exhibit D, Note 1(b), 11, 12 and 19	(5,027,330)	(5,212,550)
Pension obligations and deficit	\$ 5,332,497	\$ 4,906,346

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

Approved on behalf of the Board



Chairperson of the Board



Chairperson, Finance and Audit Committee

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in Net Assets Available for Benefits
For the year ended December 31, 2019

			2019	2018
(\$) Thousands	Basic Benefits Account	Indexing Benefits Account	Total	Total
Increase in assets				
Contributions, Schedule 2, Note 1(b) and 13				
Employees	\$ 141,752	\$ 16,043	\$ 157,795	\$ 161,003
Employers	286,734	32,954	319,688	312,795
Total contributions	428,486	48,997	477,483	473,798
Net investment income, Schedule 3	175,016	71,060	246,076	281,345
Current period change in fair value of investments, Note 14	699,363	-	699,363	-
Other	78	-	78	79
Total increase in assets	1,302,943	120,057	1,423,000	755,222
Decrease in assets				
Current period change in fair value of investments, Note 14	-	-	-	359,959
Benefits paid, Note 15	473,634	65,027	538,661	505,303
Refunds and transfers, Note 16	150,891	-	150,891	167,985
Administrative expenses, net, Note 17	2,658	-	2,658	2,489
Interest allocations to various trust accounts and Money Purchase Accounts Plan, Note 18	304,639	-	304,639	(20,668)
Total decrease in assets	931,822	65,027	996,849	1,015,068
Increase (decrease) in net assets	371,121	55,030	426,151	(259,846)
Net assets available for benefits, beginning of year	4,365,522	540,824	4,906,346	5,166,192
Increase (decrease) in net assets	371,121	55,030	426,151	(259,846)
Net assets available for benefits, end of year,				
Exhibit A	\$ 4,736,643	\$ 595,854	\$ 5,332,497	\$ 4,906,346

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

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in Pension Obligations
For the year ended December 31, 2019

EXHIBIT C

(\$ Thousands)			2019	2018
	Fund	Payment Funding Employers	Total	Total
<u>Basic Benefits Account</u>				
Pension obligations, beginning of year	\$ 5,302,951	\$ 4,131,430	\$ 9,434,381	\$ 8,928,595
Change in pension obligations				
Experience loss (gain)	52,428	(16,801)	35,627	316,060
Benefits accrued	131,727	96,698	228,425	255,783
Benefits paid	(337,791)	(286,734)	(624,525)	(613,407)
Interest accrued on benefits	298,485	228,419	526,904	536,647
Change in actuarial assumptions	-	-	-	10,703
	144,849	21,582	166,431	505,786
Pension obligations, end of year	\$ 5,447,800	\$ 4,153,012	\$ 9,600,812	\$ 9,434,381
<u>Indexing Account</u>				
Pension obligations, beginning of year	\$ 355,799	\$ 328,716	\$ 684,515	\$ 609,849
Change in pension obligations				
Experience (gain)	(6,229)	(5,755)	(11,984)	(5,329)
Benefits accrued, Note 11(b)	57,920	53,511	111,431	91,517
Benefits paid	(33,800)	(31,227)	(65,027)	(59,881)
Interest accrued on benefits	20,833	19,247	40,080	36,929
Change in actuarial assumptions	-	-	-	11,430
	38,724	35,776	74,500	74,666
Pension obligations, end of year	\$ 394,523	\$ 364,492	\$ 759,015	\$ 684,515
<u>Combined</u>				
Pension obligations, beginning of year	\$ 5,658,750	\$ 4,460,146	\$ 10,118,896	\$ 9,538,444
Change in pension obligations	183,573	57,358	240,931	580,452
Pension obligations, end of year, Exhibit A	\$ 5,842,323	\$ 4,517,504	\$ 10,359,827	\$ 10,118,896

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

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in Surplus (Deficit)
For the year ended December 31, 2019

EXHIBIT D

(\$ Thousands)			2019	2018
	Fund	Payment Funding Employers	Total	Total
<u>Basic Benefits Account</u>				
Deficit, beginning of year	\$ (937,429)	\$ (4,131,431)	\$ (5,068,860)	\$ (4,321,385)
Increase (decrease) in net assets	371,121	-	371,121	(241,689)
Change in pension obligations	(144,849)	(21,582)	(166,431)	(505,786)
	226,272	(21,582)	204,690	(747,475)
Deficit, end of year	\$ (711,157)	\$ (4,153,013)	\$ (4,864,170)	\$ (5,068,860)
<u>Indexing Account</u>				
Surplus (deficit), beginning of year	\$ 185,025	\$ (328,715)	\$ (143,690)	\$ (50,867)
Increase (decrease) in net assets	55,030	-	55,030	(18,157)
Change in pension obligations	(38,724)	(35,776)	(74,500)	(74,666)
	16,306	(35,776)	(19,470)	(92,823)
Surplus (deficit), end of year	\$ 201,331	\$ (364,491)	\$ (163,160)	\$ (143,690)
<u>Combined</u>				
Deficit, beginning of year	(752,404)	(4,460,146)	(5,212,550)	(4,372,252)
Change during the year	242,578	(57,358)	185,220	(840,298)
Deficit, end of year, Exhibit A, Note 19	\$ (509,826)	\$ (4,517,504)	\$ (5,027,330)	\$ (5,212,550)

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

(\$ Thousands)

1. Description of Plan

The following description of the Civil Service Superannuation Plan (the "Plan") is a summary only. For more complete information reference should be made to the Civil Service Superannuation Act (the "Act").

(a) General

The Civil Service Superannuation Board (the "Board") and the Civil Service Superannuation Fund (the "Fund") were established under the Act in May 1939. The Board is responsible for administering the Act. The Act defines the basis of funding and the operation of the Plan as a defined benefit plan, which provides pension benefits to employees of the Government of the Province of Manitoba and its agencies participating in the Plan.

(b) Funding

The Act requires that employees contribute 8.0% of pensionable earnings up to the Canada Pension Plan (CPP) maximum pensionable earnings and 9.0% of pensionable earnings above that maximum. In accordance with the Act, 89.8% of the employee contributions are allocated to the Basic Benefits Account and 10.2% are allocated to the Indexing Benefits Account. The prefunding employer contribution rate is .9% less than the employee on pensionable earnings up to the Canada Pension Plan (CPP) maximum pensionable earnings and the same as the employee on Pensionable Earnings above that maximum.

Under provisions of the Act, payment funding employers defer contributing their share of employee pension benefits until they are billed for 50% of the benefit payments processed. However, payment funding employers are not billed for the cost of the pension formula improvement implemented in 2000. Prefunding employers similarly do not contribute toward the 2000 pension formula improvement.

The Fund's net assets available for benefits are primarily comprised of investments derived from contributions from employees and prefunding employers together with investment income. These assets are intended to finance the Fund's portion of the Plan's actuarially determined obligation for pension benefits accruing to employees for service to the date of these financial statements. The payment funding employers' portion of the obligation for pension benefits, as shown on Exhibit C and disclosed in Note 11, is unfunded.

The cost-of-living benefit payments are limited to the extent that the amount in the separate Indexing Benefits Account is actuarially able to finance one-half of that payment. Legislation limits the maximum annual adjustment to two-thirds of the increase in Consumer Price Index (Canada) until the Indexing Benefits Account can pre-fund anticipated adjustments for the next twenty years.

(c) Pension Calculation

The lifetime pension calculation equals:

- (i) 2% of a member's best five-year average pensionable earnings multiplied by pensionable service.
- (ii) minus .4% of the average CPP maximum pensionable earnings for the same period multiplied by pensionable service since January 1, 1966.

The lifetime pension is subject to an overall maximum of 70% of the average earnings described in (i) above. Some pensions for members retiring prior to age 60 are subject to an early retirement reduction.

(\$) Thousands

(d) Excess Contributions

On termination, retirement or death, if a member's contributions plus interest (less 10.2% allocated to the Indexing Benefits Account) exceed 50% of the commuted value of the pension for service after December 31, 1984, the excess contributions are payable to the member or the member's estate.

(e) Retirement

A member is eligible to retire as early as age 55.

All members must commence pension benefits no later than the last day of the calendar year in which the member attains 71 years of age.

Eligible members of the Province of Manitoba's Corrections Component may retire as early as age 50 if age plus years of qualifying service is greater than or equal to 75.

(f) Disability Pensions

A member with ten or more years of qualifying service is eligible to apply for a disability pension.

(g) Death Benefits Pre-retirement

Upon the death of an active member, a survivor's benefit is payable to a spouse or partner or the member's estate when there is no survivor.

(h) Death Benefits Post-retirement

A death refund is payable to the estate of a pensioner or survivor where such pensions have not been paid to the full extent of the member's contributions plus interest.

(i) Withdrawal Refunds

Upon application and subject to lock-in provisions, withdrawal refunds are payable when a member ceases to be employed by a participating employer. Members may choose to leave their contributions in the Plan as a vested member.

(j) Income Taxes

The Plan is a Registered Pension Trust as defined in the Income Tax Act and is not subject to income taxes.

(k) Money Purchase Accounts Plan

The Board administers and maintains a separate Money Purchase Accounts Plan on a trust basis as provided for in the Act.

(\$) Thousands

2. Significant Accounting Policies

The significant accounting policies are summarized below:

(a) Basis of Presentation

The financial statements are prepared on a going-concern basis as a separate financial reporting entity, in accordance with Canadian accounting standards for pension plans. The Fund has selected Part II (accounting standards for private enterprises) of the CPA Canada Handbook for issues not directly addressed by these standards. In accordance with these standards, statements prepared include the statement of financial position, the statement of changes in net assets available for benefits, the statement of changes in pension obligations and the statement of changes in surplus (deficit). They are prepared to assist participants and others in reviewing the financial activities for the fiscal year.

(b) Investments

Investments are presented on a non-consolidated basis even when an investment is in an entity over which the Plan has control or can exercise significant influence.

Investments are recorded at fair value on a trade date basis. Fair values of investments are determined as follows:

Fixed Income

- (i) Short-term investments are valued at cost, which approximates market and short-term equivalents are valued at market by independent sources.
- (ii) Bonds and debentures are valued at market by independent sources.
- (iii) Index-linked mortgages are valued at amortized cost, which approximates fair value.

Equities

- (i) Publicly traded securities are valued at year end market prices as listed on the appropriate stock exchange.
- (ii) Pooled equity funds are valued at market by the external manager based on the fair value of the underlying assets.

Other Investments

- (i) Real estate investments are valued at fair value based on the most recent appraisals or external managers' valuations of the underlying properties.
- (ii) Petroleum and natural gas shares are valued at fair value based on the discounted present value of proven petroleum and natural gas reserve information provided by external managers or are reflected at cost, which approximates fair value, until such information is available.
- (iii) Private equity, Infrastructure, and Private credit investments are valued at the fair value of the underlying investments as established by the external managers or at cost, which approximates fair value, when no valuation has been prepared.

(c) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the year. Actual results could differ from those estimates.

(\$) Thousands

(d) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing on the dates of the transactions. The foreign currency translation of these transactions (except for any foreign currency translation related to the acquisition of investments) is included in investment income or the current period change in fair value of investments (net realized gains or losses on the sale of investments) or administrative expenses.

The fair value of investments denominated in foreign currencies is translated into Canadian dollars at the exchange rate in effect at year-end and the resulting change from the translation at acquisition (or the prior year end) is included in the current period change in fair value of investments (net unrealized market gains or losses).

(e) Forward Contracts

A forward contract is a contractual obligation to buy or sell a specified amount of foreign currency at a predetermined future date and exchange rate. Forward contracts are recorded at fair value which is the estimated amounts that the Fund would receive or pay to terminate the contracts at the reporting date. Realized and unrealized gains or losses on forward contracts are recognized with the current period change in fair value of investments.

(f) Equipment

Computer equipment costing less than \$15 and all furniture purchases are charged to operations in the year of acquisition. Mid-range computer equipment cost is amortized over 5 years and microcomputer equipment cost is amortized over 3 years.

(g) Related Party Transactions

The Plan's sponsor and administrator (and their close family members) are related parties of the Civil Service Superannuation Fund. The sponsor of the Plan is the Government of the Province of Manitoba and the administrator of the Plan is the management of the Civil Service Superannuation Board (CSSB).

CSSB management and their close family members include board members, external committee members and senior management, as well as their spouses, and any controlled business or business subject to significant influence.

All related party transactions are recorded at the exchange amount. Material transactions, in aggregate, and balances are disclosed separately.

(h) Net Investment Income and Current Period Change in Fair Value of Investments

Dividend income is recognized based on the ex-dividend date; interest income and income from real estate, infrastructure, private equity, private credit and security lending are recognized on the accrual basis as earned. Current period change in fair value of investments 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.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2019

(\$ Thousands)

3. Risk Management

The fair value of investments is exposed to market risk (interest rate risk, currency risk and price risk), credit risk, and liquidity risk.

(a) Market Risk

Interest Rate Risk

Interest rate risk refers to the impact of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities. The value of the Fund's assets is affected by changes in interest rates.

The Fund's exposure to interest rate risk is concentrated in its investments in bonds and debentures. To properly manage the Fund's interest rate risk, appropriate guidelines on the weighting and duration for bonds and debentures are set and monitored by the Fund's Investment Committee.

The Fund has invested approximately 21% (2018 – 22%) of its assets in fixed income securities as at December 31, 2019 which generated a rate of return of 9.36% (2018 – 0.95%). The returns on fixed income securities are particularly sensitive to changes in nominal interest rates. As at December 31, 2019, if prevailing interest rates were raised or lowered by 100 basis points, with all other factors held constant, fixed income investments would likely have decreased or increased respectively by approximately \$156,473 (2018 - \$137,770). The Fund's interest rate sensitivity was determined based on portfolio weighted duration.

Currency Risk

Currency risk relates to the possibility that foreign currency-denominated investments will change in value due to future fluctuations in foreign exchange rates. The impacts can be positive or negative and can be significant given the volatility of foreign exchange rates. CSSB management and external managers hedge some of the Fund's currency exposure in invested assets using forward contracts. As at December 31, 2019, the notional amount of all forward contracts held by the Fund was \$578,547 (2018 - \$720,287) with unrealized gains (losses) of \$4,896 (2018 - \$(19,568)).

The Fund's exposure in cash and investments to foreign currencies, net of hedging, reported in Canadian dollars is shown below:

As at December 31, 2019	Actual Currency Exposure	Percentage
Canadian dollar	\$ 4,307,557	55.2%
US dollar	1,974,527	25.3
Euro	311,376	4.0
Japanese yen	254,859	3.3
Pound sterling	182,154	2.3
Hong Kong dollar	161,066	2.1
South Korean Won	95,774	1.2
Indian Rupee	81,553	1.1
Australian dollar	79,259	1.0
Taiwan new dollar	71,363	0.9
Other currencies	278,331	3.6
Total investments	\$ 7,797,819	100.0%

A 10 percent increase or decrease in exchange rates, net of hedging, with all other variables held constant, would result in a change in unrealized gains (losses) of \$349,026 (2018 - \$261,718).

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2019

(\$) Thousands

Price Risk

Price risk is the risk that the value of an investment will fluctuate as a result of a change in market conditions (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Fund's equity and private market investments are sensitive to market fluctuations. To assist in mitigating the impact of price risk, the Board has established appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks which they monitor on a regular basis. A decline or increase of 10 percent in fair values of equities and private market investments, with all other variables held constant, will impact the Fund's investments by an approximate loss or gain of \$615,799 (2018 - \$563,535).

(b) Credit Risk

Credit risk is the risk of loss from the failure of a counter party to discharge its contractual obligations. At December 31, 2019, the Fund's maximum credit risk exposure relating to bonds and debentures, cash and short-term investments and mortgages totaled \$1,639,826 (2018 - \$1,564,169), receivables of \$10,254 (2018 - \$3,779) and accrued interest of \$6,916 (2018 - \$7,857) totaled \$1,656,996 (2018 - \$1,575,805). The Fund's Investment Committee limits credit risk by concentrating on high quality securities and adhering to a Statement of Investment Policies and Procedures. The Policy establishes investment ownership limits and acceptable credit ratings. In the case of bonds and debentures, all bonds must be rated BBB- or higher at the time of purchase.

All transactions in listed securities are settled upon delivery using approved investment managers. The risk of default is considered minimal, as delivery of securities sold is only made once the investment manager has received payment. Payment is made on a purchase once the securities have been received by the investment manager. The trade will fail if either party fails to meet its obligation.

The breakdown of the Fund's bonds and debentures portfolio by credit rating from various rating agencies is presented below:

Credit Rating	2019 Fair Value		2018 Fair Value	
AAA	\$	388,156 26.4%	\$	245,082 16.7%
AA		119,006 8.1		200,039 13.7
A		842,356 57.3		876,183 59.9
BBB+		113,373 7.7		110,094 7.5
BBB and lower		7,639 0.5		31,955 2.2
		1,470,530 100.0%		1,463,353 100.0%
Cash and short-term		76,731		42,713
Total bonds and debentures	\$	1,547,261	\$	1,506,066

Credit risk associated with contributions receivable is minimized due to their nature. Contributions are collected from participating members through the payroll process. No provision for doubtful contributions receivable has been recorded in either 2019 or 2018.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2019

(\$) Thousands

(c) Liquidity Risk

Liquidity risk is the possibility that investments of the Fund cannot be readily converted into cash when required to meet contractual obligations. The Fund may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Fund or other securities may be subject to legal or contractual restrictions on their resale. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active public market and can be readily sold. Although market events could lead to some investments becoming illiquid, the diversity of the Fund's portfolio and current contribution levels should ensure that liquidity is available for benefit payments.

The term to maturity and related market values of fixed income investments are as follows:

Term to Maturity	2019	2018
Less than one year	\$ 161,675	\$ 90,639
One to five years	340,701	321,966
Over five years	1,137,450	1,151,564
Total fixed income investments	\$ 1,639,826	\$ 1,564,169

(d) Fair Value

The following is a summary of the inputs used in the measurement of the fair value of the Fund's investments based on the fair value hierarchy:

	Level 1 Quoted Prices in Active Markets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs	Total 2019
Assets				
Cash	\$ 14,629	\$ -	\$ -	\$ 14,629
Short-term	-	206,133	-	206,133
Bonds and debentures	-	1,470,528	-	1,470,528
Mortgages	-	8,869	-	8,869
Equities	3,396,166	683,798	-	4,079,964
Real estate	-	-	1,102,219	1,102,219
Infrastructure	-	-	553,203	553,203
Petroleum and natural gas	-	-	9,077	9,077
Private equity	-	-	19,781	19,781
Private credit	-	-	333,416	333,416
Total investments, Schedule 1	\$ 3,410,795	\$ 2,369,328	\$ 2,017,696	\$ 7,797,819

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2019

(\$) Thousands

	Level 1 Quoted Prices in Active Markets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs	Total 2018
Assets				
Cash	\$ 23,210	\$ -	\$ -	\$ 23,210
Short-term	-	135,762	-	135,762
Bonds and debentures	-	1,463,353	-	1,463,353
Mortgages	-	11,575	-	11,575
Equities	3,022,019	591,783	-	3,613,802
Real estate	-	-	1,079,113	1,079,113
Infrastructure	-	-	511,283	511,283
Petroleum and natural gas	-	-	69,533	69,533
Private equity	-	-	4,589	4,589
Private credit	-	-	287,296	287,296
Total investments, Schedule 1	\$ 3,045,229	\$ 2,202,473	\$ 1,951,814	\$ 7,199,516

All securities in Level 1 can be traded in an active market. During the year ended December 31, 2019, no equity investments were transferred from Level 1 to Level 2.

During the year ended December 31, 2019, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	Real estate	Infrastructure	Petroleum & natural gas	Private equity	Private credit	Total
Beginning Balance	\$ 1,079,113	\$ 511,283	\$ 69,533	\$ 4,589	\$ 287,296	\$ 1,951,814
Purchases	69,923	49,708	4,855	18,046	115,029	257,561
Sales and withdrawals	(144,672)	(19,715)	(1,855)	-	(38,954)	(205,196)
Capitalized income	79,569	-	-	-	-	79,569
Return of capital	-	(14,619)	-	(86)	(10,361)	(25,066)
Dividend	(8)	(23,499)	-	(606)	(33,435)	(57,548)
Change in unrealized appreciation/ (depreciation)	18,294	50,045	(63,456)	(2,162)	13,841	16,562
Ending Balance	\$ 1,102,219	\$ 553,203	\$ 9,077	\$ 19,781	\$ 333,416	\$ 2,017,696

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2019

(\$ Thousands)

Section 3.29 of the Manitoba Pension Benefits Act Regulation requires disclosure of each investment asset that has a fair value greater than one percent of the fair value of the investment assets of the fund. As at December 31, 2019, the Fund held the following investments that met this classification:

ISHARES MSCI Japan ETF	\$ 96,473
ISHARES Core S&P 500 ETF	\$ 256,252
ISHARES Core S&P / TSX CAPPED	\$ 295,768
ISHARES Russell Mid Cap ETF	\$ 111,749
Borealis Infrastructure Fund	\$ 326,048
Government of Canada bond 128,171 12/48 2.75%	\$ 156,765
Northleaf Star Investor Corp.	\$ 117,441
Marathon M-L Investment Fund	\$ 683,798
Northleaf Private Credit 1 LP	\$ 79,297

(e) Securities Lending

The Fund is entered into a securities lending program through the lending agent, State Street Trust Company Canada. Under the program, the Fund will lend various securities in its possession to borrowers approved by the lending agent. The loans can be secured by either securities or cash collateral. The Fund has risks under this program including borrower default and reinvestment risk, mitigated by an indemnification clause in the securities lending agreement with State Street Bank and Trust Company.

4. Debt due from the Province of Manitoba

Under Section 24(1) of the Act, the Province of Manitoba assumed an accrued liability of \$1,826 (2018 - \$1,826) for its employees and pensioners as at May 1, 1939. The Province of Manitoba pays semi-annual interest at 4% per annum on this amount.

5. Receivables

	2019	2018
Contributions receivable		
Employers	\$ 547	\$ 1,580
Employees	128	190
	675	1,770
Other receivables	9,579	2,009
	\$ 10,254	\$ 3,779

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2019

(\$) Thousands

6. The Province of Manitoba Unfunded Pension Liability Trust Account

The Province has established a fund for the purpose of accumulating funds for the eventual retirement of the Province's unfunded pension obligation.

Under the terms of a March 6, 2001 agreement between the Province and the Board, the Province established a fund with the Board and the Province is making the required contributions to this fund. As well, the Province is making contributions to this fund that is related to the Special Operating Agencies unfunded pension liabilities. Contributions received by the Board from the Province are held by the Board (as invested assets) in trust for and on behalf of the Province and are invested by the Board on behalf of the Province. The contributions received are not assets of the Plan and accordingly, they are accounted for by the Fund in the Unfunded Pension Liability Trust Account. This trust account earns investment income at a rate of return equal to the rate of return earned by the Fund. The Board receives an investment management fee for its services. The contributions made by the Province to the Board do not reduce the pension benefit obligations and deficit of the Fund.

The Trust Agreement was amended effective December 31, 2008, to make the trust irrevocable. Accordingly, the assets in the Trust Account can not be used for any purposes other than to fund the payment of pension benefits for which the Province is responsible and to pay the costs and expenses that are directly attributable to the administration of the Trust Account.

In October 2007, The Financial Administration Act was amended to allow for withdrawals from the fund to pay, or fund the payment of, pension benefits for which the Province is responsible.

A continuity schedule of this trust account is as follows:

	2019	2018
Contributions received	\$ 93,552	\$ 96,824
Interest earned (charged)	281,006	(19,628)
Pension and refund payments made	(198,735)	(190,638)
Investment management fees charged	(8,662)	(5,403)
Change during the year	167,161	(118,845)
Balance, beginning of year	2,098,635	2,217,480
Balance, end of year	\$ 2,265,796	\$ 2,098,635

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2019

(\$ Thousands)

7. Manitoba Hydro Enhanced Benefit Trust Account

Effective January 1, 2012, Manitoba Hydro employees with pensionable service after May 31, 2006 are eligible for an additional benefit. The Enhanced Hydro Benefit Plan enhances the formula used in calculating pension benefits from 1.6% to 1.7% of earnings up to the Canada Pension Plan average Yearly Maximum Pensionable Earnings at the time of retirement. Manitoba Hydro will fund the enhanced pension benefit through contributions to a trust account that will be used to fund the additional benefit to employees. A continuity schedule of this trust account is as follows:

	2019	2018
Contributions received	\$ 2,172	\$ 2,273
Interest earned (charged)	4,371	(284)
Pension and refund payments made	(1,406)	(1,463)
Investment management fees charged	(134)	(78)
Change during the year	5,003	448
Balance, beginning of year	31,638	31,190
Balance, end of year	\$ 36,641	\$ 31,638

8. Correctional Officers' Trust Account

Effective November 19, 1996 employees who are members of the Province of Manitoba's Corrections Component are required to contribute an additional 1% of pensionable earnings. These additional contributions are credited to this trust account and are intended to fund the additional pension benefits for eligible employees who may retire as early as age 50 with no reduction for early retirement providing the total of age and qualifying service equals 75 or greater. A continuity schedule of this trust account is as follows:

	2019	2018
Contributions received	\$ 1,389	\$ 1,398
Interest earned (charged)	1,705	(133)
Pension and refund payments made	(744)	(1,257)
Expenses paid	(7)	(7)
Change during the year	2,343	1
Balance, beginning of year	12,317	12,316
Balance, end of year	\$ 14,660	\$ 12,317

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2019

(\$ Thousands)

9. Employer Trust Accounts

The Fund is responsible for providing enhanced benefits enacted in the 1992 legislation agreed to by the Employee Liaison Committee and the Employer Pension Advisory Committee. These benefits are 100% financed from the Fund's net assets available for benefits. To facilitate this funding, trust accounts were established for payment funding employers participating in the Fund for their share of the actuarial valuation of these future benefit enhancements. Specific contributions from eligible employees are being transferred to the applicable trust account. A continuity schedule of this trust account is as follows:

	2019	2018
Contributions	\$ 13	\$ 13
Interest earned (charged)	13,545	(1,093)
Change during the year	13,558	(1,080)
Balance, beginning of year	100,774	101,854
Balance, end of year	\$ 114,332	\$ 100,774

10. Money Purchase Accounts Plan

Effective January 2, 1985 a separate Money Purchase Accounts Plan was established to enhance the portability of pensions. Contributors include employees, recipients of superannuation allowances, annuities or pensions payable under the Act, or persons on whose behalf the Board is required or requested to transfer moneys to this Plan. Refunds are made upon written request by the contributor. Administrative costs are recovered by the Board. A continuity schedule of this liability account is as follows:

	2019	2018
Contributions received	\$ 4,204	\$ 1,479
Interest earned	4,012	470
Refunds and administration fees paid	(2,243)	(2,122)
Annuities made	(407)	(505)
Change during the year	5,566	(678)
Balance, beginning of year	38,842	39,520
Balance, end of year	\$ 44,408	\$ 38,842

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2019

(\$) Thousands

11. Obligations for Pension Benefits

(a) Basic Benefits Account

In accordance with the Pension Benefits Act of the Province of Manitoba, actuarial valuations are required every three years. The stated purpose of the actuarial valuation is to:

- determine the financial position of the Plan as at the valuation date,
- determine the adequacy of the contributions being received in relation to the portion of the benefits financed by the Fund, and
- provide recommendations as to the future course of action based on the financial position revealed.

Actuarial valuations (going concern basis) for the Fund and Payment Funding Employers' pension obligations were prepared as at December 31, 2018 by Ellement Consulting Group. The actuarial present value of the accrued basic pension benefit obligations, based on service to date, was extrapolated by the actuary to December 31, 2019. The principal components of the changes in pension obligations during the year are presented in Exhibit C.

The payment funding employers' portion of the accrued basic pension benefit obligation is unfunded. These payment funding employers defer contributing their share of employee pension benefits until they are billed for approximately 50% of the benefit payments processed. Payment funding employers are not billed for the cost of the pension formula improvement that was effective from September 1, 2000.

Significant long-term actuarial assumptions used in the December 31, 2018 and 2017 valuations of the present value of the accrued basic pension benefit obligations were:

	2018	2017
Discount rate:		
(i) inflation component	2.00%	2.00%
(ii) real rate of return	<u>3.75%</u>	<u>4.00%</u>
	<u>5.75%</u>	<u>6.00%</u>
Annual salary escalation rates:		
(i) general increases		
a) inflation component	vary by year/2.00%	2.00%
b) productivity component	<u>vary by year/0.50%</u>	<u>0.75%</u>
	<u>vary by year/2.50%</u>	<u>2.75%</u>
(ii) service, merit and promotional increases *		
* the rates used vary by age groupings from a high of 3.0% to a low of 0%		
Mortality rates:		
(i) mortality	CPM 2014 Public	CPM 2014 Public
(ii) mortality improvements	Scale B	Scale B

The extrapolations to December 31, 2019 were based on the assumptions used in the 2018 actuarial valuations.

The next actuarial valuations for Basic Benefits will be prepared as at December 31, 2019 and will be completed by the fall of 2020.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2019

(\$) Thousands

(b) Indexing Benefits Account

Under section 33(6) of the Act, the Board must approve a cost-of-living adjustment before it is in effect. The 2019 financial statements reflect the pension obligations for cost-of-living adjustments up to the change in the Consumer Price Index for 2019.

A 1.50% cost-of-living adjustment for the year ended December 31, 2019 at a cost of \$111,431 (Fund - \$57,920, Payment Funding Employers - \$53,511) was approved March 26, 2020, with payment commencing July 2020.

These pension obligations are reported in the 2019 statement of changes in pension obligations (Exhibit C).

The December 31, 2019 actuarial valuations for the Fund's Indexing Benefits Account and the Payment Funding Employers' liability for indexing benefits were prepared by Ellement Consulting Group. The actuarial assumptions were the same as those used for the December 31, 2018 actuarial valuations for basic benefits, except the discount rate used was 5.25%.

The next actuarial valuations on the Indexing Benefits Account and the Payment Funding Employers' indexing benefits liability will be prepared as at December 31, 2020 and will be completed during 2021.

12. Employer Assets Provided for Pension Obligations

Readers should refer to the latest audited employer financial statements, including the financial statements of the Government of the Province of Manitoba and its participating agencies, to determine how employers fund their pension obligations.

The Fund also manages monies from payment funding employers designed to help offset their share of the unfunded pension obligation and deficit. These monies have not been included in the statement of net assets available for benefits. The breakdown of these total funds under management is as follows:

	2019	2018
Province of Manitoba, Note 6	\$ 2,265,796	\$ 2,098,635
Manitoba Hydro, Note 20	1,072,184	991,194
Total funds managed	\$ 3,337,980	\$ 3,089,829

The funds from the Province of Manitoba are included in both the assets (investments) and liabilities in the statement of financial position (Exhibit A) and thus have no impact on the net assets available for benefits and deficit. The funds managed for Manitoba Hydro are managed separately and are excluded from the statement of financial position.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2019

(\$) Thousands

13. Contributions

	2019	2018
Employees		
Required contributions	\$ 152,866	\$ 157,623
Voluntary contributions	221	223
Past service contributions	1,618	1,567
Special contributions	3,090	1,590
	157,795	161,003
Employers		
Required contributions	17,088	17,057
Voluntary contributions	2	6
Special contributions ¹	302,598	295,732
	319,688	312,795
	\$ 477,483	\$ 473,798

¹ includes payment funding employers' pay-as-you-go portion of benefit payments

14. Current Period Change in Fair Value of Investments

	2019	2018
Net realized gains on the sale of investments	\$ 138,776	\$ 244,997
Net unrealized market gains (losses)	560,587	(604,956)
	\$ 699,363	\$ (359,959)

15. Benefits Paid

	2019	2018
Pension benefit payments	\$ 528,433	\$ 495,251
Disability benefit payments	10,228	10,052
	\$ 538,661	\$ 505,303

16. Refunds and Transfers

	2019	2018
Termination refund payments	\$ 133,770	\$ 146,383
Death refund payments	13,028	15,839
Relationship separation refund payments	3,653	5,192
Reciprocal transfers out – prefunding employers	440	571
	\$ 150,891	\$ 167,985

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2019

(\$) Thousands

17. Administrative Expenses, Net

	2019	2018
Actuary fees	\$ 251	\$ 287
Audit fees	66	66
Legal fees	22	36
Consulting fees	9	20
Professional fees	348	409
Salaries and fringe benefits	4,273	4,178
Office and administration	1,242	1,195
Gross administrative expenses	5,863	5,782
Less: Recoveries		
From other administrated funds – regular administration	(1,331)	(1,465)
From other administrated fund – special administration	(12)	(45)
From payment funding employers	(1,862)	(1,783)
Administrative expenses, net	\$ 2,658	\$ 2,489

18. Allocations to the Various Trust Accounts and Money Purchase Accounts Plan

The various trust accounts and Money Purchase Plan Account are credited (charged) with interest equivalent or comparable to the Fund's annual rate of return. The breakdown of these allocations is as follows:

	2019	2018
The Province of Manitoba Unfunded Pension Liability Trust Accounts	\$ 281,006	\$ (19,628)
Manitoba Hydro Enhanced Benefit Trust Account	4,371	(284)
Correctional Officers' Trust Account	1,705	(133)
Employer Trust Accounts	13,545	(1,093)
Money Purchase Plan Account	4,012	470
	\$ 304,639	\$ (20,668)

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
For the year ended December 31, 2019

(\$ Thousands)

19. Deficit

	Fund	Payment Funding Employers	Total 2019	Total 2018
(Deficit) surplus, beginning of year				
Basic Benefits	\$ (937,429)	(4,131,431)	(5,068,860)	\$ (4,321,385)
Indexing Benefits	185,025	(328,715)	(143,690)	(50,867)
	(752,404)	(4,460,146)	(5,212,550)	(4,372,252)
Change in net assets available for benefits, Exhibit B				
Basic Benefits	371,121	-	371,121	(241,689)
Indexing Benefits	55,030	-	55,030	(18,157)
	426,151	-	426,151	(259,846)
Change in pension obligations during the year, Exhibit C				
Basic Benefits	(144,849)	(21,582)	(166,431)	(505,786)
Indexing Benefits	(38,724)	(35,776)	(74,500)	(74,666)
	(183,573)	(57,358)	(240,931)	(580,452)
(Deficit) surplus, end of year, Exhibit D				
Basic Benefits	(711,157)	(4,153,013)	(4,864,170)	(5,068,860)
Indexing Benefits	201,331	(364,491)	(163,160)	(143,690)
	\$ (509,826)	\$ (4,517,504)	\$ (5,027,330)	\$ (5,212,550)

20. Managed Investment Funds

The Board acts as investment manager for other funds, which are separate and have been excluded from the statement of financial position (Exhibit A).

The fair values of these other funds under administration on a trade date basis at December 31 are:

	2019	2018
The Manitoba Hydro Pension Fund	\$ 1,072,184	\$ 991,194
Joint Board of Trustees of The Municipal Employees Benefits Program	767,252	684,834
The Public Service Group Insurance Fund	255,817	227,455
Centra Gas Manitoba Inc.	135,413	124,582
Manitoba Liquor & Lotteries Corporation	6,223	5,451
Winnipeg Child and Family Services Employee Benefits Retirement Plan	23,919	22,768
University of Winnipeg	22,584	20,770
Legislative Assembly Pension Plan	35,659	31,489
	\$ 2,319,051	\$ 2,108,543

The Board recovers its administrative costs for this service by charging an investment management fee, which is deducted from investment management expenses in Schedule 3.

(\$) Thousands

21. Future Commitments

The Fund has contractual obligations for future investment transactions, which may be funded over the next several years in accordance with the terms and conditions agreed to. As at December 31, 2019, the Fund's share of the outstanding commitment is \$539,011 (2018 - \$723,858).

22. Capital Disclosures

Capital is defined as the net assets available for benefits. Externally imposed capital requirements relate to the administration of the Fund in accordance with the terms of the Fund, The Pension Benefits Act of the Province of Manitoba and the provisions of the Income Tax Act (Canada). The Fund has developed appropriate risk management strategies, as described in Note 3, to preserve the net assets available for benefits. The Fund has complied with externally imposed capital requirements during the year.

23. Subsequent Event

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) to be a global pandemic. In response, many countries have taken action to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services, creating significant disruptions to businesses worldwide resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Management has determined that these events are non-adjusting subsequent events. Accordingly, the Fund's financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, is currently undeterminable. At this time, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of operations of the Civil Service Superannuation Fund in future periods.

THE CIVIL SERVICE SUPERANNUATION FUND
Summary of Investments
as at December 31, 2019

SCHEDULE 1

	2019	2018
(\$) Thousands		
Fixed income		
Short-term	\$ 83,696	\$ 46,528
Bonds and debentures	1,547,261	1,506,066
Mortgages	8,869	11,575
Total fixed income	1,639,826	1,564,169
Equities		
Domestic	947,431	1,001,732
Foreign	3,188,221	2,678,219
	4,135,652	3,679,951
Real estate	1,106,864	1,082,695
Petroleum and natural gas	9,077	69,533
Infrastructure	553,203	511,283
Private equity	19,781	4,589
Private credit	333,416	287,296
Investments, Exhibit A	\$ 7,797,819	\$ 7,199,516

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

THE CIVIL SERVICE SUPERANNUATION FUND
Schedule of Contributions
For the year ended December 31, 2019

SCHEDULE 2

			2019		2018
(\$ Thousands)	Employers	Employees	Total	Total	
Payment Funding employers, Note 1 (b)					
Province of Manitoba Civil Service	\$ 202,937	\$ 70,596	\$ 273,533	\$ 269,076	
Manitoba Hydro-Electric Board	81,599	36,213	117,812	121,383	
Manitoba Public Insurance Corporation	16,159	9,834	25,993	25,389	
Red River College	262	9,085	9,347	8,853	
Addictions Foundation of Manitoba	2,113	1,399	3,512	3,561	
Community Colleges					
Assiniboine Community College	3	2,060	2,063	2,025	
University College of the North	35	1,836	1,871	1,865	
Regional Health Authorities					
Winnipeg	-	547	547	577	
Prairie Mountain Health	-	457	457	581	
Southern Health	-	111	111	137	
Interlake - Eastern	-	84	84	101	
Northern	-	80	80	84	
The Legal Aid Services Society of Manitoba	-	935	935	1,045	
Manitoba Centennial Centre Corporation	666	199	865	806	
Shared Health Inc.	-	187	187	290	
Teachers' Retirement Allowances Fund Board	316	314	630	696	
Communities Economic Development Fund	192	56	248	189	
Manitoba Horse Racing Commission	42	20	62	31	
Workers Compensation Board	1	-	1	1	
Total payment funding employers	\$ 304,325	\$ 134,013	\$ 438,338	\$ 436,690	

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

THE CIVIL SERVICE SUPERANNUATION FUND
Schedule of Contributions
For the year ended December 31, 2019

SCHEDULE 2

(\$ Thousands)			2019	2018
	Employers	Employees	Total	Total
Total payment funding employers, continued	\$ 304,325	\$ 134,013	\$ 438,338	\$ 436,690
Prefunding employers, Note 1 (b)				
Manitoba Liquor & Lotteries Corporation	9,300	10,035	19,335	19,124
Manitoba Housing	1,813	1,902	3,715	3,886
Manitoba Agricultural Services Corporation	1,355	1,084	2,439	2,670
CUPE Support Workers	1,167	1,315	2,482	2,608
All Nations Coordinated Response Family Services	736	808	1,544	1,631
Manitoba Government and General Employees' Union	777	821	1,598	1,614
Liquor, Gaming and Cannabis Authority of Manitoba	447	481	928	907
Civil Service Superannuation Board	452	481	933	889
Teranet Manitoba LP	618	672	1,290	1,131
Manitoba Floodway Authority	15	-	15	15
Food Development Centre	198	210	408	457
Manitoba Hydro Utilities Services	191	215	406	402
Travel Manitoba	197	197	394	385
Industrial Technology Centre	74	79	153	197
Dairy Farmers of Manitoba	121	132	253	222
Hams Marketing Services Co-op Inc.	40	44	84	106
Manitoba Pork Council	75	71	146	133
Manitoba Arts Council	54	60	114	112
Manitoba Film and Sound	58	59	117	120
Manitoba Health Research Council	50	55	105	112
Manitoba Chicken Producers	42	45	87	86
Crown Corporations Council	7	-	7	11
Horizon Lab Ltd.	28	32	60	53
Manitoba Turkey Producers	11	12	23	17
Economic Innovation and Technology Council	5	-	5	5
Efficiency Manitoba	20	21	41	-
Total prefunding employers	\$ 17,851	\$ 18,831	\$ 36,682	\$ 36,893
Total employers, payment funding and prefunding	\$ 322,176	\$ 152,844	\$ 475,020	\$ 473,583

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

THE CIVIL SERVICE SUPERANNUATION FUND
Schedule of Contributions
For the year ended December 31, 2019

SCHEDULE 2

(\$ Thousands)			2019	2018
	Employers	Employees	Total	Total
Total employers, payment funding and prefunding	\$ 322,176	\$ 152,844	\$ 475,020	\$ 473,583
Other				
Employees on loan	6	6	12	-
Employees on workers compensation	-	25	25	5
Reciprocal agreement - transfers in	-	5,582	5,582	4,865
Reciprocal agreement - transfers out	(2,496)	(2,898)	(5,394)	(7,002)
Repayment of contributions previously refunded	-	21	21	52
Contributions based on prior non-pensionable employment	2	1,808	1,810	1,790
Transfer from Money Purchase Accounts Plan	-	407	407	505
Total other	\$ (2,488)	\$ 4,951	\$ 2,463	\$ 215
Total contributions, Exhibit B	\$ 319,688	\$ 157,795	\$ 477,483	\$ 473,798

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

THE CIVIL SERVICE SUPERANNUATION FUND
Schedule of Investment Income
For the year ended December 31, 2019

SCHEDULE 3

	2019	2018
(\$) Thousands		
Fixed income		
Short-term	\$ 1,520	\$ 800
Bonds and debentures	44,846	47,161
Mortgages	726	857
	<u>47,092</u>	<u>48,818</u>
Equities		
Domestic	32,515	37,772
Foreign	76,137	123,693
	<u>108,652</u>	<u>161,465</u>
Real estate	42,059	29,188
Private credit	33,552	20,969
Private equity	606	797
Infrastructure	23,499	28,021
Security lending revenue	2,714	3,298
Gross investment income	<u>258,174</u>	<u>292,556</u>
Less:		
Investment management expenses, net, Note 20	11,881	11,003
Interest allocated to employee future benefits obligations	217	208
	<u>12,098</u>	<u>11,211</u>
Net investment income, Exhibit B	\$ 246,076	\$ 281,345

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

FOR MORE INFORMATION...

You may make an appointment to view any of the following at The Civil Service Superannuation Board (Board) office, Monday to Friday (except holidays) from 8:00 a.m. to 4:30 p.m.:

- A copy of The Civil Service Superannuation Act (Act) and all amendments
- The Annual Information Return submitted each year to the Pension Commission of Manitoba
- A copy of the latest Actuarial Valuation Report

Upon request, the Board will provide members, spouses or authorized representatives with detailed information and explanations regarding benefits payable in the event of a member's retirement, death, relationship separation, or termination of employment.

For further member information, visit our website www.cssb.mb.ca.

The Civil Service Superannuation Board

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The Civil Service Superannuation Board (CSSB), 2020.

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