

**PUB (MPI) Pre-Ask 7**

<b>Part and Chapter:</b>		<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>			
<b>Topic:</b>			
<b>Sub Topic:</b>			

**Preamble to IR:**

**Question:**

With respect to PUB (MPI) 2-25 Figure INV-1 Summary of Basic Line of Business Investment Income:

- a) Provide updated Figures INV-45, INV-46, INV-47, INV-48, INV-49, INV-50 reflecting the updated market yields and investment values.
- b) Use the Investment yield formula from OSFI P&C page 10.60
- c) A = Investment Income (line 8) of revised Figure INV-45
- d) B = Total Assets (line 7) of revised Figure INV-46 of prior year for each of 2024/25 through 2027/28
- e) C = Total Assets (line 7) of revised Figure INV-46 of current year for each of 2024/25 through 2027/28
- f) Investment yield =  $2 \times A / \{B + C - A\}$  for each of 2024/25 through 2027/28.

**Rationale for Question:**

**RESPONSE:**

a) Please refer to the figures below for updated calculations for INV-45 to INV-50:

**Figure 1 INV-45 Basic Claims Investent Income**

Line No.	Investment Summary During Period	2023/24	2024/25	2025/26	2026/27	2027/28
1	(C\$000s)					
2	Interest Income During Period	82,139	79,265	83,125	87,480	91,202
3	Dividend and Other Income During Period	-	-	-	-	-
4	Gains During Period - Profit & Loss	(96,136)	12,638	13,340	13,689	14,497
5	Investment Fees Paid	(2,372)	(3,165)	(3,293)	(3,455)	(3,631)
6	Amortization/Accretion During Period	7,659	8,633	8,588	8,729	8,485
7	Pension Expense	-	-	-	-	-
8	Investment Income	<b>-8,710</b>	<b>97,372</b>	<b>101,759</b>	<b>106,444</b>	<b>110,553</b>

**Figure 2 INV-46 Basic Claims Asset Allocation**

Line No.	Investment Summary During Period	2023/24	2024/25	2025/26	2026/27	2027/28
1	Cash/Short Term Investments	-	-	-	-	-
2	Provincial Bonds	753,195	730,882	777,412	829,647	868,926
3	Corporate Bonds	569,991	552,511	587,033	625,778	654,909
4	MUSH	373,271	347,115	321,048	298,454	278,081
5	Real Estate Investments	206,047	218,685	232,025	245,714	260,211
6	Commercial Mortgages	99,990	101,167	102,176	103,040	103,781
7	<b>Total Assets</b>	<b>2,002,495</b>	<b>1,950,361</b>	<b>2,019,694</b>	<b>2,102,633</b>	<b>2,165,907</b>
8	Percentage Allocation					
9	Cash/Short Term Investments	0%	0%	0%	0%	0%
10	Provincial Bonds	38%	37%	38%	39%	40%
11	Corporate Bonds	28%	28%	29%	30%	30%
12	MUSH	19%	18%	16%	14%	13%
13	Real Estate Investments	10%	11%	11%	12%	12%
14	Commercial Mortgages	5%	5%	5%	5%	5%
15	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Figure 3 INV-47 RSR Investment Income**

Line No.	Investment Summary During Period	2023/24	2024/25	2025/26	2026/27	2027/28
1	(C\$000s)					
2	Interest Income During Period	3,862	3,608	3,360	3,931	4,850
3	Dividend and Other Income During Period	8,399	10,781	12,024	13,005	15,184
4	Gains During Period - Profit & Loss	5,173	11,079	11,637	12,381	14,524
5	Investment Fees Paid	(1,170)	(1,486)	(1,622)	(1,753)	(2,041)
6	Amortization/Accretion During Period	779	1,310	1,210	1,442	1,870
7	Investment Income	<b>17,043</b>	<b>25,292</b>	<b>26,609</b>	<b>29,005</b>	<b>34,387</b>

**Figure 4 INV-48 RSR Asset Allocation**

Line No.	Investment Summary During Period	2023/24	2024/25	2025/26	2026/27	2027/28
1	Cash/Short Term Investments	1,827	4,668	7,595	10,706	14,479
2	Provincial Bonds	85,579	109,055	114,464	130,167	154,964
3	Corporate Bonds	-	-	-	-	-
4	MUSH	-	-	-	-	-
5	Private Debt	92,887	114,012	119,667	136,084	162,008
6	<b>Total Fixed Income</b>	<b>180,293</b>	<b>227,735</b>	<b>241,727</b>	<b>276,957</b>	<b>331,451</b>
7	Canadian Equities	47,591	59,485	62,435	71,000	84,526
8	Global Equities	31,727	39,656	41,623	47,333	56,351
9	Global LV Equities	31,727	39,656	41,623	47,333	56,351
10	Real Estate Investments	69,058	84,762	88,541	99,807	117,687
11	Infrastructure & Venture Capital	43,625	54,528	57,232	65,084	77,482
12	<b>Total Growth Assets</b>	<b>223,728</b>	<b>278,087</b>	<b>291,455</b>	<b>330,557</b>	<b>392,396</b>
13	<b>Total Assets</b>	<b>404,021</b>	<b>505,822</b>	<b>533,182</b>	<b>607,514</b>	<b>723,847</b>
14	<b>Percentage Allocation</b>					
15	Cash/Short Term Investments	0.5%	0.9%	1.4%	1.8%	2.0%
16	Provincial Bonds	21.2%	21.6%	21.5%	21.4%	21.4%
17	Corporate Bonds	0.0%	0.0%	0.0%	0.0%	0.0%
18	MUSH	0.0%	0.0%	0.0%	0.0%	0.0%
19	Private Debt	23.0%	22.5%	22.4%	22.4%	22.4%
20	<b>Total Fixed Income</b>	<b>44.6%</b>	<b>45.0%</b>	<b>45.3%</b>	<b>45.6%</b>	<b>45.8%</b>
21	Canadian Equities	11.8%	11.8%	11.7%	11.7%	11.7%
22	Global Equities	7.9%	7.8%	7.8%	7.8%	7.8%
23	Global LV Equities	7.9%	7.8%	7.8%	7.8%	7.8%
24	Real Estate Investments	17.1%	16.8%	16.6%	16.4%	16.3%
25	Infrastructure & Venture Capital	10.8%	10.8%	10.7%	10.7%	10.7%
26	<b>Total Growth Assets</b>	<b>55.4%</b>	<b>55.0%</b>	<b>54.7%</b>	<b>54.4%</b>	<b>54.2%</b>
27	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Figure 5 INV-49 Employee Future Benefits Investment Income**

Line No.	Investment Summary During Period	2023/24	2024/25	2025/26	2026/27	2027/28
1	(C\$000s)					
2	Interest Income During Period	4,526	5,262	5,787	6,263	6,713
3	Dividend and Other Income During Period	11,024	12,152	13,358	14,078	14,898
4	Gains During Period - Profit & Loss	4,621	16,456	16,868	17,512	18,528
5	Investment Fees Paid	(2,314)	(2,382)	(2,515)	(2,657)	(2,803)
6	Amortization/Accretion During Period	349	381	364	349	336
7	Pension Expense	(15,386)	(15,758)	(15,758)	(15,758)	(15,758)
8	<b>Investment Income</b>	<b>2,819</b>	<b>16,111</b>	<b>18,103</b>	<b>19,787</b>	<b>21,914</b>

**Figure 6 INV-50 Employee Future Benefit Asset Allocation**

Line No.	Investment Summary During Period	2023/24	2024/25	2025/26	2026/27	2027/28
1	Cash/Short Term Investments	-	-	-	-	-
2	Provincial Bonds	-	-	-	-	-
3	Corporate Bonds	88,705	93,698	99,068	104,819	110,952
4	MUSH	-	-	-	-	-
5	Private Debt	94,197	99,152	104,368	109,859	115,638
6	<b>Total Fixed Income</b>	<b>182,902</b>	<b>192,850</b>	<b>203,437</b>	<b>214,678</b>	<b>226,591</b>
7	Canadian Equities	78,095	83,312	88,875	94,810	101,141
8	Global Equities	55,780	59,504	63,477	67,715	72,237
9	Global LV Equities	55,621	58,994	62,572	66,368	70,393
10	Real Estate Investments	56,018	59,454	63,080	66,802	70,743
11	Infrastructure & Venture Capital	127,930	134,207	140,756	147,400	154,357
12	<b>Total Growth Assets</b>	<b>373,443</b>	<b>395,469</b>	<b>418,760</b>	<b>443,095</b>	<b>468,872</b>
13	<b>Total Assets</b>	<b>556,346</b>	<b>588,319</b>	<b>622,197</b>	<b>657,773</b>	<b>695,462</b>
14	<b>Percentage Allocation</b>					
15	Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
16	Provincial Bonds	0.0%	0.0%	0.0%	0.0%	0.0%
17	Corporate Bonds	15.9%	15.9%	15.9%	15.9%	16.0%
18	MUSH	0.0%	0.0%	0.0%	0.0%	0.0%
19	Private Debt	16.9%	16.9%	16.8%	16.7%	16.6%
20	<b>Total Fixed Income</b>	<b>32.9%</b>	<b>32.8%</b>	<b>32.7%</b>	<b>32.6%</b>	<b>32.6%</b>
21	Canadian Equities	14.0%	14.2%	14.3%	14.4%	14.5%
22	Global Equities	10.0%	10.1%	10.2%	10.3%	10.4%
23	Global LV Equities	10.0%	10.0%	10.1%	10.1%	10.1%
24	Real Estate Investments	10.1%	10.1%	10.1%	10.2%	10.2%
25	Infrastructure & Venture Capital	23.0%	22.8%	22.6%	22.4%	22.2%
26	<b>Total Growth Assets</b>	<b>67.1%</b>	<b>67.2%</b>	<b>67.3%</b>	<b>67.4%</b>	<b>67.4%</b>
27	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

b) No response required

c) Please see revised investment income highlighted below:

Line No.	Investment Summary During Period	2023/24	2024/25	2025/26	2026/27	2027/28
1	(C\$000s)					
2	Interest Income During Period	82,139	79,265	83,125	87,480	91,202
3	Dividend and Other Income During Period	-	-	-	-	-
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5	Investment Fees Paid	(2,372)	(3,165)	(3,293)	(3,455)	(3,631)
6	Amortization/Accretion During Period	7,659	8,633	8,588	8,729	8,485
7	Pension Expense	-	-	-	-	-
8	Investment Income	-8,710	97,372	101,759	106,444	110,553

d) Please see revised Total Assets below, this will apply to both D & E:

Line No.	Investment Summary During Period	2023/24	2024/25	2025/26	2026/27	2027/28
1	Cash/Short Term Investments	-	-	-	-	-
2	Provincial Bonds	753,195	730,882	777,412	829,647	868,926
3	Corporate Bonds	569,991	552,511	587,033	625,778	654,909
4	MUSH	373,271	347,115	321,048	298,454	278,081
5	Real Estate Investments	206,047	218,685	232,025	245,714	260,211
6	Commercial Mortgages	99,990	101,167	102,176	103,040	103,781
7	Total Assets	2,002,495	1,950,361	2,019,694	2,102,633	2,165,907
8	Percentage Allocation					
9	Cash/Short Term Investments	0%	0%	0%	0%	0%
10	Provincial Bonds	38%	37%	38%	39%	40%
11	Corporate Bonds	28%	28%	29%	30%	30%
12	MUSH	19%	18%	16%	14%	13%
13	Real Estate Investments	10%	11%	11%	12%	12%
14	Commercial Mortgages	5%	5%	5%	5%	5%
15	Total	100%	100%	100%	100%	100%

e) Please see the calculation below:

**Figure 7 Investment Yield Calculation**

Line No.	Investment Summary During Period	2024/25	2025/26	2026/27	2027/28
1	(C\$000s)				
2	Investment Income (A)	97,372	101,759	106,444	110,553
3	Prior Year Assets (B)	2,002,495	1,950,361	2,019,694	2,102,633
4	Current Year Assets (C)	1,950,361	2,019,694	2,102,633	2,165,907
5	Investment Yield	5.05%	5.26%	5.30%	5.32%