

Credit Rating Report

Public Sector Pension Investment Board & PSP Capital Inc.

Morningstar DBRS

November 29, 2024

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Credit Ratings

Issuer	Obligation	Credit Rating	Credit Rating Action	Trend
Public Sector Pension Investment Board	Issuer Rating	AAA	Confirmed Oct. '24	Stable
PSP Capital Inc.	Medium-Term Notes	AAA	Confirmed Oct. '24	Stable

Note: A complete list of ratings can be found on page 11 of the Rating Report.

Credit Rating Drivers

Factors With Negative Credit Rating Implications

- DBRS Limited (Morningstar DBRS) would downgrade the credit ratings if Public Sector Pension Investment Board (PSP Investments or the Corporation) were to experience a material change in its legislative framework and regulations. The credit ratings would also be downgraded if there are material risk management failures leading to a sustained weakness in investment returns over a medium-term horizon.

Credit Rating Considerations

Legislated Framework (AAA)

- Public Sector Pension Investment Board Act (the PSPIB Act) mandates PSP Investments to exclusively manage the net contributions of Public Service, Canadian Forces, RCMP and Reserved Forces (the Plans). The exclusive mandate for unlimited period makes assets captive and contributes to growth of assets under management (AUM).

Plan Sponsors and Demographics of a Plan's Membership (AAA)

- The Plans have joint contribution from employees and their employers. The Government of Canada (the Government, rated AAA), which is the sponsor of the Plans. This arrangement provides stability of contributions and certainty of cash flows. The overall net contribution level across the Plans is \$3.5 billion in F2024 with active-to-retired members ratios below 1.0x for two out of the four Plans.

Management Framework (AAA)

- PSP Investments operates at arm's length from the Government.
- Risk management framework ensures that exposure to financial risks remains well within internal limits.

Financial Resources (AAA)

- PSP Investments ended F2024 with net AUM of \$264.9 billion, an increase of \$21.2 billion from prior year. The annual return of 7.2% was higher than the annual benchmark (BM) rate of return of 6.4%.

Funding Status (AAA)

- The Corporation is not directly responsible for the Plan's pension obligations and payments. The Plans are fully funded except for the Reserve Forces, which has a funding ratio of 93.2%.

Liabilities (AAA)

- The Corporation's recourse debt leverage as a proportion of adjusted net assets stood at 9.3% and remains well within the internal guideline.

Financial Information

(\$ millions)	For the year ended March 31				
	2024	2023	2022	2021	2020
Net Assets	264,551	243,315	230,273	204,299	169,682
Total recourse debt	27,010	24,042	22,710	16,731	15,808
As a share of adjusted net assets (%) ¹	9.3	9.0	9.0	7.6	8.5
Total investment return (%)	7.2	4.4	10.9	18.4	(0.6)
Benchmark (BM) return (%)	6.4	-2.8	9.4	16.5	(1.6)

¹ For the purposes of the ratio calculation, net assets are adjusted by adding back recourse debt.

Issuer Description

PSP Investments

Public Sector Pension Investment Board (PSP Investments) is a nonagent Crown corporation created to manage the net contributions received since April 1, 2000, for the pension plans of the federal Public Service (the Public Service), the Canadian Forces, and the Royal Canadian Mounted Police (RCMP); and, since March 1, 2007, for the pension plan of the Reserve Force. As at March 31, 2024, PSP Investments held net AUM of \$264.9 billion.

PSP Capital Inc.

PSP Capital Inc. (PSP Capital) is a wholly owned subsidiary of PSP Investments that was created in 2005 to raise financing for investment activities through short-term and long-term borrowing. The credit ratings on the debt obligations issued by PSP Capital are predicated on the unconditional and irrevocable guarantee provided by PSP Investments.

Credit Rating Rationale

PSP Investments and PSP Capital's credit ratings and Stable trends are supported by the exclusive mandate to manage the assets of the Plans, a substantial and captive asset base, low leverage, ample liquidity, strong long-term operating performance, and creditor priority of debtholders to pensioners. The credit ratings also acknowledge the Corporation's independent Board, experienced management team, and strong corporate governance. Moreover, the Government is the sponsor of the Plans, which provides considerable stability and certainty of cash flows. The Corporation is not responsible for its clients' pensions liabilities as same are guaranteed by the Government. PSP Investments' portfolio also includes a sizable portion of private equity, real estate, and infrastructure, which can be riskier or less liquid but has higher return potential, which is essential to keep the Plans in a surplus position. This is demonstrated by the portfolio generating consistently good returns over short-term and long-term investment horizons. Nonetheless, the Corporation maintains a right-sized liquidity position to make up for the illiquid nature of these investments as well as allow the flexibility to allocate capital to new opportunities, portfolio companies, and investment funds.

Legislated Framework: AAA

PSP Investments was established by the PSPIB Act in 1999 as a Canadian Crown corporation with an exclusive mandate to invest funds for the Plans. Its mandate is to manage amounts that are transferred to PSP Investments in the best interests of the contributors and beneficiaries under guidelines of each of the Plan's legislations, and achieve a maximum rate of return, without undue risk of loss, having regard

to the funding, policies, and requirements of the Plans and the ability of the Plans to meet their financial obligations. The Corporation is not directly responsible for pension obligations and operates at arm's length from the Government.

While PSP Investments is 100% owned by the Government, none of the Board directors, officers, or employees, are Government employees. PSP Investments is not responsible for any of the pension liabilities of the Plans as those are obligations of the Government. Federal laws are in place to ensure that PSP Investments holds sufficient assets to provide the accrued pension benefits to Plan members, as periodically assessed based on actuarial reviews.

We consider that the exclusivity of the mandate adds to the certainty of the cashflows and makes AUM captive in nature. The Corporation is not subject to plan withdrawals or loss of exclusive mandate, except in the unlikely event of a change in legislation. Also, given the quality of service and investment returns that the Corporation has delivered to the Plans over time, any material change to the Corporation's role as the asset manager is unlikely in our view.

Plan Sponsors and Demographics of a Plan's Membership: AAA

During their working life, Canada's public service employees and members of the Armed Forces (Regular and Reserve Forces) and RCMP contribute jointly with their employers to their respective pension plans. Joint sponsorship of the Plans is credit positive as it leads to greater engagement on the part of the sponsor with respect to plan design and performance. The Government, as the sponsor of the Plans provides considerable stability and certainty of cash flows. The Government transfers to PSP Investments an amount equal to the total contributions less expenses and funds used to pay pension benefits.

Based on the latest census reports, the active-to-retired ratio across the Plans is in the range of 0.6x to 8.3x (Exhibit 1).

Exhibit 1 PSP Investments' Major Plans Demographic

Pension Plan	Net Assets (F2024)	Funding Ratio ¹	Demographics		
			Active	Retired	Active to Retired ²
Public Services Pension Plan	\$194.0 billion	112.0%	368,544	334,544	1.1x
Canadian Armed Forces	\$50.5 billion	111.1%	69,978	115,701	0.6x
Royal Canadian Mounted Police	\$19.0 billion	108.5%	22,063	23,464	0.9x
Reserve Forces	\$1.1 billion	93.2%	21,452	2,569	8.3x

¹ As per latest actuarial valuation report of each plan.

² Based on latest available census figures for each plan.

Source: Morningstar DBRS and Corporation Documents.

The active to retired employees' ratios are lower for the largest two Plans, indicating their relatively more matured state. However, net contribution level in F2024 was \$3.5 billion, supporting the liquidity and AUM growth. We note that as the Corporation continues to gain scale, net pension contributions will become less important to net AUM growth, which is substantiated by the fact that since April 1, 2000, contributions received from the Government represent about 35% of net assets; the remaining 65% is attributable to investment returns. Increasingly, the Plans rely on investment returns generated by PSP

Investments to pay pension benefits. Further, the large three Plans are fully funded while the Reserve Forces' funding ratio, is at 93.2%.

Management Framework: AAA

Governance Framework

PSP Investments operates at arm's length from the Government. The Act outlines the governance framework which includes statutory mandate, composition & responsibilities of the Board and reporting obligations to the Government and to pension plan contributors and beneficiaries.

The Board consisting of 11 directors, including the President and CEO who is separate from the Chair of the Board. The Chair, along with the Board, governs the affairs of PSP Investments in accordance with the Act. The Board fulfills its obligations directly and through four standing committees. Directors are appointed by the Governor in Council on the recommendation of the President of the Treasury Board for terms of up to four years. They should be independent of PSP Investments, the Government, and underlying Plans. Among many tasks performed, the Board is responsible for President and CEO selection, maintaining oversight, adopting investment policies, approving strategies, and benchmarking functions.

Investment Management Framework

The investment approach includes a Reference Portfolio, a Policy Portfolio, and active management strategies. The Treasury Board of Canada Secretariat communicates the Reference Portfolio composition to PSP Investments on behalf of the president of the Treasury Board. Purpose of this Reference Portfolio is to outline the Government's funding risk tolerance that needs to be adhered during portfolio construction activities. It is currently composed of 59% equities and 41% fixed income.

The Policy Portfolio represents the long-term target asset allocation mix and is reviewed at least annually by the Board. PSP Investments aims to achieve a return greater than the Reference Portfolio over a period of 10 years with a lower or equal level of pension funding risk. At the end of F2024, Policy Portfolio asset allocation mix was Public Equity (25%), Private Equity (12%), Real Estate (12%), Infrastructure (12%), Natural Resources (7%), Government Fixed Income (23%), and Credit (9%). Over the years, the Corporation has moved away from heavy allocation to public equities toward private market asset classes, such as private credit, private equity, infrastructure, and natural resources in search of higher returns potential. The final component of the investment mandate is active investment management implemented within set risk budgets to generate additional returns over and above the Policy Portfolio. Active management benefits from the Corporation's proprietary research and analytic competence.

Risk Management

PSP Investments has a robust risk governance framework. The Board via the Investment & Risk Committee reviews and approves the Risk Appetite Statement & Statement of Investment Policies and Standards and Procedures, thereby laying out the risk appetite in alignment with its mandate and the risk objective set out by the Government.

Given its role as a pension investment manager, PSP Investments is exposed to various financial and nonfinancial risk. The Corporation uses absolute annualized value-at-risk (VaR) measure to assess the total portfolio market risk, which is calculated by incorporating 10 years' worth of market returns scaled to a 12-month holding period at a 95% confidence level. For F2024, VaR for the total portfolio was marginally lower at 19.2% against 19.6% in 2023 and below management's guidelines in both cases. To mitigate the currency risk, PSP Investments may take, through foreign forward contracts or cross-currency swaps, positions in foreign currencies. On the derivatives front, PSP uses synthetic leverage through over-the-counter swaps to manage its asset allocation mix but the exposure is limited.

Liquidity Management

At the end of F2024, the Corporation had sizeable liquidity sources such as cash and money market securities (\$12.0 billion), public equity and marketable fixed income (\$89.8 billion), net contributions (\$3.5 billion), and unutilized revolving bank lines of credit (\$3.0 billion). This liquidity base of \$101.8 billion from the first two sources against total recourse debt outstanding of \$27.0 billion under the capital market debt program provides strong liquidity coverage of 3.8x, which is the same as last year. This highlights the Corporation's flexibility to meet its obligations through its diversified sources of liquidity with adequate cushion to absorb potential investment losses and shorter-term market swings. Over the years, the Corporation's exposure to illiquid private investments has been increasing in line with peers. However, we also consider strong liquidity, the predictable nature of pension plan's cashflow needs, and a long-term investment horizon in the context of more illiquid investments.

Financial Resources: AAA

Investment Allocation and Strategy

PSP Investments' net AUM grew to \$264.9 billion, up 8.7% from \$243.7 billion in F2023 (Exhibit 2). Net transfers received from the Government amounted to \$3.5 billion. The Corporation generated \$17.8 billion in net income. The Corporation's net AUM position has been growing over time more because of strong investment returns (65% of net AUM) than net contributions (35% of net AUM).

Exhibit 2 PSP Investments' Net AUM Allocation Mix

Net Investments	As at March 31				
	2024	2023	2022	2021	2020
Net AUM (\$ billion)	264.9	243.7	230.5	204.5	169.8
Government fixed income (%)	23.9	21.0	20.2	21.0	19.7
Credit					
Credit investments (%)	9.9	10.7	9.5	7.1	7.8
Equities					
Public market equity (%)	21.0	21.9	25.7	29.4	28.5
Private equity (%)	15.3	15.3	15.3	15.5	14.2
Total Equities (%)	36.3	37.2	41.0	44.9	42.7
Real-Return Assets					
Real estate (%)	10.3	13.1	13.5	13.1	14.0
Infrastructure (%)	13.0	12.1	10.2	9.0	10.8

Natural resources (%)	5.7	5.0	5.0	4.7	4.5
Total Real-Return Assets (%)	29.0	30.2	28.7	26.8	29.3
Complementary Portfolio (%)	0.9	0.9	0.6	0.2	0.6
Total (%)¹	100.0	100.0	100.0	100.0	100.0

¹ Total does not add up because of rounding.
Source: Morningstar DBRS and Corporation Documents.

PSP's investment portfolio remains well diversified in terms of asset class, industry and geography. On an aggregated basis, the Corporation continues to stay heavily allocated towards developed markets such as the U.S. and Canada and selectively invests in developing markets to achieve geographic diversification relative to the underlying Plans' obligations and contributions. At the end of F2024, the share of investments in the U.S., Europe, and Asian markets stood at 39.0%, 17.0%, and 12.0%, respectively while 19% was allocated to Canada.

PSP Investments' total cost ratio was 64.6 bps of net AUM for F2024 compared to 69.4 bps in F2023. This improvement is the result of cost management, and higher average net AUM. Year over year, total costs remained flat at \$1.6 billion in an inflationary environment, while the average net AUM grew by 8%, mainly driven by strong markets performance.

Investment Performance

In F2024, PSP Investments delivered a net return of 7.2%, exceeding its Total Fund Benchmark return of 6.4%. The Corporation outperformed the Total Fund Benchmarks over the five-year and ten-year horizons delivering 7.9% and 8.3%, respectively (Exhibit 3).

Exhibit 3 PSP Investments' Overall Investment Returns

Investment Net Returns	Five-Year Average	Ten-Year Average	For the year ended March 31				
			2024	2023	2022	2021	2020
Total investment return (%)	7.9	8.3	7.2	4.4	10.9	18.4	(0.6)
BM return (%) ¹	5.3	6.7	6.4	-2.8	9.4	16.5	(1.6)

¹ The Policy Portfolio BM is weighted using actual portfolio asset-class weights.
Source: Morningstar DBRS and Corporation Documents.

Infrastructure, Natural Resources, Public Market Equities, and Credit Investments all contributed to the annual outperformance (Exhibit 4).

Exhibit 4 PSP Investments' Annual Investment Return Performance¹

Returns by Major Portfolio

(For the year ended March 31)

	2024	2023	2022	2021	2020
	Return	Return	Return	Return	Return
Government Fixed Income					
Cash and cash equivalents (%)	5.2	3.0	0.1	1.4	1.7
Fixed income (%)	2.9	1.4	(1.7)	(2.3)	10.0
Credit					
Credit investments (%)	14.2	13.1	7.5	10.5	4.3
Equities					
Public market equities (%)	17.5	(0.5)	6.0	48.1	(11.2)
Private equity (%)	12.1	3.3	27.6	28.4	5.2
Real-Return Assets					
Real estate (%)	(15.9)	0.2	24.8	3.8	(4.4)
Infrastructure (%)	14.3	19.0	13.9	4.5	8.7
Natural resources (%)	4.1	10.9	15.9	10.6	(5.2)
Complementary Portfolio (%)	20.6	(0.2)	16.9	0.2	13.6
Net Return (%)	7.2	4.4	10.9	18.4	(0.6)

Source: Morningstar DBRS and Corporation Documents.

On an absolute basis, all asset classes generated a positive return in F2024 except for real estate, mainly driven by the poor performance within the office sector, which continues to face challenges. Public equities were the biggest contributor to PSP Investments' performance given the high portfolio allocation and returns of 17.5%. Other strong asset class returns were in Infrastructure (14.3%), Credit Investments (14.2%), Private Equity (12.1%), and the Complementary Portfolio (20.6%). Within Private Equity, investments in the U.S. insurance subsector contributed to the results, followed by strong performance by portfolio companies in the industrial and healthcare spaces. Credit sector benefited from a full fiscal year of higher interest rates as the portfolio is more heavily invested in floating rate securities. Strong returns in the infrastructure space were helped by the performance of the data centre subsector.

Funding Status: AAA

PSP Investments is acting as an exclusive asset manager for the Plans and the Corporation is not directly responsible for pension obligations which we view favorably. As such, the Plans' funding risk is borne entirely by the Government and any deficit is funded with special payments contributed by the Government. We also note that the largest Plans have been fully funded for several years, indicating their long-term viability, the adequacy of the current contributions rates, and the growth prospects for the assets available to eventually repay outstanding debt. The most recent actuarial valuations show that the Plans were >100% funded on a going concern basis, except for Reserve Forces, which is 93.2% funded.

Liabilities: AAA

The Corporation uses leverage as a part of its investment strategy. The Corporation's combined investment-related liabilities and capital market debt (raised by PSP Capital) decreased by 4.9% to \$37.8 billion in F2024, mostly because of reduced amount of repurchase transactions. Total leverage of 14.3%, measured against net AUM, remained within the limit set by the Board. Derivative-related liabilities decreased from \$1.6 billion in F2023 to \$1.0 billion in F2024. PSP Investments uses derivative financial instruments to enhance returns or to replicate investments synthetically. Derivatives are also used to reduce the risk associated with existing investments. We note that counterparty risk in derivative contracts is mitigated through a quality selection of counterparties, the use of counterparty agreements, netting, and collateral exchanges. Therefore, much of the remaining risk relates to underlying market risk. The Corporation maintains high level of discounted assets to cover maximum authorized CP program limit, which meets the Morningstar DBRS criteria outlined in the CP liquidity section in Morningstar DBRS Global Corporate Criteria.

Furthermore, the Corporation has internal guidelines limiting the amount of leverage that can come from PSP Capital's capital market debt program (key leverage source). As at F2024, recourse debt (medium-term notes, commercial paper, and short-term promissory notes) rose to \$27.0 billion in F2024 from \$24.0 billion in F2023, representing 9.3% of adjusted net assets but is well within the internal management guidelines limits. Maturity profile of the outstanding issuances is well staggered. The Corporation has demonstrated good access to capital market over the years. In F2024, PSP Capital made six issuances under capital debt program worth \$4.9 billion including a second green bond issuance (\$1.0 billion) in August 2023 and inaugural AUD issuance (\$1.5 billion) in February 2024. We expect PSP Capital to continue to issue term notes to refinance maturing debt, provide liquidity, and finance additional investment activities. Overall, recourse debt remains low, providing considerable room for cyclical fluctuations in asset values. We view the leverage limits as conservative and expect the Corporation to remain well within their approved guidelines.

PSP Investments unconditionally and irrevocably guarantees the full payment of principal and interest in respect of the recourse debt raised by PSP Capital. Should PSP Capital fail to make required payments, investors can demand payment from PSP Investments under the guarantee without first exhausting recourse to PSP Capital.

ESG Checklist

PSP Investments:

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis: Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*		
Environmental		Overall:	N	N
Emissions, Effluents, and Waste	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuer's financial, operational, and/or reputational standing?	N	N	N
Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile?	N	N	N
Resource and Energy Management	Does the scarcity of sourcing key resources hinder the production or operations of the issuer, resulting in lower productivity and therefore revenues?	N	N	N
Land Impact and Biodiversity	Is there a financial risk to the issuer due to the loss of biodiversity and/or the mitigation of such loss, including land conversion and rehabilitation?	N	N	N
Climate and Weather Risks	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?	N	N	N
	In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially by physical and/or transition risks under key IPCC climate scenarios?	N	N	N
		Climate and Weather Risks	N	N
Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N	N
Social		Overall:	N	N
Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services pose a financial or regulatory risk to the issuer?	N	N	N
	Do changes in consumer behaviour or secular social trends pose a financial or regulatory risk to the issuer?	N	N	N
		Social Impact of Products and Services	N	N
Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts, that could result in a material financial or operational impact?	N	N	N
	Do violations of rights create a potential liability that can negatively affect the issuer's financial wellbeing or reputation?	N	N	N
		Human Capital and Human Rights	N	N
Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	N	N	N
Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could it result, in financial penalties or client attrition to the issuer?	N	N	N
Occupational Health and Safety	Would the failure to address workplace hazards have a negative financial impact on the issuer?	N	N	N
Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N	N
Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	N	N	N
Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N	N
Governance		Overall:	N	N
Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N	N
	Are there any political risks that could affect the issuer's financial position or its reputation?	N	N	N
		Bribery, Corruption, and Political Risks	N	N
Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N	N
Corporate / Transaction Governance	Does the issuer's corporate structure allow for appropriate board and audit independence?	N	N	N
	Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	N	N	N
	Does the board and/or management lack a formal framework to assess climate related financial risks to the issuer?	N	N	N
		Corporate / Transaction Governance	N	N
Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N	N
		Consolidated ESG Criteria Output:	N	N

* A Relevant Effect means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.
 A Significant Effect means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

ESG Considerations

Environmental

As PSP Investments is an investment management company, this factor does not affect the credit ratings or trends assigned to it. PSP Investments sell any product or service that contributes to the emissions of carbon or greenhouse gases. Any impact from exposure to climate and weather risks is expected to be indirect in nature through its investment portfolio. As part of its initiatives for clients and community impact, the Corporation has a climate strategy with specific targets and timelines to bring down the emissions levels in portfolio companies and increase the level of green investments across portfolio.

Social

Governance and data privacy and security are important considerations for PSP Investments. However, these factors did not have an impact on the assigned credit ratings or trends. There have been no reported cases of governance or data breaches. While PSP Investments has not faced any issues with data breaches, future breaches or security failures could damage the Corporation's reputation and risk profile. Failures related to data privacy and security could also lead to future expenses, given the Corporation's exposure to sensitive client information.

Governance

This factor does not affect the credit ratings or trends assigned to PSP Investments. There have been no reported cases of failures in governance. The Corporation has various board committees with complementary roles and responsibilities that provide corporate governance oversight to the executive leadership. The board of directors consists of 11 individuals including the independent Chair. The board functions independent of the Government and has overall responsibility for oversight of the Corporation's risk management framework and provides adequate independent corporate governance oversight. The Corporation's day-to-day investment decisions and business operations are managed by the President and CEO and senior management team.

Credit Rating Methodologies

The applicable methodologies are *Rating Canadian Public Pension Funds & Related Exclusive Asset Managers* (April 16, 2024), *Morningstar DBRS Global Corporate Criteria* (April 15, 2024), and *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings* (August 13, 2024), which can be found on dbrs.morningstar.com under Methodologies & Criteria.

Credit Ratings

Issuer	Obligation	Credit Rating	Credit Rating Action	Trend
Public Sector Pension Investment Board	Issuer Rating	AAA	Confirmed Oct. '24	Stable
PSP Capital Inc.	Medium-Term Notes	AAA	Confirmed Oct. '24	Stable
PSP Capital Inc.	Canadian Short-Term Promissory Notes	R-1 (high)	Confirmed Oct. '24	Stable
PSP Capital Inc.	U.S. Commercial Paper Notes	R-1 (high)	Confirmed Oct. '24	Stable
PSP Capital Inc.	Euro Commercial Paper Notes	R-1 (high)	Confirmed Oct. '24	Stable

Credit Ratings History

	Current	2023	2022	2021	2020
Public Sector Pension Investment Board					
Issuer Rating	AAA	AAA	AAA	AAA	AAA
PSP Capital Inc.					
Medium-Term Notes	AAA	AAA	AAA	AAA	AAA
Canadian Short-Term Promissory Notes	R-1 (high)	R-1 (high)	R-1 (high)	R-1 (high)	R-1 (high)
U.S. Commercial Paper Notes	R-1 (high)	R-1 (high)	R-1 (high)	R-1 (high)	R-1 (high)
Euro Commercial Paper Notes	R-1 (high)	R-1 (high)	R-1 (high)	R-1 (high)	R-1 (high)

Previous Actions

- ["DBRS Morningstar Confirms Credit Ratings on Public Sector Pension Investment Board and PSP Capital Inc."](#) November 10, 2023.
- ["DBRS Morningstar Confirms Ratings on Public Sector Pension Investment Board and PSP Capital Inc."](#) December 2, 2022.
- ["DBRS Morningstar Confirms Ratings on Public Sector Pension Investment Board and PSP Capital Inc."](#) December 3, 2021.
- ["DBRS Morningstar Confirms Ratings on Public Sector Pension Investment Board and PSP Capital Inc."](#) December 4, 2020.

Related Research

- [Infrastructure Assets Remain Key to Canadian Pension Funds' Investments Strategies Despite Thames Water Losses](#), October 3, 2024
- [Weakness in Real Estate Assets Persists as Canadian Pension Funds Deliver Weak Returns in H1 2024](#), August 27, 2024
- [Weakness in Real Estate Assets Persists as Canadian Pension Funds Deliver Weak Returns in H1 2024](#), August 27, 2024
- [Potential Implications of an Alberta Pension Plan for CPP Investments](#), September 26, 2023
- [Resilience of Large Canadian Public Pension Funds in the Wake of Thames Water Turmoil](#), July 5, 2023

- *DBRS Morningstar-Rated Canadian Public Pension Funds Hold No Material Exposures to Credit Suisse, SVB, or Signature Bank*, March 24, 2023

Previous Reports

- Public Sector Pension Investment Board & PSP Capital Inc: [Rating Report](#), November 10, 2023.
- Public Sector Pension Investment Board & PSP Capital Inc: [Rating Report](#), December 2, 2022.
- Public Sector Pension Investment Board & PSP Capital Inc: [Rating Report](#), December 3, 2021.
- Public Sector Pension Investment Board & PSP Capital Inc: [Rating Report](#), December 4, 2020.

Notes:

All figures are in Canadian dollars unless otherwise noted.

About Morningstar DBRS

Morningstar DBRS is a full-service global credit ratings business with approximately 700 employees around the world. We're a market leader in Canada, and in multiple asset classes across the U.S. and Europe.

We rate more than 4,000 issuers and nearly 60,000 securities worldwide, providing independent credit ratings for financial institutions, corporate and sovereign entities, and structured finance products and instruments. Market innovators choose to work with us because of our agility, transparency, and tech-forward approach.

Morningstar DBRS is empowering investor success as the go-to source for independent credit ratings. And we are bringing transparency, responsiveness, and leading-edge technology to the industry.

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