

Statement of Investment Policies

New Brunswick Public Service Pension Plan

Board of Trustees approved on September 24, 2026

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INTRODUCTION

The following document forms the Statement of Investment Policies of the New Brunswick Public Service Pension Plan, herein referenced as the NBPSPP (or the Pension Plan or Pension Fund as applicable).

The Statement of Investment Policies includes the body of this document. This document has been created as one of the requirements laid out in the *Pension Benefits Act* (PBA) and the regulations thereunder, specifically Regulation 91-195 (the “General Regulation”) and Regulation 2012-75 (the “Shared Risk Regulations”) and other documents and agreements associated with the NBPSPP. It is intended to comply with the Shared Risk Regulations and the other requirements for pension fund investing under the PBA and the regulations under the PBA and the applicable requirements in the *Income Tax Act* (Canada) and the regulations thereunder (the “ITA”).

Vestcor has been appointed by the Board of Trustees as the sole discretionary manager of the Pension Fund. Pursuant to the Investment Management Agreement, Vestcor is authorized to invest in pooled vehicles and may invest the assets of the Pension Fund in such pooled vehicles. This document outlines the investment and reporting guidelines that the Board of Trustees wishes Vestcor to follow.

While not part of the Statement of Investment Policies, Vestcor investment operations are also governed by an Investment Procedures Manual, which identifies the role and responsibilities of Vestcor investment staff, and by a Code of Ethics and Business Conduct that sets out guidelines for Vestcor employees and Board members.

A. CHARACTERISTICS OF THE PLAN

In creating this Statement of Investment Policies, the Board of Trustees recognizes that the purpose of the Pension Plan is to provide secure benefits to members of the Plan without an absolute guarantee but with a risk-focused management approach delivering a high degree of certainty that base benefits can be met in the vast majority of potential future economic scenarios.

It is also recognized that the Pension Plan structure is a Shared Risk Plan as defined under the PBA and both employee and employer contributions are subject to changes as outlined in the Pension Plan's Funding Policy (the "Funding Policy"). The Pension Fund must be managed in a manner which recognizes the interdependency of the Statement of Investment Policies and the factors set out in Section 13(3) of the Shared Risk Regulations, including the risk management goals set out in the Funding Policy and the Shared Risk Regulations (referred to hereafter as the "Risk Management Goals") and which is otherwise consistent with the applicable requirements in the PBA and the regulations under the PBA.

The Board of Trustees believes that investment risks can be reduced by prudent and thoughtful diversification. The Board of Trustees further believes that diversification is achieved by investing in a variety of asset classes that are expected to behave differently depending on the economic environment. Furthermore, the asset mix must be selected by the Board of Trustees in a manner which takes into account the Funding Policy, the provisions of the Pension Plan, the contributions to the Pension Plan and the Risk Management Goals.

In this context the following general philosophy will apply:

- Given the long-term nature of the liabilities, the Pension Fund assets will be managed within parameters of safety and prudence using a balanced investment program including bonds, equities, real estate, and infrastructure. The Board of Trustees may consider limited investments in other types of instruments or investment strategies such as hedge funds, commodities or derivatives provided that the addition of such instruments continues to allow the Pension Fund to achieve the Risk Management Goals and otherwise complies with the applicable requirements of the PBA and the regulations under the PBA.

In carrying out the investment function:

- Members of the Board of Trustees and their agents shall exercise the care, diligence and skill in the administration and investment of the Pension Fund that a person of ordinary prudence would exercise in dealing with the property of another person and shall use in the administration and investment of the Pension Fund all relevant knowledge and skill that such member or agent possesses or by reason of that person's profession, business or calling, ought to possess. They must act in the best interests of the members or their beneficiaries and must not permit their personal interests to conflict with the exercise of their duties and powers.

B. RISK TOLERANCE AND FUND OBJECTIVES

One of the objectives in managing the Pension Fund is to achieve the Risk Management Goals. The Funding Policy provides guidance and specific rules regarding decisions that must or can be made by the Board of Trustees around funding levels, contributions and benefits.

In light of these requirements, the investment strategy employed by the Pension Fund should be consistent with the Funding Policy, the terms of the Pension Plan and the contributions to the Pension Plan.

- In the long term, the objectives will be to not only preserve the capital value of the Pension Fund, but also to provide the best possible long-term real return on investments while continuing to achieve the Risk Management Goals. It is understood that the policy portfolio may experience uneven returns from year to year consistent with general economic and investment cycles, but a diversified portfolio of long-term assets will partially mitigate the variability of the returns.
- Over shorter time periods, the objective will be to avoid undue investment risk and excessive market volatility.
- Over the medium term, Vestcor is expected to provide rates of return in excess of those achieved by passive management of the policy portfolio. A value-added contribution of 50 basis points, after deducting all investment management costs, is the portfolio's target four-year moving average rate of return.

C. INVESTMENT STRATEGY

C.1 Policy Portfolio

The Board of Trustees has targeted the following Policy Portfolio (as a percentage of the market value of assets) based on the Plan Characteristics (as described in Part A), Fund Objectives (as described in Part B), and the Risk Management Goals.

It is also recognized that the transition of the asset weights from the prior Investment Policy target portfolio of the NBPSPP will need to take place in a prudent fashion over time as market conditions permit.

Asset Class	Policy Portfolio Target Weights	Permitted Deviations
<i>Fixed Income</i>		
Canadian Short-Term Fixed Income	0%	+5%
Canadian Fixed Income	38%	±10%
Total Fixed Income¹	38%	
<i>Real Assets</i>		
Real Estate	12%	±5%
Infrastructure	6.5%	±5%
Total Real Assets	18.5%	
<i>Absolute Return Strategies</i>	0%	*2
<i>Equity</i>		
Canadian Equity ³	4.5%	±5% ⁴
Global Developed Markets (ex Canada) Equity ³	12%	±5%
Emerging Markets Equity	3%	±5% ⁴
Global Low Volatility Equity ⁵	17%	±5%
Private Equity	7%	±5%
Total Equity	43.5%	
Total Assets	100%	
Absolute Return Overlay ⁶	10%	±5% ²

¹ Alternative fixed income permitted up to 10% of the total fixed income portfolio

² The combined weight of absolute return strategies and notional weight of absolute return overlay is required to remain within the permitted deviations provided for the absolute return overlay

³ Includes small cap equities

⁴ Minimum allocation of 0%

⁵ Includes Canadian and emerging market equities

⁶ Notional assets will be approximately 10% of the total portfolio

Absolute Return Strategy portfolios will use macroeconomic and industry themes to develop investment strategies that are not directly correlated to equity indices. Net individual equity securities will not exceed 5.0% of the Absolute Return Strategy portfolio. Sufficient underlay will be held for operational purposes. Additional underlay may be held as a tactical decision but the total absolute return exposure must remain within the permitted deviations outlined above.

Vestcor will transition the actual and Policy Portfolio weights to be used in calculating the benchmark return described in section D.1 as part of any required transition process prudently over time as market conditions permit. The transition progress will be reported to the Board of Trustees on a quarterly basis as part of the regular reporting guidelines.

Actual portfolio weights are permitted to deviate from Policy Portfolio target weights due to market price movements. Vestcor will implement a rebalancing policy that maintains asset classes near the target weight in the Policy Portfolio with consideration for tactical deviations, geographic allocations, available liquidity, and transaction costs. Actual weights for Real Estate and Infrastructure, Absolute Return and Private Equity may deviate further from Policy Portfolio target weights due to availability and the relatively high transaction costs associated with their implementation. Vestcor will use its best efforts to obtain / maintain Policy Portfolio target weights for all asset classes.

In the case of Private Equity, which is the most illiquid asset class, under or over-invested amounts will be adjusted against the relevant Public Equity asset class.

C.2 Tactical Asset Allocation

Modest deviations from benchmark are permitted to allow management to maximize returns and limit potential losses by taking advantage of relative pricing opportunities among asset classes as described in the prior table.

Notwithstanding the Policy Portfolio target weights and permitted deviations shown in the C.1 table, the Board of Trustees may, at its discretion, authorize temporary asset allocation positions outside those ranges where appropriate to accommodate a Fund restructuring, a transition between Fund Managers or a Fund Manager request submitted in writing and providing the rationale for the request. If a permanent deviation is contemplated, this Statement of Investment Policies will be amended and filed as required by relevant pension legislation.

C.3 Performance Benchmarks

Vestcor's relative performance in various markets will be evaluated against the following industry benchmarks indicated below.

Asset Classes and Respective Benchmarks		
Asset Class	Current Benchmark ¹	Prior Benchmark
Fixed Income		
Canadian Short-Term Fixed Income	A blend of FTSE Canada 91 Day T-Bill Index and FTSE Canada 365 Day T-Bill Index	A blend of 93% FTSE Canada 91 Day T-Bill Index plus 7% One-day Canadian Call Loan Rate and FTSE Canada 365 Day T-Bill Index
Canadian Fixed Income	FTSE Canada Universe Bond Index	A blend of FTSE Canada All Government Bond Index, FTSE Canada All Corporate Bond Index, FTSE Canada Real Return Bond Index
Alternative Fixed Income	A blend of FTSE fixed income indices and the Bloomberg Barclays Global High Yield Total Return Index Hedged \$C	Same as Current Benchmark
Real Assets		
Public U.S. Real Estate	MSCI USA IMI REIT Index in \$C, Gross	Same as Current Benchmark
Public Canadian Real Estate	S&P/TSX Capped REIT Total Return Index	Same as Current Benchmark
Private Real Estate	MSCI/REALPAC Canada Quarterly Property Fund Index, Net and Levered	Same as Current Benchmark
Public Infrastructure	MSCI World Infrastructure Index (USD) in \$C, Net	Same as Current Benchmark
Private Infrastructure	4% Real Return ²	Same as Current Benchmark
Equity		
Canadian Equity	MSCI Canada IMI Total Return Index, Gross	A blend of S&P/TSX Composite Total Return Index and S&P/TSX Small Cap Total Return Index
Global Developed Markets (ex Canada) Equity	MSCI World IMI (ex. Canada) Total Return Index in \$C, Net	A blend of MSCI World (ex. Canada) Total Return Index in \$C, Net and MSCI World (ex. Canada) Small Cap Total Return Index in \$C, Net
Emerging Markets Equity	MSCI Emerging Markets Total Return Index in \$C, Net	Same as Current Benchmark
Global Low Volatility Equity	MSCI ACWI Minimum Volatility Total Return Index in \$C, Net	A blend of MSCI Canada Minimum Volatility Total Return Index, Gross, MSCI World (ex. Canada) Minimum Volatility Total Return Index in \$C, Net, and MSCI Emerging Markets Minimum Volatility (USD) Total Return Index in \$C, Net
Private Equity	MSCI World Total Return Index in \$C, Net	Same as Current Benchmark
Absolute Return Strategies	FTSE Canada 91 Day T-Bill Index	93% FTSE Canada 91 Day T-Bill Index plus 7% One-day Canadian Call Loan Rate ³

¹ The benchmark will ultimately be the index defined by the Current Benchmark. During the consolidation transition, the benchmark will be a blend of the indices from the Prior Benchmark. The proportional weights allocated to each of the components during the transition will be adjusted periodically based on the actual portfolio weights.

² Inflation is defined as the percentage change in the twelve month average CPI - Canada All Items Index.

³ Except zero-return benchmark for pure risk premium strategies with no net cash deployed and any return attributed to total fund performance as per the calculation steps in section D.1.

The benchmarks, or components thereof, are created and published by external organizations; thus, they are deemed credible. They are also similar to those typically used by other institutional investors for such investment activities.

While the total real estate and infrastructure benchmark weights will be equal to the weight assigned in section C.1 after any applicable transition adjustments, the proportional weights allocated to public and private real assets will be adjusted periodically based on the actual portfolio weights.

Several asset classes are in the process of being consolidated. The Current Benchmark reflects the benchmark indices that will be used once the applicable consolidation is completed. The Prior Benchmark will be the benchmark indices used until such time the applicable consolidation is completed. Vestcor will ensure that the appropriate benchmark is applied and will provide an update to the Board after a benchmark is updated.

If the Fund invests in Pooled Funds and/or Limited Partnerships and there is a well-defined benchmark in the respective investment policy, then the Benchmark for each Asset Class will match the benchmark of the Pooled Funds and/or Limited Partnership for each applicable Asset Class for purposes of calculating performance benchmarks instead of the indices in the above table.

C.4 Permissible Investments

General

It is understood that the Pension Fund may be invested in one or more Pooled Funds, each of which may be governed by the terms of their own specific Investment Policy Statement or similar document. The Investment Manager of these Pooled Funds will be therefore permitted to invest within the bounds described in their documents.

The NBPSPP Board of Trustees must satisfy themselves, through a review with the Investment Manager, that the Investment Policy of any of the Pooled Funds that they are invested in is generally consistent with this Policy. In that respect, the following sections outline the NBPSPP Board of Trustees' preferred general investment criteria.

Subject to compliance with the applicable requirements in the General Regulation and any applicable ITA requirements, the following are permissible investments for the Pension Fund:

Public Equity

- Vestcor is permitted to invest in equity instruments traded on exchanges of countries included in the Pension Fund's benchmark portfolio as well as financial vehicles (listed or unlisted) that are convertible into equities traded on those same exchanges.
- Passive index portfolios will be managed with the objective of minimizing tracking errors relative to the applicable benchmark through investment in the benchmark constituents or a representative subset thereof.
- On the above securities, Vestcor is additionally allowed to execute short sales.

- Direct holdings of any one stock measured at book value will be limited to 10 percent of the total assets.
- Low volatility portfolios will contain a minimum of 75 securities.

Fixed Income

- Canadian Nominal and Canadian Real Return Bond Portfolio investments are limited to investment-grade government securities (defined as BBB or higher by S&P and DBRS; and Baa and higher by Moody's). Government securities include those issued, guaranteed, or secured by the Government of Canada or its agencies; or a province, territory or municipality of Canada. Notwithstanding these permissible investments, up to 5% of these combined portfolios may be invested in investment grade non-government debt.
- The Corporate Bond Portfolio may invest up to 10% of the portfolio in non-rated and/or non-investment-grade rated debt. Non-investment grade rated debt however must be rated at least BB or higher by the above noted agencies.
- Foreign currency bonds are limited to those issued by the Government of Canada or its guarantees; provinces or their guarantees; and other admissible foreign national governments¹ or investment grade rated corporations.
- Securities issued by a non-Canadian entity are limited to 10 percent of the Canadian Nominal Bond asset class and may be hedged against currency risk.
- Notwithstanding the above restrictions, opportunistic investments in public or private fixed income are permitted in amounts up to 10% of the total fixed income portfolio. These alternative fixed income investments may include non-investment grade debt instruments, notes, and debentures denominated in any currency.
- Alternative fixed income investments are benchmarked at the time an investment is made using an applicable blend of the relevant benchmarks for Canadian government and corporate bonds as described above, and the Bloomberg Barclays Global High Yield Total Return Index (Hedged \$C) that reflect the underlying credit risk of the investments.
- Investments in short-term securities shall be primarily invested in:
 - Treasury bills and promissory notes issued or guaranteed by the Government of Canada, any Canadian province, or Treasury bills of other admissible foreign national governments;
 - Deposit receipts, bearer notes, certificates of deposit, acceptances, swapped deposits and other similar instruments issued or endorsed by one of the six major Schedule I Canadian chartered banks²; and

¹ United-States, Asian and European countries in line with the MSCI EAFE Index are all eligible.

² These banks are the Royal Bank of Canada, Canadian Imperial Bank of Commerce, Bank of Montreal, Toronto-Dominion Bank, Bank of Nova Scotia, and the National Bank of Canada.

- Commercial paper issued by companies rated A2 or higher by S&P or R1 Low or higher by DBRS,
 - Asset Backed Commercial Paper (ABCP) rated R1 High by DBRS or A1 by S&P.
 - Additional eligible investments include coupons, residuals, and bonds (with a duration not to exceed 24 months) , Floating Rate Notes (FRNs) issued by eligible entities with a term less than five years for corporate and provincial FRNs respectively, futures and options on Bankers' Acceptances (BAs).
- Any fixed income security owned by the Pension Fund that fails to meet the above criteria due to unanticipated credit downgrades or other unforeseen circumstances, shall be brought to the attention of the Board of Trustees at its next meeting.

Derivatives

- The purchase of futures on equity and fixed income markets in MSCI ACWI countries is allowed, provided that appropriate collateral and liquidity are maintained.
- The use of foreign currency futures or forward contracts on currencies within our investment universe is permitted.
- Vestcor may short futures on any of the equity markets where it can hold futures, as long as the total exposure for each market individually remains within the limits set in the Statement of Investment Policies.
- Vestcor may hold total return swaps on permissible investment vehicles, when the swap is demonstrably more profitable than buying futures, index-based baskets, or the underlying credit in another market.
- Vestcor is permitted to enter into Interest Rate Swaps and Cross Currency Swaps against an underlying debt instrument.
- Swaps will be valued according to conventions set out in the Investment Procedures Manual.
- Volatility derivatives are considered an eligible investment for the purposes of adding value in the management of the portfolio. The underlying investment could be futures or total return swaps unless they are already offset by a short call option.
- Vestcor is permitted to buy or sell options on fixed income, equity, and foreign exchange futures, cash market indices for MSCI ACWI countries, and individual securities that are considered permissible investments described above.
- Options must be appropriately risk-managed and supported by collateral and liquidity.
- Options may be transacted either through physical option exchanges or through permitted external banks and dealers.

Real Assets

- Real assets expected to provide inflationary return characteristics are typically less correlated to more traditional equity and/ or fixed income asset classes. Real estate and infrastructure assets have been identified as providing these types of long-term return characteristics.
- Real Estate and Infrastructure investments must be domiciled in Canada, the U.S., or other OECD countries and can be made directly, through publicly-traded real estate investment trusts or by means of externally managed structured vehicles such as limited partnerships, or pension realty corporations. However, it is understood that the profile of investment vehicles in the private equity industry is opportunistic in nature and may therefore have some exposure to countries outside of these primary limitations.

Private Equity

- Private Equity investments must be primarily domiciled in Canada, the United States, or MSCI ACWI countries. It is understood however that the profile of investment vehicles in the private equity industry is opportunistic in nature, and may therefore have some exposure to countries outside of these primary limitations.
- These investments are to be completed primarily through externally managed structured vehicles such as limited partnerships.
- Investments are to be diversified by manager, geographic region, vintage year, and life cycle stage (i.e., buy-outs, venture capital, secondary transactions), while recognizing that the illiquid nature of this type of investment may result in some concentrations from time to time.

External Managers

- Vestcor is allowed to invest in permissible assets indirectly, by using an external manager. When funds are invested through an external manager, the majority of the investments must be domiciled in MSCI ACWI countries.
- Mandates extended to external managers should not exceed 25 percent of assets under management, measured at market value.
- For any one external manager, the mandate shall not exceed 5 percent of assets under management, measured at market value. Index mandates are exempt from this limit.
- External mandates will be used for investment in markets where Vestcor does not have the necessary expertise to provide effective active management or to provide additional diversification benefits.

Securities Lending

- With regard to the Pension Fund's holdings of traditional bonds and stocks, Vestcor is permitted to engage in securities lending and dividend re-investment plans to add to returns. Internal securities lending, because it involves both a passive index portfolio as the lender and an active portfolio as the borrower, may result in situations where there could be a conflict of interest between these portfolios pertaining to corporate action elections. Accordingly, the passive index portfolio will decide all corporate action elections.

C.5 Basis for Valuation of Investments Not Regularly Traded

For securities not traded on a public market, such as non-traded pooled or closed funds, limited partnership interests, private placement bonds or equity investments, fair value is a subjective process. Private investment fund valuations are initially provided by the external fund managers and are estimated using one or more methodologies, including discounted cash flows, multiples of earning measures, third party valuation and comparable recent transactions. Vestcor uses an internal Valuation Committee, consisting of Vestcor's Chief Executive Officer/Chief Investment Officer, the Chief Financial Officer and the Vice President, Private Markets, to review these external valuations quarterly. The Valuation Committee also meets annually to consider the need to adjust the valuation estimates.

D. PERFORMANCE EVALUATION

D.1 Total Fund Performance

To evaluate the Fund's performance in a given period, the following steps are required:

1. Determine the rate of return of the total funds based on the fair value of assets;
2. Calculate the benchmark return by multiplying index rates of returns for all asset classes by the respective target weights in the Policy Portfolio adjusted for any ongoing transition activity;
3. Determine the rate of return of all overlay strategies based on the fair value of their assets;
4. The difference between the first two measures plus the third measure represents Vestcor's gross contribution to the total Fund's performance on a \$C basis.

D.2 Portfolio Performance

Individual portfolio performance is obtained by calculating the difference between the rate of return on each portfolio based on market valuation of assets and the rate of return on the relevant benchmark index.

D.3 GIPS® Compliance

Vestcor must comply with the Total Fund and Composite requirements of the CFA Institute's Global Investment Performance Standards (GIPS®) on an Asset Owner basis. Vestcor has designed its processes and procedures to calculate and present performance results in compliance with GIPS®.

E. CONFLICTS OF INTEREST

E.1 Conflict of Interest

The Board of Trustees, each member of the Board of Trustees, and any agent or employee of the Board of Trustees are subject to a statutory duty to avoid conflict of interest situations or situations where there may be a perception of a potential conflict. A conflict of interest may appear when an individual is put in a position of judging between the interest of the NBPSPP and their personal interests or those of another party in which they may have an interest. When conflicts are present, the Board, Board members and their agents and employees are under a statutory duty to carry out the purposes of the NBPSPP. Furthermore, individuals who are acting as a fiduciary must hold their fiduciary duty above their personal interests.

E.2 Disclosure and Elimination of Conflict

Any member of the Board of Trustees or any agent or employee of the Board of Trustees who believes that they have or may have an actual or potential conflict of interest or may be in a situation which could give rise to a perception of a conflict of interest must report it as soon as practicable to the person the individual reports to. For Board members and agents of the Board, that person is the Chair of the Board. If the Chair of the Board believes they have or may have an actual or potential conflict of interest or may be in a situation which could give rise to a perception of a conflict of interest, they must report it as soon as practicable to the Vice-Chair of the Board.

All efforts must be taken to remove the conflicted individual from situations where decisions, opinions or actions are required in regards to the conflict issue.

E.3 Related Party Transactions

The assets of the Pension Fund shall not be loaned to or, except where they are traded publicly, invested in the securities of

- (a) a member of the Board of Trustees,
- (b) an officer or employee of the Board of Trustees,
- (c) a person responsible for holding or investing the money of the Pension Fund or any officer or employee of such person,
- (d) a trade union representing members of the Pension Plan or an officer or employee of the trade union,

- (e) an employer who contributes to the Pension Plan, an employee of the employer and, where the employer is a corporation, an officer or director of the employer,
- (f) the spouse, common-law partner or child of any person referred to in paragraphs (a) to (e),
- (g) an affiliate of a person referred to in (a) to (f).

Notwithstanding the foregoing, the assets of the Pension Plan may be invested in securities issued by the Province of New Brunswick or any agency or Crown Corporation of the Province of New Brunswick. Furthermore, as discussed above, the assets of the Pension Fund may be invested in pooled investment vehicles established by Vestcor. Such pooled investment vehicles are managed by Vestcor on a discretionary basis subject to conflict of interest policies adopted by Vestcor and the provisions of this Part E shall not operate to restrict or limit transactions by any such pooled investment vehicles or between the Pension Fund and any such pooled investment vehicle.

F. POLICY REVISIONS AND IMPLEMENTATION

An investment policy should provide managers with a stable and predictable environment in which to form and implement sound investment decisions. However, a policy is a tool that can evolve, improve, and be flexible to changing conditions.

As per subsection 13(4) of the Shared Risk Regulations, this Statement of Investment Policies must be reviewed within nine months after the end of each Pension Plan year. It can also be reviewed more frequently either at the request of the Board of Trustees or upon recommendation from Vestcor staff.

G. MISCELLANEOUS

The voting rights on shares held by Vestcor on behalf of the NBPSPP shall be exercised by Vestcor according to its objective of maximizing returns to shareholders and in compliance with its proxy voting policies as described in the Vestcor Responsible Investment Guidelines.

The NBPSPP Board of Trustees delegates to the President and Chief Executive Officer, and the President and Chief Executive Officer may delegate to any Vice-President, voting rights on shares held by Vestcor on behalf of the Pension Fund. Moreover, the President and Chief Executive Officer (or any Vice-President as proxy), if they believe it is warranted, shall consult with the Chairman of the Board of Trustees to determine whether a Board of Trustees meeting is required when the vote involves complex issues.

While all investment decisions of Vestcor are subject to paragraph C.4 (Permissible Investments), for ease of management and to ensure equal returns in every asset class with other funds managed by Vestcor, the NBPSPP holds units of the pooled investment funds managed by Vestcor for each asset class.