INDEPENDENT AUDITORS’ REPORT

To the Administrator of The Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College and The Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College 2000, Unifor Local 5555 Members hired on or after May 1, 2010.

Opinion

We have audited the calculation of the annual pension increase, effective January 1, 2021, for The Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College and The Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College 2000, Unifor Local 5555 Members hired on or after May 1, 2010. The financial information has been prepared by management in accordance with Section 5.08(a) of The Plan text dated July 1, 2002, and subsequent approved amendments through to April 18, 2019.

In our opinion, the annual pension increase, effective January 1, 2021, of 1.45% for The Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College and The Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College 2000, Unifor Local 5555 Members hired on or after May 1, 2010, is prepared, in all material respects, in accordance with Section 5.08(a) of The Plan text dated July 1, 2002, and subsequent approved amendments through to April 18, 2019.

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 “Auditors' Responsibilities for the Audit of the Financial Statements” section of our auditors’ report.

We are independent of The Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College and The Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College 2000, Unifor Local 5555 Members hired on or after May 1, 2010 in accordance with the ethical requirements that are relevant to our audit of the Statement 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 for the Statement**

Management of the The Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College and The Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College 2000, Unifor Local 5555 Members hired on or after May 1, 2010 is responsible for the preparation of the financial information in accordance with Section 5.08(a) of The Plan text dated July 1, 2002, and subsequent approved amendments through to April 18, 2019, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

**Auditors’ Responsibilities for the Audit of the Statement**

Our objectives are to obtain reasonable assurance about whether the financial information is free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 the Statement.

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 information, 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 Contributory Pension Plan for Salaried Employees of McMaster University, including McMaster Divinity College and The Contributory Pension Plan for Salaried
Employees of McMaster University, including McMaster Divinity College 2000, Unifor Local 5555 Members hired on or after May 1, 2010’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Chartered Professional Accountants, Licensed Public Accountants
Hamilton, Canada
November 18, 2021
### Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Plan 2000</th>
<th>Original Plan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>51,440</td>
<td>106</td>
<td>51,546</td>
</tr>
<tr>
<td>Net realized gain on sale of investments</td>
<td>66,405</td>
<td>137</td>
<td>66,542</td>
</tr>
<tr>
<td>Net realized gain/(loss) on sale of units in the Master Trust Fund</td>
<td>18,443</td>
<td>36</td>
<td>18,479</td>
</tr>
<tr>
<td>Change in net unrealized gain/(loss) in investments</td>
<td>243,293</td>
<td>506</td>
<td>243,799</td>
</tr>
<tr>
<td></td>
<td><strong>379,581</strong></td>
<td><strong>785</strong></td>
<td><strong>380,366</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Plan 2000</th>
<th>Original Plan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment managers</td>
<td>4,818</td>
<td>10</td>
<td>4,828</td>
</tr>
<tr>
<td>Professional</td>
<td>1,092</td>
<td>40</td>
<td>1,132</td>
</tr>
<tr>
<td>Administrative</td>
<td>313</td>
<td>1</td>
<td>314</td>
</tr>
<tr>
<td>Trustee and custodial</td>
<td>159</td>
<td>2</td>
<td>161</td>
</tr>
<tr>
<td>Pension filing</td>
<td>91</td>
<td>1</td>
<td>92</td>
</tr>
<tr>
<td>Audit</td>
<td>18</td>
<td>8</td>
<td>26</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>373,090</td>
<td>723</td>
<td>373,813</td>
</tr>
</tbody>
</table>

### Net Assets Market Value

- **June 30, 2020**: 2,241,311 (4,490) 2,245,801 (in thousands of dollars)
- **June 30, 2021**: 2,591,030 (5,261) 2,596,291

\[
\text{2021 Rate of Return} = \frac{373,813}{\frac{(2,596,291 + 2,245,801) - 373,813)}{5}} = 16.73\% 
\]

### Calculation of Five Year Average

- **2021 Rate of Return**: 16.73
- **2020 Rate of Return**: 4.68
- **2019 Rate of Return**: 5.84
- **2018 Rate of Return**: 8.29
- **2017 Rate of Return**: 11.16

\[
\text{Total Return for Last Five Years} = 46.70 \quad 46.70 
\]

\[
\text{Five Year Annual Average Return (Total Return / 5)} = 9.34\% \quad 9.34\%
\]

\[
\text{Rate of Return in Excess of 5% (9.34\% - 5%)} = 4.34\% \quad 4.34\%
\]

\[
\text{Average CPI to June 30, 2021 (3)} = 1.45\%
\]

\[
\text{Increase to Pensions} = 1.45\%
\]

(1) Formula as established
(2) Amounts as reported on June 30, 2021 Audited Statements
(3) The Average CPI is calculated as the percentage change in average monthly CPI for 12 months ended June 2021, relative to the average monthly CPI for 12 months ended June 2020