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INDEPENDENT AUDITOR'S REPORT

To the Administrator of The Contributory Pension Plan for Hourly-Rated Employees of McMaster University including McMaster Divinity College

Opinion

We have audited the calculation of the annual pension increase, effective January 1, 2026, for The Contributory Pension Plan for Hourly-Rated Employees of McMaster University, including McMaster Divinity College. The financial information has been prepared by management in accordance with the approved amendments to Sections 2.16 and 6.06 of The Plan text dated July 1, 2002.

In our opinion, the annual pension increase, effective January 1, 2026, of 1.90% for The Contributory Pension Plan for Hourly-Rated Employees of McMaster University, including McMaster Divinity College, is prepared, in all material respects, in accordance with the approved amendments to Sections 2.16 and 6.06 of The Plan text dated July 1, 2002.

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 auditor’s report.

We are independent of the Plan 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 Contributory Pension Plan for Hourly-Rated Employees of McMaster University, including McMaster Divinity College is responsible for the preparation of the financial information in accordance with the approved amendments to Sections 2.16 and 6.06 of The Plan text dated July 1, 2002, 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.



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 the 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 Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

December 11, 2025

**McMASTER UNIVERSITY
CONTRIBUTORY PENSION PLAN
FOR HOURLY RATE EMPLOYEES
YEAR ENDING JUNE 30, 2025 ANNUAL PENSION INCREASE**

Income (1)

Net realized gain on sales of investments		6,667,798
Investment income		1,900,174
Change in net unrealized gain in investments		1,018,251
		9,586,223

Expenses (1)

Investment manager	270,678	
Professional	115,716	
Trustee and custodial	20,306	
Accounting and Audit	10,857	
Pension filing	4,976	422,533
		422,533

Net Income 9,163,690

Net Assets Market Value - June 30, 2024 74,284,756
 Net Assets Market Value - June 30, 2025 80,168,619

Rate of Return (2) = $\frac{9,163,690}{\frac{1}{2} (80,168,619 + 74,284,756 - (9,163,690))}$

= 12.61 % 72,644,842.50

Calculation of Five Year Average

	%	
2025 Rate of Return	12.61	
2024 Rate of Return	9.82	
2023 Rate of Return	16.66	
2022 Rate of Return	-13.57	
2021 Rate of Return	13.97	
Total Return for Last Five Years	39.49	

Five Year Annual Average Return (Total Return / 5) = 7.90%

Rate of Return in excess of 6.0% (7.90% - 6.00%) = 1.90%

Average CPI to June 30/25 (3) = 2.00%

Pension increase = 1.90%

Final Pension Increase = **1.90%**

(1) Amounts as Reported on June 30, 2025 Financial Statements

(2) Formula as Established

(3) The Average CPI is calculated as the percentage change in average monthly CPI for 12 months ended June 2025, relative to the average monthly CPI for 12 months ended June 2024