

# Shared Risk Plan for Academic Employees of UNB (AESRP) Investment Manager's Mid-Year Report

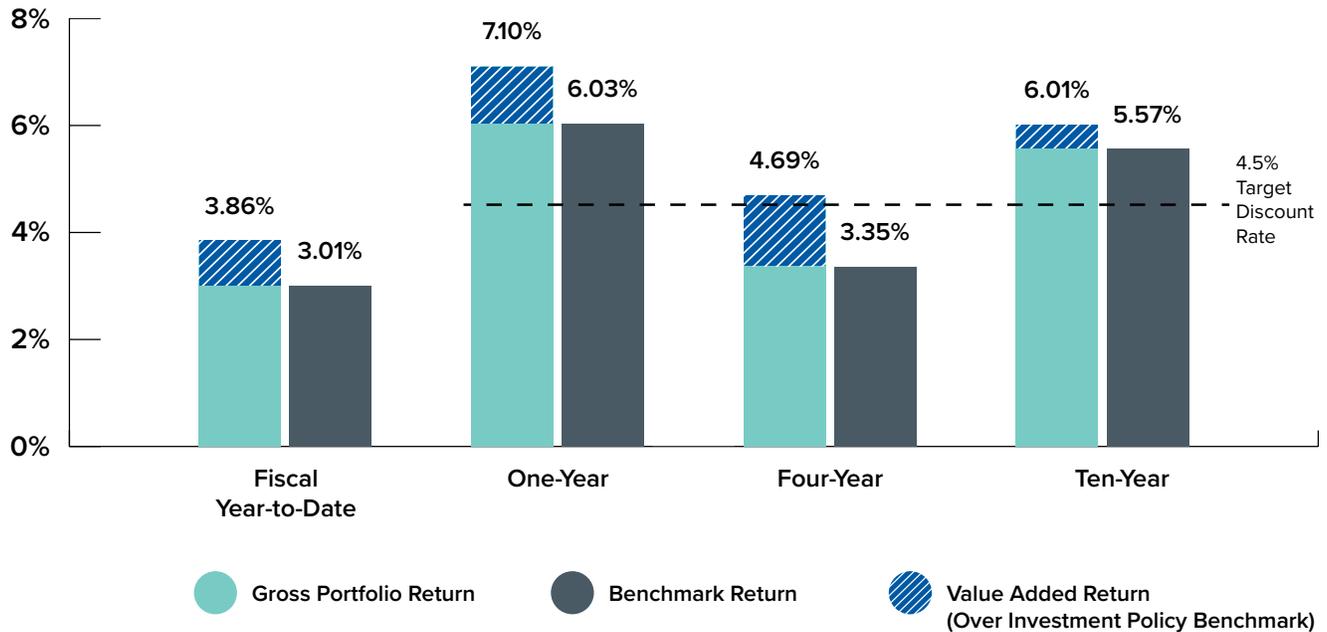
A snapshot of where your pension fund stands at December 31, 2025



Look for terms with a dotted underline in this Investment Report. You can find definitions of these terms and others relevant to the AESRP by scanning the code to the right with your mobile device, or by visiting [vestcor.org/glossary](https://vestcor.org/glossary).



## INVESTMENT RETURNS (AS AT DECEMBER 31, 2025)



We are pleased to report that the overall investment program earned a positive return of 3.86% for the first half of the 2026 fiscal year. This resulted in approximately \$19.5 million in investment income, which, along with active member contributions, resulted in the fair value of invested assets increasing by \$18.4 million after Plan expenses and retiree benefits.

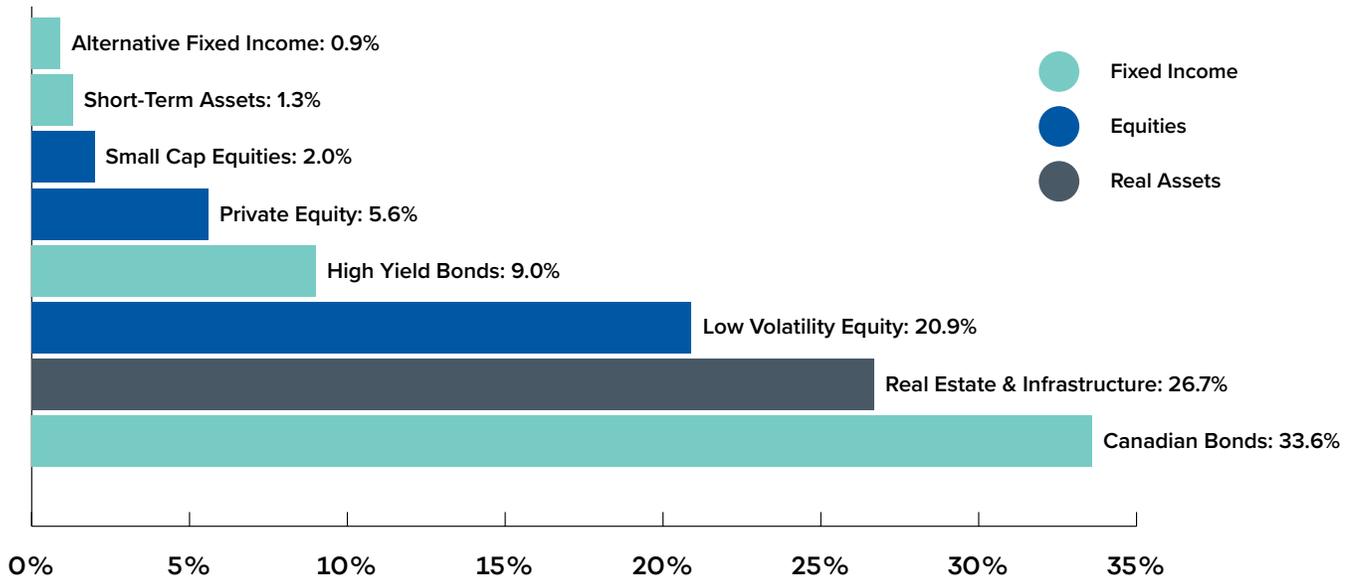
Importantly, both the four-year return of 4.69% and the ten-year return of 6.01% have continued to exceed their respective benchmark returns and remain in excess of the 4.50% target discount rate set by the independent actuary.

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## ASSET MIX

The chart below outlines the portfolio asset mix on December 31, 2025 and illustrates how well-diversified the Plan’s investment assets are.

### Asset Mix Breakdown as at December 31, 2025



More information on the Board’s policies can be found in the [Investment Policy](http://www.unb.ca/hr/pension) available at [www.unb.ca/hr/pension](http://www.unb.ca/hr/pension), under “Understand your plan’s governance”.

## MARKET SNAPSHOT

Despite the volatility experienced during the “Liberation Day” events in April, 2025 turned out to be a strong year for global equity markets. Concentration, however, continues to be an issue for the U.S. market. As of December 31, the Mag 7 stocks accounted for more than 1/3 of a broad representative index of U.S. stocks, while the top 10 companies made up nearly 40% of the market, the U.S. market now being more concentrated, by some measures, than in Canada.

The strong returns of recent years, while certainly welcomed by investors, mean that many markets are at near extreme valuation levels. Using the well-known Shiller Cyclically Adjusted Price-Earnings (“CAPE”) Ratio, the U.S. market at the end of 2025 is likely priced at a level exceeded only during the dot-com peak of 1999-2000. While valuations should not be used for short-term market predictions, elevated valuation levels often imply lower long-term future returns, and potentially greater sensitivity to market dislocations, resulting in larger than expected drawdowns to geopolitical or policy risk events.

Finally, geopolitical risk remains a source of potential (if not yet realized) risk for markets. While conflicts in eastern Europe and the Middle East, along with the apparent threat of global trade realignment, have continued to be broadly ignored by markets, risks continue to stack. Recent U.S. military actions in Venezuela combined with increased rhetoric around Greenland and the expected renegotiation of the Canada-U.S.-Mexico free-trade agreement in 2026 suggest that investors will have numerous sources of risk to keep an eye on throughout the year.

For more information, including a summary of the market outlook for this period, visit the Quarterly Market Updates provided by Vestcor at [vestcor.org/marketupdates](http://vestcor.org/marketupdates).

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