

# Ontario Teachers' Pension Plan Board

June 10, 2026

*This report does not constitute a rating action.*

## Outlook

Ontario Teachers' Pension Plan (OTPP; AAA/Stable/A-1+) is Canada's largest single-profession pension plan. OTPP invests its assets on behalf of its two sponsors: the Province of Ontario and Ontario Teachers' Federation (OTF). The stable outlook reflects our expectation that, in the medium term, OTPP will continue to realize investment returns higher than its discount rate and will preserve its strong net asset holdings over the next two years. Furthermore, we expect OTPP will maintain its independence, strong financial management, and risk-management systems. We do not anticipate any change in the relationship or level of support between OTPP and its sponsors.

## Downside scenario

We could lower our ratings if OTPP's investment returns were consistently below its discount rate, which could lead us to reassess whether its investment strategies are achievable. We could also take a negative rating action if the plan's risk appetite increased materially or the performance of risk-management systems eroded. This could include large investment losses, an increase in total liabilities relative to total assets exceeding 40%, a marked decrease in liquid unencumbered assets relative to liabilities, or a sharp erosion of the plan's funded status.

In addition, because we cap the ratings on OTPP at one rating category (three notches) above those on its sponsor, a downgrade on the province would lead to a similar action on the fund. We could also equalize the ratings on the fund with those on Ontario if we saw evidence of increased provincial involvement (causing us to revise OTPP's link with the province to very strong) or negative provincial interference. We consider these scenarios unlikely during our two-year outlook.

## Rationale

The ratings on OTPP reflect the fund's stand-alone credit profile (SACP), which S&P Global Ratings assesses at 'aaa'. The SACP reflects our assessment of the fund's independence from its sponsors, strong financial and operating performance with a diversified portfolio, and strong fund management that includes a well-established and comprehensive enterprise risk management framework and robust investment strategies. We expect the fund will remain resilient in the face of greater economic uncertainty related to international trade disputes and geopolitical conflicts

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that are leading to slower growth globally (see "[Economic Outlook Canada Q2 2026 Published: Trade Uncertainty, Cautious Spending Constrain Growth](#)", March 25, 2026). The ratings also reflect our opinion of a moderate likelihood that the province would provide extraordinary support in the event of financial distress. Also, we limit pension fund ratings to one full rating category (three notches) above those on their sponsors.

With C\$279.4 billion in net assets as of Dec. 31, 2025, OTPP invests on behalf of its two sponsors: the province and OTF. In addition to managing the assets of the OTPP, the fund manages its liabilities, administers the pension plan, and pays benefits. Since its establishment in 1990, OTPP has generated strong returns for its members, with a 9.2% net annualized return since inception to Dec. 31, 2025; and has developed into a sophisticated long-term global investor. The fund's growth has benefited from strong management, which has built out OTPP's investment capabilities and risk management in tandem with the increasing size and complexity of its assets.

We believe that OTPP is independent of the Ontario government. The fund was established as a nonshare capital corporation and has legal ownership of fund assets. Its independent board appoints senior management. The fund alone establishes policies for investments, asset allocation, and risk management; it develops and executes its own investment strategies. Independent actuaries effectively determine funding requirements and actuarial assumptions.

OTPP demonstrates organizational strength, driven by the depth of experience and skilled management team, in our view. Its independent management maintains a clear set of operating and funding principles and has designed an organizational structure that we believe is well aligned with the fund's performance goals. The fund recently announced new appointments to lead its equities, infrastructure and natural resources, and real estate portfolios. We do not expect the changes will lead to any material shifts in overall strategic direction. Following the 2024 restructuring that established an in-house global real estate investment team, the fund's Canadian real estate subsidiary, Ontario Teachers' Cadillac Fairview Properties Trust's (OT-CFPT), has pivoted to focus on growth and diversification of its domestic portfolio. Although this represents a shift in OT-CFPT's functional breadth compared with its previous global portfolio management, we believe its assets remain well aligned with the fund's investment strategy and it is an important component of OTPP's medium-term real estate strategy. Furthermore, our view also reflects OTPPB's moderate likelihood of providing extraordinary support to the subsidiary in the event of financial distress in the medium term.

OTPP's investment strategies are consistent with the fund's expertise and funding needs. We believe internal controls are very robust, including codes of conduct, segregation of duties, and a pre-trade clearance process, among other safeguards. The enterprise risk framework is very strong, in our opinion, and includes several risk committees and a chief risk officer. Moreover, the fund's risk-management practices are consistently evolving in line with OTPP's growth, investment activities, and complexity. We believe OTPP management continues to demonstrate strong operational effectiveness and risk management.

The fund's medium-term operating and financial performances are strong, in our opinion, with a 10-year net return of 6.8%. Despite continued economic uncertainty, the fund generated a net return of 6.7% in 2025. That said, the return was lower compared with both the benchmark return of 11.7% and the 9.4% return in 2024 when markets rebounded. The 2025 net return was negatively affected by asset- and industry-specific challenges pertaining to private equity and real estate asset classes, a theme common among Canadian pension funds. The two asset classes reported losses of 5.3% and 3.1%, respectively. The underperformance in real estate relative to the benchmark return of 2.2% was primarily attributable to the Canadian real estate portfolio because of decreased valuations as a result of the Hudson's Bay Co.'s insolvency.

Nevertheless, the fund's assets, in our view, are well diversified by asset class and geography. Strong returns in venture growth (30.2%), commodities (27.0%), public equities (15.0%), and credit (5.8%) helped offset weaker performance in private equity and real estate. The fund is mature and made net payments of \$4.4 billion in 2025; however, owing to investment returns, net assets continued to increase. Total liabilities (excluding accrued pension benefits) as a percentage of total assets increased to 21% from about 19% in the previous year. OTPP remained fully funded in 2025, while maintaining a conservative nominal discount rate of 4.7%. Along with other pension funds, OTPP faces difficult economic and demographic trends. Life expectancy has risen in the past decade, increasing the net present value of benefit obligations. The ratio of active-to-retired members is 1.2 to 1, similar to that in previous years.

In accordance with our government-related entity criteria, we view the likelihood of the fund receiving extraordinary government support as moderate, reflecting our assessment of the strong link with the province and limited importance for the province. The government's joint stewardship of the fund and the provisions under the fund's enabling statute demonstrate a strong link with the province. We believe OTPP's role is of limited importance to the government because it is a not-for-profit entity that could be replaced by another one without compromising the government's relationship with teachers, in our opinion. In addition, the fund's mandate is to provide pensions to a single profession and is one of many pension plans receiving money from the government.

We continue to rate OTPP above the province, based on our belief that the fund's SACP is stronger than that of the province. We believe the government's willingness and ability to impair OTPP's creditworthiness in periods of stress is limited. Moreover, we believe the fund could effectively mitigate negative government intervention through its independence, effective governance structure, and legal ownership of fund assets. In addition, we believe OTPP's significant financial assets would be sufficient to allow the fund to meet its benefit obligations and debt service payments during periods of stress, including a default by the province.

Because OTPP unconditionally and irrevocably guarantees Ontario Teachers' Finance Trust's senior unsecured debt and commercial paper (CP) programs, we equalize the ratings on the debt and the programs with those on OTPP. In 2025, OTPP had about C\$2.7 billion in CP and C\$27.0 billion in term debt outstanding.

We apply a ratings-to-principles approach, using our "Principles Of Credit Ratings" in conjunction with "USPF Criteria: Public Pension Funds" and "Rating Government-Related Entities: Methodology And Assumptions" as our criteria foundation for our analysis of OTPP's creditworthiness. We believe there is sufficient similarity between U.S. and Canadian pension systems such that the U.S. pension fund criteria are an appropriate methodology for evaluating Canadian public pension funds' credit quality. We also use our "Methodology For Linking Long-Term And Short-Term Ratings" criteria as a basis to provide short-term ratings on the fund.

## **Liquidity**

O TPP benefits from robust liquidity, in our opinion. It has a policy of maintaining a portfolio of highly liquid assets, including Canadian and U.S. government bonds. It tracks its liquidity position daily and monitors liquidity via coverage ratios and stress testing. The fund held C\$101.1 billion in level 1 fixed income assets and C\$6.7 billion in level 1 equity at the end of 2025. According to OTPP's calculations, it held C\$97.6 billion of available liquid assets to support fund liquidity as of Dec. 31, 2025. This well exceeds the total guaranteed debt outstanding of C\$29.6 billion at year-end 2025.

## Key Statistics

### Ontario Teachers' Pension Plan Board--selected ratios

|  | 2025   | 2024   | 2023   | 2022   | 2021     |
|--|--------|--------|--------|--------|----------|
| UAAL (mil. C\$)*   | 64,865 | 53,173 | 36,120 | 41,038 | (15,900) |
| UAAL ratio (%)*  | 130.2  | 124.9  | 117.1  | 119.9  | 93.8     |
| Return on net investments (%)*                                       | 7.1    | 9.7    | 2.3    | 4.3    | 11.3     |
| Return on assets (%)   | 4.0    | 6.1    | 0.1    | 7.3    | 7.3      |
| Return on net assets (%)   | 4.9    | 7.6    | 0.1    | 2.3    | 9.2      |
| Total margin (%)   | 58.0   | 67.4   | 3.1    | 41.2   | 72.5     |
| Pension benefit expense delivery efficiency (%)                      | 89.3   | 89.4   | 89.4   | 89.2   | 89.4     |
| Pension benefit expense (% of Ontario's adjusted operating revenues) | 0.9    | 0.9    | 0.8    | 0.9    | 1.1      |
| UAAL* (% of sponsor's budget§)                                       | 28.8   | 24.2   | 17.5   | 21.3   | -10.4    |
| UAAL* per capita (C\$)§  | 3,990  | 3,294  | 2,311  | 2,708  | (1,065)  |
| Benefit contributions (% of total revenues)                          | 18.1   | 15.3   | 37.7   | 24.5   | 12.0     |
| Ontario's contributions (% of total revenues)§                       | 9.1    | 7.6    | 18.5   | 12.2   | 5.9      |

\*Based on S&P Global Ratings' calculations. §Based on Ontario forecast for 2025. UAAL--Unfunded actuarial accrued liability.

## Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10 2021
- [General Criteria: Group Rating Methodology](#), July 1 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7 2017
- [General Criteria: Guarantee Criteria](#), Oct. 21 2016
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25 2015
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16 2011
- [Criteria | Governments | U.S. Public Finance: Public Pension Funds](#), June 27 2007

## Related Research

- [Province of Ontario Issuer Credit Rating Affirmed At 'AA-'; Outlook Stable](#), June 4, 2026
- [Credit Conditions North America Q2 2026: War Compounds Pressures](#), March 26, 2026
- [S&P Global Ratings Definitions](#), Dec. 16, 2025

### Ratings Detail (as of June 10, 2026)\*

#### Ontario Teachers' Pension Plan Board

Issuer Credit Rating AAA/Stable/A-1+

#### Issuer Credit Ratings History

04-Dec-2024 AAA/Stable/A-1+

15-Jun-2023 AA+/Positive/A-1+

## Ontario Teachers' Pension Plan Board

### Ratings Detail (as of June 10, 2026)\*

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17-Jun-2016

AA+/Stable/A-1+

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\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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