

In Canada’s trusted pension funds we trust

By Warren Lovely

Ahead of Thursday’s national balance sheet accounts release, StatCan offered its latest examination of Canadian trusted pension funds (for 2024:Q4). Herewith is 10-pack of charts and quick ordered comments highlighting developments/trends for this important sector. To avoid confusion, Canadian trusted pension funds are separate and distinct from Canada’s social security system (i.e., CPP/QPP), with the latter included as part of the country’s broad ‘general government’ sector.

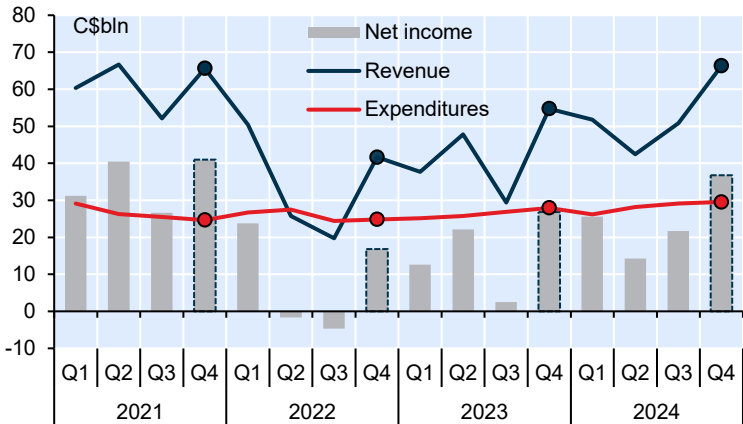
- (1) Collectively, Canada’s trusted pension funds notched a healthy net gain in the final quarter of 2024 (and for the calendar year as a whole)...
- (2) Sector-wide revenues (\$66 billion in Q4) were up more than 20% year-on-year, with the lion’s share of revenues (and net income) linked to public sector funds...
- (3-4) Plan maturity means employee/employer contributions generally account for a smaller share of total revenues. As contributions (in both the public and private sector) fall short of pension payments, investment income is key to driving asset growth...
- (5-6) Gross assets shot up by \$221 billion (on almost 10%) year-on-year. Investment-related liabilities did rise (including via targeted debt

issuance by a few key names), but leverage remains relatively contained/controlled... (7) Gross assets at Canada’s trusted pension funds have essentially reached \$2.5 trillion (!), with over 80% tied to the public sector... (8) Investment portfolios remain well diversified, equities (on average) accounting for 40%, bonds at 25% and some 20% invested in infrastructure/real estate... (9) Excluding investments of unknown nationality, the domestic share of total holdings (at market value) tops 40%. Whereas equities have a distinct foreign flavour, bond portfolios are much more domestic in nature... (10) No domestic asset category has grown faster than Canadian bonds, with the value of domestic bond holdings having increased by \$70 billion in two years.

Note: We’ll next pivot to the national balance sheet accounts (for 2025:Q1). Aside from our intended focus on non-resident flows/holdings, trusted pension funds will be confirmed as important holders of Canadian debt (including provincial bonds). With outstanding Canadian debt continuing to accumulate, trusted pension funds can be thought of as a potentially vital source of ongoing domestic demand.

Chart 1: Positive net income for trusted pension funds

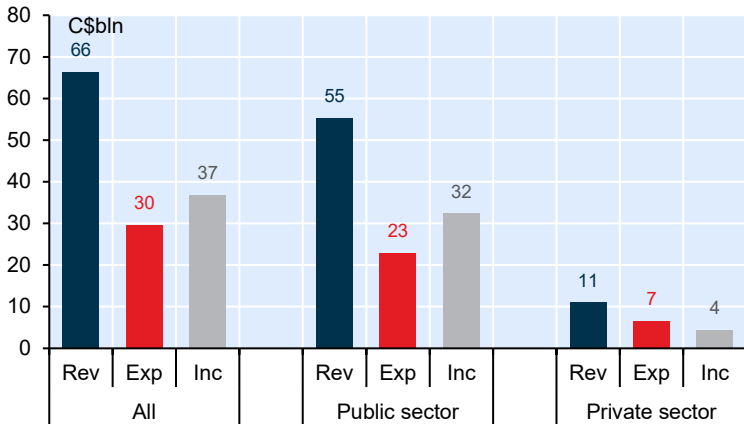
Canadian trusted pension funds: Revenues, expenditures & net income



Source: NBC, StatCan | Note: Combines public and private sector funds

Chart 2: Revenues up brisk 21% to \$66bn in Q4 (vs. prior year)

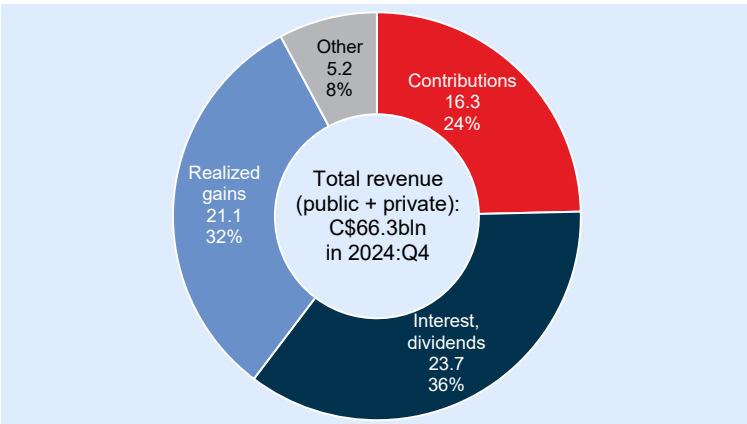
Canadian trusted pension funds: Revenues, expenditures & net income (2024Q4)



Source: NBC, StatCan

Chart 3: Investment income key revenue source...

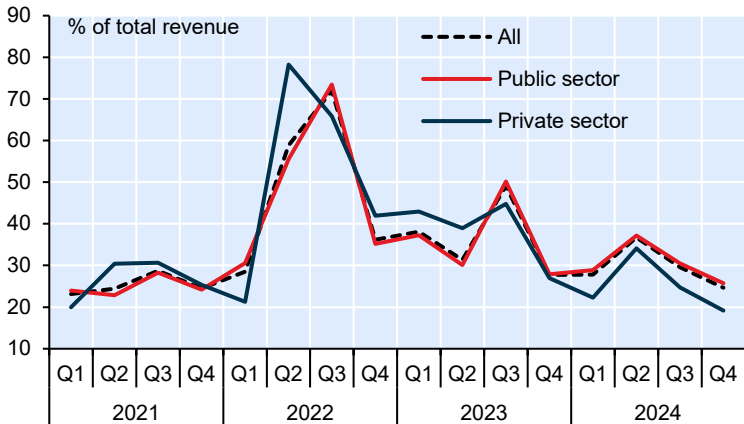
Canadian trusted pension funds: Revenues by major source (2024Q4)



Source: NBC, StatCan | Note: Combines public and private sector funds

Chart 4: ... for both public & private sector plans

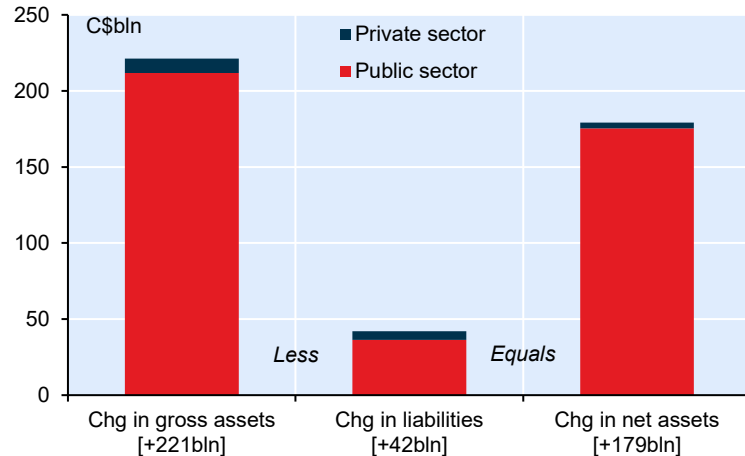
Canadian trusted pension funds: Share of total revenues from contributions



Source: NBC, StatCan | Note: Contributions include employee and employer

Chart 5: After liabilities, net assets up \$179bln in 2024...

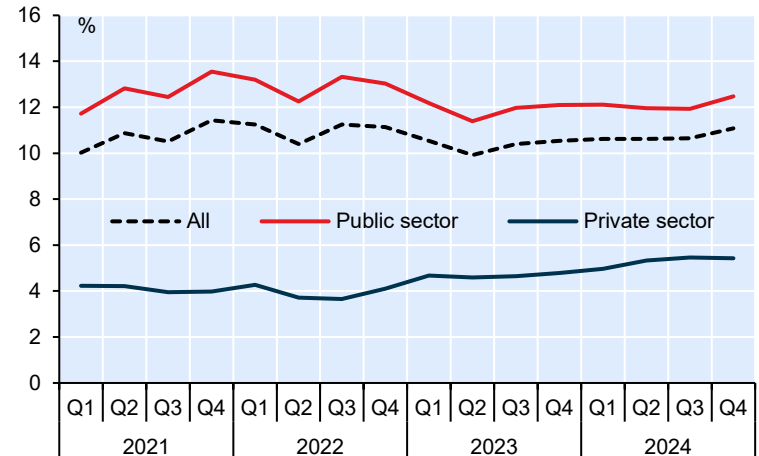
Canadian trusted pension funds: Change in assets & liabilities (2024)



Source: NBC, StatCan | Note: Change refers to 2024:Q4 vs. 2023:Q4

Chart 6: ... with relatively limited/steady use of leverage

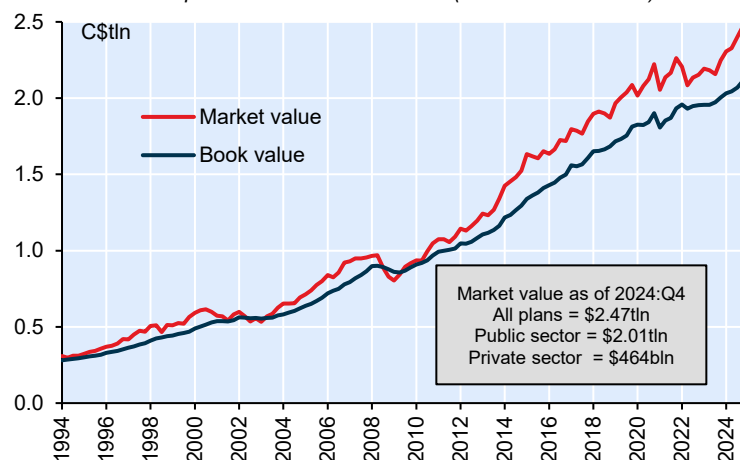
Canadian trusted pension funds: Investment-related liabilities vs. gross assets



Source: NBC, StatCan

Chart 7: Across all funds, gross assets approach \$2.5 trillion!

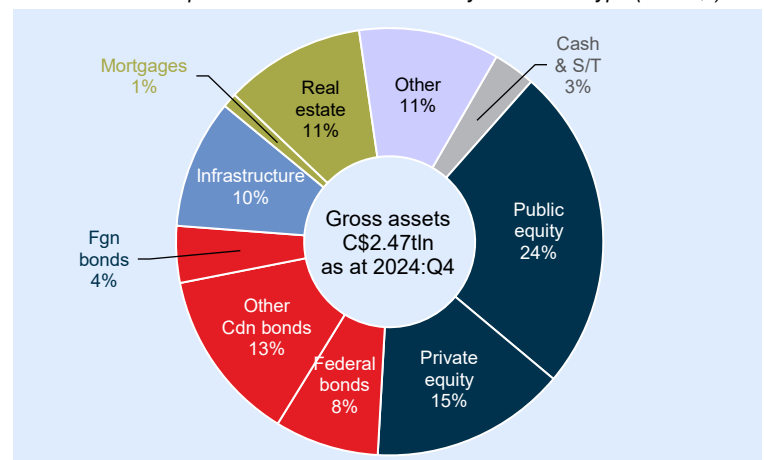
Canadian trusted pension funds: Gross assets (market & book value)



Source: NBC, StatCan | Note: Combines public and private sector funds; quarterly to 2024:Q4; prior to 2021, values based on earlier/terminated series from StatCan

Chart 8: Investment portfolios relatively diversified

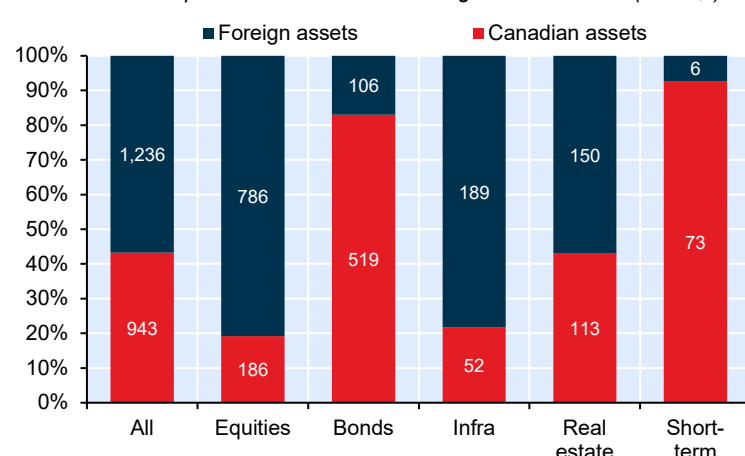
Canadian trusted pension funds: Gross assets by investment type (2024Q4)



Source: NBC, StatCan | Note: Combines public and private sector funds; market value

Chart 9: Bond portfolios have a more domestic flair

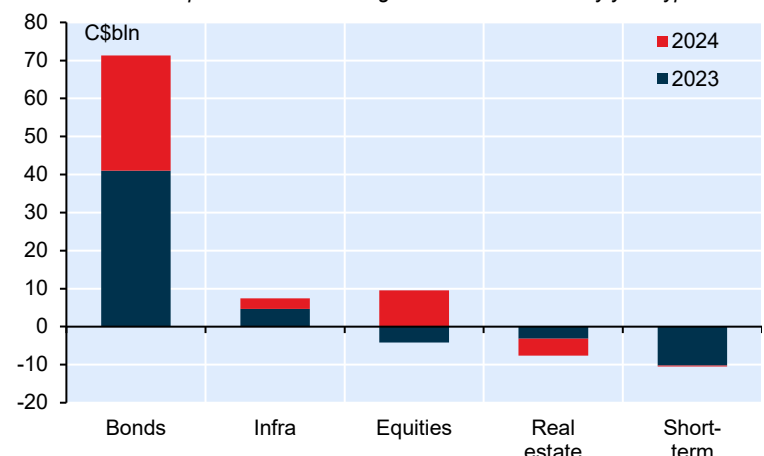
Canadian trusted pension funds: Domestic/foreign share of assets (2024Q4)



Source: NBC, StatCan | Note: Combines public and private sector funds; based on market value of gross assets; data labels are C\$bln; excludes C\$290bln of assets where nationality unknown

Chart 10: Value of Canadian bond portfolios expanding

Canadian trusted pension funds: Change in domestic assets by year/type



Source: NBC, StatCan | Note: Combines public and private sector funds; reflects full-year change (Q4/Q4) in market value of domestic assets



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