

Condensed Interim Consolidated  
Financial Statements of  
Canada Pension Plan Investment Board

DECEMBER 31, 2020



## Condensed Interim Consolidated Balance Sheet

(Unaudited)

<i>(CAD millions)</i>	As at December 31, 2020	As at March 31, 2020
<b>Assets</b>		
Investments	\$ 576,798	\$ 535,464
Pending trades receivable	977	6,944
Premises and equipment	463	474
Other assets	253	262
<b>Total assets</b>	<b>578,491</b>	543,144
<b>Liabilities</b>		
Investment liabilities	100,973	127,062
Pending trades payable	1,084	5,702
Accounts payable and accrued liabilities	690	792
<b>Total liabilities</b>	<b>102,747</b>	133,556
<b>Net assets</b>	<b>\$ 475,744</b>	\$ 409,588
<b>Net assets, represented by:</b>		
Share capital	\$ -	\$ -
Accumulated net income from operations	327,233	259,721
Accumulated net transfers from the Canada Pension Plan	148,511	149,867
<b>Net assets</b>	<b>\$ 475,744</b>	\$ 409,588

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

## Condensed Interim Consolidated Statement of Comprehensive Income

(Unaudited)

<i>(CAD millions)</i>	For the three months ended		For the nine months ended	
	December 31, 2020	December 31, 2019 <sup>1</sup>	December 31, 2020	December 31, 2019 <sup>1</sup>
Investment income (note 4)	\$ 23,798	\$ 15,210	\$ 70,143	\$ 30,564
Investment-related expenses (note 5)	(456)	(363)	(1,611)	(1,762)
<b>Net investment income</b>	<b>\$ 23,342</b>	<b>\$ 14,847</b>	<b>\$ 68,532</b>	<b>\$ 28,802</b>
<b>Operating expenses</b>	<b>(335)</b>	<b>(300)</b>	<b>(1,020)</b>	<b>(880)</b>
<b>Net income from operations and comprehensive income</b>	<b>\$ 23,007</b>	<b>\$ 14,547</b>	<b>\$ 67,512</b>	<b>\$ 27,922</b>

<sup>1</sup> Certain comparatives have been reclassified to conform to the current period's presentation.

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

## Condensed Interim Consolidated Statement of Changes in Net Assets

(Unaudited)

For the three months ended						
	Number of shares outstanding	Share capital	Accumulated net transfers from the Canada Pension Plan	Accumulated net income from operations	Total net assets	
<i>(CAD millions)</i>						
<b>As at October 1, 2020</b>	10	\$ -	\$ 152,453	\$ 304,226	\$ 456,679	
Total net income for the period		-	-	23,007	23,007	
Canada Pension Plan transfers:						
Transfers from the Canada Pension Plan		-	6,620	-	6,620	
Transfers to the Canada Pension Plan		-	(10,562)	-	(10,562)	
<b>Balance at December 31, 2020</b>	10	\$ -	\$ 148,511	\$ 327,233	\$ 475,744	
For the nine months ended						
	Number of shares outstanding	Share capital	Accumulated net transfers from the Canada Pension Plan	Accumulated net income from operations	Total net assets	
<i>(CAD millions)</i>						
<b>As at April 1, 2019</b>	10	\$ -	\$ 144,356	\$ 247,624	\$ 391,980	
Total net income for the period		-	-	27,922	27,922	
Canada Pension Plan transfers:						
Transfers from the Canada Pension Plan		-	30,286	-	30,286	
Transfers to the Canada Pension Plan		-	(29,757)	-	(29,757)	
<b>Balance at December 31, 2019</b>	10	\$ -	\$ 144,885	\$ 275,546	\$ 420,431	
<b>As at April 1, 2020</b>	10	\$ -	\$ 149,867	\$ 259,721	\$ 409,588	
Total net income for the period		-	-	67,512	67,512	
Canada Pension Plan transfers:						
Transfers from the Canada Pension Plan		-	29,819	-	29,819	
Transfers to the Canada Pension Plan		-	(31,175)	-	(31,175)	
<b>Balance at December 31, 2020</b>	10	\$ -	\$ 148,511	\$ 327,233	\$ 475,744	

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

# Condensed Interim Consolidated Statement of Cash Flows

(Unaudited)

(CAD millions)	For the nine months ended	
	December 31, 2020	December 31, 2019 <sup>3</sup>
<b>Cash flows from operating activities</b>		
Net income from operations	\$ 67,512	\$ 27,922
Adjustments for non-cash items:		
Amortization of premises and equipment	39	31
(Gains) on debt financing liabilities (note 11)	(1,889)	(441)
Adjustments for net changes in operating assets and liabilities:		
(Increase) in investments	(54,237)	(33,122)
Decrease in pending trades receivable	5,967	1,910
(Increase) decrease in other assets	(9)	51
(Decrease) increase in investment-related liabilities	(23,816)	2,163
(Decrease) in pending trades payable	(4,618)	(1,178)
(Decrease) in accounts payable and accrued liabilities	(102)	(109)
<b>Net cash flows (used in) operating activities</b>	<b>(11,153)</b>	<b>(2,773)</b>
<b>Cash flows from financing activities</b>		
Transfers from the Canada Pension Plan	29,819	30,286
Transfers to the Canada Pension Plan	(31,175)	(29,757)
Proceeds from debt financing liabilities (note 11)	8,101	19,724
Repayments of debt financing liabilities (note 11)	(8,485)	(17,926)
<b>Net cash flows (used in) provided by financing activities</b>	<b>(1,740)</b>	<b>2,327</b>
<b>Cash flows from investing activities</b>		
Acquisitions of premises and equipment	(28)	(24)
<b>Net cash flows (used in) investing activities</b>	<b>(28)</b>	<b>(24)</b>
Net (decrease) in cash and cash equivalents	(12,921)	(470)
Effect of exchange rate changes on cash and cash equivalents	(460)	(79)
Cash and cash equivalents at the beginning of the period	23,749	8,706
<b>Cash and cash equivalents at the end of the period</b>	<b>10,368</b>	<b>8,157</b>
<b>Cash and cash equivalents at the end of the period are comprised of:</b>		
Cash held for operating purposes <sup>1</sup>	176	185
Cash and cash equivalents held for investment purposes <sup>2</sup>	10,192	7,972
<b>Total</b>	<b>\$ 10,368</b>	<b>\$ 8,157</b>

<sup>1</sup> Presented as a component of other assets on the Condensed Interim Consolidated Balance Sheet.

<sup>2</sup> Presented as a component of investments on the Condensed Interim Consolidated Balance Sheet and money market securities on the Condensed Interim Consolidated Schedule of Investment Portfolio.

<sup>3</sup> Certain comparatives have been reclassified to conform to the current period's presentation.

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

## Condensed Interim Consolidated Schedule of Investment Portfolio

(Unaudited)

The schedule below provides information on investments and investment liabilities held by Canada Pension Plan Investment Board and its investment holding subsidiaries on a combined basis.

<i>(CAD millions)</i>	As at December 31, 2020	As at March 31, 2020
<b>Equities</b>		
Public equities	\$ 168,770	\$ 118,241
Private equities	125,345	105,381
<b>Total equities</b>	<b>294,115</b>	<b>223,622</b>
<b>Fixed income</b>		
Bonds	103,327	103,658
Other debt	28,417	27,214
Money market securities	11,662	24,908
<b>Total fixed income</b>	<b>143,406</b>	<b>155,780</b>
<b>Absolute return strategies</b>	<b>29,042</b>	<b>27,922</b>
<b>Real assets</b>		
Real estate	38,513	43,718
Infrastructure	37,026	34,679
Power and renewables	8,688	8,711
Energy and resources	8,294	7,281
<b>Total real assets</b>	<b>92,521</b>	<b>94,389</b>
<b>Investment receivables</b>		
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	9,772	18,658
Derivative assets	5,747	9,730
Other	2,370	6,212
<b>Total investment receivables</b>	<b>17,889</b>	<b>34,600</b>
<b>Total investments<sup>1</sup></b>	<b>\$ 576,973</b>	<b>\$ 536,313</b>
<b>Investment liabilities</b>		
Securities sold under repurchase agreements and cash collateral received on securities lent	(35,177)	(52,347)
Debt financing liabilities	(36,122)	(38,395)
Securities sold short	(22,213)	(20,776)
Derivative liabilities	(4,072)	(10,023)
Short-term secured debt	(1,257)	(1,430)
Other	(2,135)	(4,104)
<b>Total investment liabilities<sup>1</sup></b>	<b>(100,976)</b>	<b>(127,075)</b>
Pending trades receivable <sup>1</sup>	1,057	7,025
Pending trades payable <sup>1</sup>	(1,336)	(6,619)
<b>Net investments</b>	<b>\$ 475,718</b>	<b>\$ 409,644</b>

<sup>1</sup> Consists of all the financial assets and liabilities held by both Canada Pension Plan Investment Board and its investment holding subsidiaries. In contrast, the Condensed Interim Consolidated Balance Sheet presents all financial assets and liabilities held by investment holding subsidiaries as investments. This results in a difference of \$175 million (March 31, 2020 - \$849 million), \$3 million (March 31, 2020 - \$13 million), \$80 million (March 31, 2020 - \$81 million) and \$252 million (March 31, 2020 - \$917 million) as compared to investments, investment liabilities, pending trades receivable and pending trades payable, respectively, as presented in the Condensed Interim Consolidated Balance Sheet. Refer to note 1.2, 2.1 and 2.2 for further details.

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

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# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

## General information

Canada Pension Plan Investment Board (CPP Investments) was established in December 1997 pursuant to the Canada Pension Plan Investment Board Act. CPP Investments is responsible for assisting the Canada Pension Plan (CPP) in meeting its obligations to contributors and beneficiaries under the legislation Canada Pension Plan (CPP Act).

In December 2016, Royal Assent was given to Bill C-26 titled An Act to Amend the Canada Pension Plan, the Canada Pension Plan Investment Board Act and the Income Tax Act. With that, the CPP Act now defines two separate parts of the CPP. The “base CPP” refers to the benefits and contributions established before 2019. The “additional CPP” refers to the additional benefits and additional contributions that began on January 1, 2019. All references to “CPP” mean base CPP and additional CPP together.

The Condensed Interim Consolidated Financial Statements (Interim Financial Statements) provide information on the net assets managed by CPP Investments and do not include the liabilities and other assets of the CPP.

The Interim Financial Statements for the three and nine months ended December 31, 2020 were approved by the Board of Directors and authorized for issue on February 10, 2021.

## 1. Summary of significant accounting policies

### 1.1 Basis of presentation

The Interim Financial Statements have been prepared in compliance with International Accounting Standard 34, Interim Financial Reporting and do not include all of the information and disclosures required in the Annual Consolidated Financial Statements. The Interim Financial Statements should be read in conjunction with CPP Investments’ 2020 Annual Consolidated Financial Statements included on pages 133 to 179 of CPP Investments’ 2020 Annual Report. The Interim Financial Statements follow the same accounting policies and methods as the most recent Annual Consolidated Financial Statements.

### 1.2 Subsidiaries

CPP Investments qualifies as an investment entity and reports the results of its operations in accordance with IFRS 10 Consolidated Financial Statements. As a consequence, the Interim Financial Statements represent the results of operations of CPP Investments and its wholly owned subsidiaries that were created to provide investment-related services to support its operations. Operating subsidiaries of this nature include those that provide investment advisory services or subsidiaries that were created to provide financing to CPP Investments.

Subsidiaries that are managed by CPP Investments to hold investments are referred to herein as investment holding subsidiaries. Such subsidiaries are not consolidated in these Interim Financial Statements but instead are measured and reported at fair value. Fair value for unconsolidated investment holding subsidiaries is based on the fair value of the underlying investments, investment liabilities and pending trades held by the investment holding subsidiary together with its accumulated net income from operations less dividends paid.

# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

## 2. Fair value measurement

This note categorizes the fair value of investments and investment liabilities within the three levels of the fair value hierarchy. For investment valuations that require significant judgment, the note further provides the roll-forward of these investments during the period and the range of valuation techniques and inputs used.

### 2.1 Fair value hierarchy of investments and investment liabilities held directly by CPP Investments

(CAD millions)	As at December 31, 2020				Total
	Level 1	Level 2	Level 3		
	Quoted Market Price	Valuation technique - observable market inputs	Valuation technique - non-observable market inputs		
<b>Investments</b>					
<b>Equities</b>					
Public equities <sup>1</sup>	\$ 147,619	\$ 4,242	\$ 49		\$ 151,910
Private equities	-	176	6,997		7,173
<b>Total equities</b>	<b>147,619</b>	<b>4,418</b>	<b>7,046</b>		<b>159,083</b>
<b>Fixed income</b>					
Bonds	60,362	39,630	-		99,992
Other debt	-	1,026	2,888		3,914
Money market securities	-	10,192	-		10,192
<b>Total fixed income</b>	<b>60,362</b>	<b>50,848</b>	<b>2,888</b>		<b>114,098</b>
<b>Absolute return strategies</b>	<b>-</b>	<b>15,701</b>	<b>1,259</b>		<b>16,960</b>
<b>Real assets</b>					
Real estate	-	-	9,807		9,807
Infrastructure	-	-	8,121		8,121
Power and renewables	-	-	641		641
Energy and resources	-	-	1,928		1,928
<b>Total real assets</b>	<b>-</b>	<b>-</b>	<b>20,497</b>		<b>20,497</b>
<b>Investment receivables</b>					
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	-	9,772	-		9,772
Derivative assets	-	5,744	-		5,744
Other <sup>2</sup>	-	1,968	-		1,968
<b>Total investment receivables</b>	<b>-</b>	<b>17,484</b>	<b>-</b>		<b>17,484</b>
<b>Investments in investment holding subsidiaries (note 2.2)</b>	<b>-</b>	<b>-</b>	<b>248,676</b>		<b>248,676</b>
<b>Total investments</b>	<b>\$ 207,981</b>	<b>\$ 88,451</b>	<b>\$ 280,366</b>		<b>\$ 576,798</b>
<b>Investment liabilities</b>					
Securities sold under repurchase agreements and cash collateral received on securities lent	-	(35,177)	-		(35,177)
Debt financing liabilities	(36,122)	-	-		(36,122)
Securities sold short	(22,207)	-	(6)		(22,213)
Derivative liabilities	(28)	(4,042)	-		(4,070)
Short-term secured debt	-	(1,257)	-		(1,257)
Other <sup>2</sup>	-	(2,134)	-		(2,134)
<b>Total investment liabilities</b>	<b>(58,357)</b>	<b>(42,610)</b>	<b>(6)</b>		<b>(100,973)</b>
Pending trades receivable <sup>3</sup>	-	977	-		977
Pending trades payable <sup>3</sup>	-	(1,084)	-		(1,084)
<b>Net investments</b>	<b>\$ 149,624</b>	<b>\$ 45,734</b>	<b>\$ 280,360</b>		<b>\$ 475,718</b>

# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

	As at March 31, 2020			Total
	Level 1	Level 2	Level 3	
(CAD millions)	Quoted Market Price	Valuation technique – observable market inputs	Valuation technique – non-observable market inputs	
<b>Investments</b>				
<b>Equities</b>				
Public equities <sup>1</sup>	\$ 100,769	\$ 3,891	\$ 33	\$ 104,693
Private equities	-	-	5,702	5,702
<b>Total equities</b>	100,769	3,891	5,735	110,395
<b>Fixed income</b>				
Bonds	60,295	40,829	-	101,124
Other debt	-	1,325	2,552	3,877
Money market securities	-	24,282	-	24,282
<b>Total fixed income</b>	60,295	66,436	2,552	129,283
<b>Absolute return strategies</b>	-	14,735	1,534	16,269
<b>Real assets</b>				
Real estate	-	-	14,469	14,469
Infrastructure	-	-	7,622	7,622
Power and renewables	-	-	1,114	1,114
Energy and resources	-	-	1,770	1,770
<b>Total real assets</b>	-	-	24,975	24,975
<b>Investment receivables</b>				
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	-	18,658	-	18,658
Derivative assets	-	9,730	-	9,730
Other <sup>2</sup>	-	5,925	-	5,925
<b>Total investment receivables</b>	-	34,313	-	34,313
<b>Investments in investment holding subsidiaries (note 2.2)</b>	-	-	220,229	220,229
<b>Total investments</b>	\$ 161,064	\$ 119,375	\$ 255,025	\$ 535,464
<b>Investment liabilities</b>				
Securities sold under repurchase agreements and cash collateral received on securities lent	-	(52,347)	-	(52,347)
Debt financing liabilities	(32,639)	(5,756)	-	(38,395)
Securities sold short	(20,776)	-	-	(20,776)
Derivative liabilities	(353)	(9,670)	-	(10,023)
Short-term secured debt	-	(1,430)	-	(1,430)
Other <sup>2</sup>	-	(4,091)	-	(4,091)
<b>Total investment liabilities</b>	(53,768)	(73,294)	-	(127,062)
Pending trades receivable <sup>3</sup>	-	6,944	-	6,944
Pending trades payable <sup>3</sup>	-	(5,702)	-	(5,702)
<b>Net investments</b>	\$ 107,296	\$ 47,323	\$ 255,025	\$ 409,644

<sup>1</sup> Includes investments in funds.

<sup>2</sup> Included in other investment receivables and other investment liabilities is cash pledged as collateral of \$1,043 million (March 31, 2020 - \$3,855 million) and cash held as collateral of \$2,050 million (March 31, 2020 - \$3,709 million) on over-the-counter derivative transactions, respectively.

<sup>3</sup> Pending trades receivable and payable are measured at amortized cost, which approximates fair value.

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

### 2.2 Supplemental information on fair value hierarchy relating to investment holding subsidiaries

The following table presents the fair value hierarchy of the underlying investments and investment liabilities held by investment holding subsidiaries. For further details on the nature and purpose of investment holding subsidiaries, refer to note 1.2.

	As at December 31, 2020			Total
	Level 1	Level 2	Level 3	
<i>(CAD millions)</i>	Quoted Market Price	Valuation technique – observable market inputs	Valuation technique – non-observable market inputs	
<b>Investments</b>				
<b>Equities</b>				
Public equities <sup>1</sup>	\$ 9,726	\$ 7,093	\$ 41	\$ 16,860
Private equities	-	3,463	114,709	118,172
<b>Total equities</b>	<b>9,726</b>	<b>10,556</b>	<b>114,750</b>	<b>135,032</b>
<b>Fixed income</b>				
Bonds	-	3,312	23	3,335
Other debt	-	4,245	20,258	24,503
Money market securities	-	1,470	-	1,470
<b>Total fixed income</b>	<b>-</b>	<b>9,027</b>	<b>20,281</b>	<b>29,308</b>
<b>Absolute return strategies</b>	<b>-</b>	<b>10,426</b>	<b>1,656</b>	<b>12,082</b>
<b>Real assets</b>				
Real estate	-	-	28,706	28,706
Infrastructure	-	-	28,905	28,905
Power and renewables	-	-	8,047	8,047
Energy and resources	-	-	6,366	6,366
<b>Total real assets</b>	<b>-</b>	<b>-</b>	<b>72,024</b>	<b>72,024</b>
<b>Investment receivables</b>				
Derivative assets	-	-	3	3
Other	-	354	48	402
<b>Total investment receivables</b>	<b>-</b>	<b>354</b>	<b>51</b>	<b>405</b>
<b>Total investments held by investment holding subsidiaries</b>	<b>\$ 9,726</b>	<b>\$ 30,363</b>	<b>\$ 208,762</b>	<b>\$ 248,851</b>
<b>Investment liabilities</b>				
Derivative liabilities	-	(2)	-	(2)
Other	-	(1)	-	(1)
<b>Total investment liabilities held by investment holding subsidiaries</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>(3)</b>
Pending trades receivable <sup>2</sup>	-	80	-	80
Pending trades payable <sup>2</sup>	-	(252)	-	(252)
<b>Investments in investment holding subsidiaries</b>	<b>\$ 9,726</b>	<b>\$ 30,188</b>	<b>\$ 208,762</b>	<b>\$ 248,676</b>

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

	As at March 31, 2020			Total
	Level 1	Level 2	Level 3	
(CAD millions)	Quoted Market Price	Valuation technique – observable market inputs	Valuation technique – non-observable market inputs	
<b>Investments</b>				
<b>Equities</b>				
Public equities <sup>1</sup>	\$ 5,496	\$ 7,956	\$ 96	\$ 13,548
Private equities	-	-	99,679	99,679
<b>Total equities</b>	<b>5,496</b>	<b>7,956</b>	<b>99,775</b>	<b>113,227</b>
<b>Fixed income</b>				
Bonds	-	2,534	-	2,534
Other debt	-	3,533	19,804	23,337
Money market securities	-	626	-	626
<b>Total fixed income</b>	<b>-</b>	<b>6,693</b>	<b>19,804</b>	<b>26,497</b>
<b>Absolute return strategies</b>	<b>-</b>	<b>9,973</b>	<b>1,680</b>	<b>11,653</b>
<b>Real assets</b>				
Real estate	-	-	29,249	29,249
Infrastructure	-	-	27,057	27,057
Power and renewables	-	-	7,597	7,597
Energy and resources	-	-	5,511	5,511
<b>Total real assets</b>	<b>-</b>	<b>-</b>	<b>69,414</b>	<b>69,414</b>
<b>Investment receivables</b>				
Derivative assets	-	-	-	-
Other	-	287	-	287
<b>Total investment receivables</b>	<b>-</b>	<b>287</b>	<b>-</b>	<b>287</b>
<b>Total investments held by investment holding subsidiaries</b>	<b>\$ 5,496</b>	<b>\$ 24,909</b>	<b>\$ 190,673</b>	<b>\$ 221,078</b>
<b>Investment liabilities</b>				
Other	-	(13)	-	(13)
<b>Total investment liabilities held by investment holding subsidiaries</b>	<b>-</b>	<b>(13)</b>	<b>-</b>	<b>(13)</b>
Pending trades receivable <sup>2</sup>	-	81	-	81
Pending trades payable <sup>2</sup>	-	(917)	-	(917)
<b>Investments in investment holding subsidiaries</b>	<b>\$ 5,496</b>	<b>\$ 24,060</b>	<b>\$ 190,673</b>	<b>\$ 220,229</b>

<sup>1</sup> Includes investments in funds.

<sup>2</sup> Pending trades receivable and payable are measured at amortized cost, which is a reasonable approximation of fair value.

### 2.3 Transfers between Level 1 and Level 2

Transfers between levels in the fair value hierarchy are deemed to have occurred at the end of the reporting period. During the nine months ended December 31, 2020, transfers from Level 1 to Level 2 included \$107 million of investments held directly by CPP Investments (during the year ended March 31, 2020 - \$2 million). During the nine months ended December 31, 2020, transfers from Level 2 to Level 1 included \$15 million of investments held directly by CPP Investments (during the year ended March 31, 2020 – nil). Transfers between Level 1 and Level 2 depend on the availability of quoted market prices in active markets and valuations using inputs other than quoted prices that are observable.

# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

## 2.4 Level 3 reconciliation

The following presents the reconciliations for investments included in Level 3 of the fair value hierarchy:

For the nine months ended December 31, 2020								
<i>(CAD millions)</i>	Fair value as at April 1, 2020	Gain (loss) included in investment income	Purchases	Sales <sup>1</sup>	Transfers into Level 3	Transfers out of Level 3	Fair value as at December 31, 2020	Change in unrealized gains (losses) on investments still held at December 31, 2020 <sup>2</sup>
<b>Investments</b>								
<b>Equities</b>								
Public equities	\$ 33	\$ 17	\$ -	\$ (1)	\$ -	\$ -	49	\$ 18
Private equities	5,702	1,956	388	(164)	135	(1,020)	6,997	1,621
<b>Total equities</b>	<b>5,735</b>	<b>1,973</b>	<b>388</b>	<b>(165)</b>	<b>135</b>	<b>(1,020)</b>	<b>7,046</b>	<b>1,639</b>
<b>Fixed income</b>								
Other debt	2,552	(14)	343	(339)	480	(134)	2,888	28
<b>Absolute return strategies</b>	<b>1,534</b>	<b>(53)</b>	<b>237</b>	<b>(459)</b>	<b>-</b>	<b>-</b>	<b>1,259</b>	<b>(90)</b>
<b>Real assets</b>								
Real estate	14,469	(2,237)	188	(2,613)	-	-	9,807	(2,080)
Infrastructure	7,622	427	72	-	-	-	8,121	427
Power and renewables	1,114	(10)	21	(484)	-	-	641	(22)
Energy and resources	1,770	125	75	(42)	-	-	1,928	128
<b>Total real assets</b>	<b>24,975</b>	<b>(1,695)</b>	<b>356</b>	<b>(3,139)</b>	<b>-</b>	<b>-</b>	<b>20,497</b>	<b>(1,547)</b>
<b>Securities sold short</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>-</b>	<b>(6)</b>	<b>-</b>
<b>Investments in investment holding subsidiaries<sup>3</sup></b>	<b>220,229</b>	<b>29,312</b>	<b>-</b>	<b>(865)</b>	<b>-</b>	<b>-</b>	<b>248,676</b>	<b>29,312</b>
<b>Total</b>	<b>\$ 255,025</b>	<b>\$ 29,523</b>	<b>\$ 1,324</b>	<b>\$ (4,967)</b>	<b>\$ 609</b>	<b>\$ (1,154)</b>	<b>\$ 280,360</b>	<b>\$ 29,342</b>

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the year ended March 31, 2020								
(CAD millions)	Fair value as at April 1, 2019	Gain (loss) included in investment income	Purchases	Sales <sup>1</sup>	Transfers into Level 3	Transfers out of Level 3	Fair value as at March 31, 2020	Change in unrealized gains (losses) on investments still held at March 31, 2020 <sup>2</sup>
<b>Investments</b>								
<b>Equities</b>								
Public equities	\$ 63	\$ (28)	\$ -	\$ (2)	\$ -	\$ -	\$ 33	\$ (27)
Private equities	6,194	(912)	730	(319)	9	-	5,702	(918)
<b>Total equities</b>	<b>6,257</b>	<b>(940)</b>	<b>730</b>	<b>(321)</b>	<b>9</b>	<b>-</b>	<b>5,735</b>	<b>(945)</b>
<b>Fixed income</b>								
Other debt	2,159	(61)	983	(529)	-	-	2,552	(27)
<b>Absolute return strategies</b>								
	447	57	68	(120)	1,082	-	1,534	98
<b>Real assets</b>								
Real estate	15,217	531	890	(2,169)	-	-	14,469	392
Infrastructure	12,534	(388)	-	(4,524)	-	-	7,622	(7)
Power and renewables	1,215	(101)	-	-	-	-	1,114	(101)
Energy and resources	1,888	(118)	-	-	-	-	1,770	(118)
<b>Total real assets</b>	<b>30,854</b>	<b>(76)</b>	<b>890</b>	<b>(6,693)</b>	<b>-</b>	<b>-</b>	<b>24,975</b>	<b>166</b>
<b>Investment receivables</b>								
Other	2	(2)	-	-	-	-	-	-
<b>Total investment receivables</b>	<b>2</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Investments in investment holding subsidiaries<sup>3</sup></b>								
	199,571	(2,784)	24,854	(1,412)	-	-	220,229	(2,784)
<b>Total</b>	<b>\$ 239,290</b>	<b>\$ (3,806)</b>	<b>\$ 27,525</b>	<b>\$ (9,075)</b>	<b>\$ 1,091</b>	<b>\$ -</b>	<b>\$ 255,025</b>	<b>\$ (3,492)</b>

<sup>1</sup> Includes return of capital.

<sup>2</sup> Included in investment income.

<sup>3</sup> Purchases relating to investment holding subsidiaries represent capital contributions or net loan funding provided to these subsidiaries. Sales relating to investment holding subsidiaries represent return of capital from these subsidiaries.

Transfers into and out of Level 3 were primarily due to changes in the availability of market observable inputs used to determine fair value. Transfers into and out of Level 3 are deemed to have occurred at the end of the reporting period. The entire 'change in unrealized gains (losses) on investments still held' column in the above reconciliation includes or excludes the investments transferred into and out of Level 3, respectively.

# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

## 2.5 Level 3 – Significant unobservable inputs

The table below presents the fair value of investments directly held by CPP Investments, valuation techniques used to determine their fair values, and the ranges and weighted averages of unobservable inputs.

Investment holding subsidiaries are also classified as Level 3 in the fair value hierarchy. The fair value is largely driven by Level 3 investments, for which the valuation techniques, ranges and weighted averages of unobservable inputs are included below. However, certain investments held by the investment holding subsidiaries are based on quoted prices in active markets (Level 1) or valued using observable inputs (Level 2). These amount to \$9,726 million (March 31, 2020 - \$5,496 million) and \$30,188 million (March 31, 2020 - \$24,060 million), respectively. Refer to note 2.2 for further details on Level 1 and Level 2 investments relating to investment holding subsidiaries. As each investment holding subsidiary is largely composed of Level 3 investments, the entire subsidiary is classified as Level 3.

# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

As at December 31, 2020						
(CAD millions)	Fair value of investments held by:		Primary valuation techniques used <sup>1,2</sup>	Significant unobservable inputs	Range of input values <sup>3</sup>	Weighted average <sup>3</sup>
	CPP Investments	Investment holding subsidiaries				
<b>Public equities</b>						
Direct	\$ -	\$ 9,929	Quoted market price	-	-	-
Fund Investments	49	6,931	Net asset value provided by investment manager	-	-	-
<b>Private equities</b>						
Direct	6,809	48,895	Earnings multiples of comparable companies	EBITDA multiple	8.1X-37.1X	17.2X
	51	13,087	Discounted cash flow	Discount rate	8.0%-12.0%	11.6%
Fund investments	137	56,190	Net asset value provided by investment manager	-	-	-
			Net asset value provided by investment manager	-	-	-
<b>Bonds</b>						
Direct	-	3,335	Quoted market prices or discounted cash flows using observable inputs	-	-	-
<b>Other debt</b>						
Direct private debt	594	18,446	Discounted cash flow	Discount rate	3.7%-21.0%	8.5%
	-	1,341	Net asset value provided by investment manager	-	-	-
Asset-backed securities	2,270	417	Comparable pricing	Price	76.4%-108.0%	99.3%
Fund investments	24	4,299	Net asset value provided by investment manager	-	-	-
<b>Money market securities</b>						
Direct	-	1,470	Cost with accrued interest	-	-	-
<b>Absolute return strategies</b>						
Fund investments	1,259	12,082	Net asset value provided by investment manager	-	-	-
<b>Real estate</b>						
Direct	9,238	6,003	Discounted cash flow	Discount rate	5.0%-14.3%	6.8%
	504	20,312	Net asset value provided by investment partner	Terminal capitalization rate	3.5%-10.8%	5.6%
Fund investments	65	2,391	Net asset value provided by investment manager	-	-	-
<b>Infrastructure</b>						
Direct	8,121	28,880	Discounted cash flow	Discount rate	7.2%-13.8%	8.8%
Fund investments	-	25	Net asset value provided by investment manager	-	-	-
<b>Power and Renewables</b>						
Direct	641	8,047	Discounted cash flow	Discount rate	7.3%-13.5%	9.5%
<b>Energy and Resources</b>						
Direct	1,928	6,366	Discounted cash flow	Discount rate	9.0%-32.9%	11.3%
<b>Investment receivables</b>						
Derivative assets	-	3	Option model	Market volatility	30.0%	30.0%
Other	-	402	Cost with accrued interest	-	-	-
<b>Investment liabilities</b>						
Securities sold short	(6)	-	Last quoted price	Price	\$16.3	\$16.3
Derivative liabilities	-	(2)	Discounted cash flow	-	-	-
Other	-	(1)	Cost with accrued interest	-	-	-
<b>Pending trades net receivable/(payable)</b>	-	(172)	Amortized cost	-	-	-
<b>Total</b>	<b>\$ 31,684</b>	<b>\$ 248,676</b>				

# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

	Fair value of investments held by:		Primary valuation techniques used <sup>1,2</sup>	Significant unobservable inputs	Range of input values <sup>3</sup>	Weighted average <sup>3</sup>
	CPP Investments	Investment holding subsidiaries				
As at March 31, 2020						
<i>(CAD millions)</i>						
<b>Public equities</b>						
Direct	\$ -	\$ 7,643	Quoted market price	-	-	-
Fund Investments	33	5,905	Net asset value provided by investment manager	-	-	-
<b>Private equities</b>						
Direct	5,623	37,730	Earnings multiples of comparable companies	EBITDA multiple	6.2X-21.2X	13.4X
			Discounted cash flow	Discount rate	8.6%-13.6%	11.8%
	-	12,540	Net asset value provided by investment manager	-	-	-
Fund investments	79	49,409	Net asset value provided by investment manager	-	-	-
<b>Bonds</b>						
Direct	-	2,534	Quoted market prices or discounted cash flows using observable inputs	-	-	-
<b>Other debt</b>						
Direct private debt	210	17,359	Discounted cash flow	Discount rate	5.6%-64.9%	12.5%
	-	1,475	Net asset value provided by investment manager	-	-	-
Asset-backed securities	2,311	203	Comparable pricing	Price	49.5%-101.1%	89.6%
Fund investments	31	4,300	Net asset value provided by investment manager	-	-	-
<b>Money market securities</b>						
Direct	-	626	Cost with accrued interest	-	-	-
<b>Absolute return strategies</b>						
Fund investments	1,534	11,653	Net asset value provided by investment manager	-	-	-
<b>Real estate</b>						
Direct	12,791	5,799	Discounted cash flow	Discount rate	5.0%-14.3%	6.7%
				Terminal capitalization rate	3.3%-10.8%	5.5%
	1,559	20,738	Net asset value provided by investment partner	-	-	-
Fund investments	119	2,712	Net asset value provided by investment manager	-	-	-
<b>Infrastructure</b>						
Direct	7,622	27,027	Discounted cash flow	Discount rate	7.1%-13.8%	8.6%
Fund investments	-	30	Net asset value provided by investment manager	-	-	-
<b>Power and Renewables</b>						
Direct	1,114	7,597	Discounted cash flow	Discount rate	7.6%-14.7%	10.3%
<b>Energy and Resources</b>						
Direct	1,770	5,511	Discounted cash flow	Discount rate	9.0%-15.0%	11.6%
<b>Investment receivables - Other</b>	-	287	Cost with accrued interest	-	-	-
<b>Investment liabilities - Other</b>	-	(13)	Cost with accrued interest	-	-	-
<b>Pending trades net receivable/(payable)</b>	-	(836)	Amortized cost	-	-	-
<b>Total</b>	<b>\$ 34,796</b>	<b>\$ 220,229</b>				

<sup>1</sup> In certain cases, external valuations are prepared by a third-party and hence, valuation information is not available.

<sup>2</sup> May include certain recently acquired investments held at cost, which approximates fair value.

<sup>3</sup> The range of input values represents the highest and lowest inputs used to value the investments in a particular asset class. The weighted average of the input values is calculated based on the relative fair values of the investments within the asset class. The diversity of investments reported within each asset class, such as the geographic location and industry sector of the investments, may result in certain ranges of inputs being wide and unevenly distributed across the range.

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

### 2.6 Sensitivity analysis of valuations using unobservable inputs

Significant changes in any of the above unobservable inputs would result in a significantly higher or lower fair value measurement. The interrelationship of significant unobservable inputs and fair value measurement for the most significant key inputs identified in the table above is as follows:

- An increase (decrease) in the EBITDA multiple will result in a higher (lower) fair value.
- An increase (decrease) in the discount rate and terminal capitalization rate will result in a lower (higher) fair value.

The fair values of the investments classified within Level 3 of the fair value hierarchy in note 2.1 and 2.2 are based on accepted industry valuation methods that may include the use of estimates made by Management, appraisers or both where significant judgment is required. By using valuation methods based on reasonable alternative assumptions, different fair values could result. With all other variables held constant, the use of reasonable alternative assumptions would result in a decrease of \$8,600 million (March 31, 2020 - \$11,100 million) or an increase of \$10,700 million (March 31, 2020 - \$10,600 million) in net assets. This sensitivity analysis is subject to the exercise of judgment and excludes investments where fair values are provided by investment managers as the underlying assumptions used are not available to CPP Investments. While CPP Investments has used all available information in providing its best estimate of the magnitude of the potential impact on Level 3 investments from the COVID-19 pandemic, the ranges noted above are based on alternate assumptions that are subject to material change.

# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

## 3. Derivatives

The fair value of derivative contracts held by CPP Investments and its investment holding subsidiaries is as follows:

<i>(CAD millions)</i>	<u>As at December 31, 2020</u>		<u>As at March 31, 2020</u>	
	<u>Positive fair value</u>	<u>Negative fair value</u>	<u>Positive fair value</u>	<u>Negative fair value</u>
<b>Equity contracts</b>				
Futures	\$ -	\$ -	\$ -	\$ -
Swaps	4,000	(3,123)	7,032	(8,237)
Options:				
Exchange-traded – purchased	-	-	-	-
Exchange-traded – written	-	-	-	(2)
Over-the-counter – purchased	1	-	20	-
Over-the-counter – written	-	(68)	-	(197)
Warrants	3	-	-	-
<b>Total equity contracts</b>	<b>4,004</b>	<b>(3,191)</b>	<b>7,052</b>	<b>(8,436)</b>
<b>Foreign exchange contracts</b>				
Forwards	460	(691)	1,146	(853)
Options:				
Over-the-counter – purchased	59	-	66	-
Over-the-counter – written	-	(42)	-	(61)
<b>Total foreign exchange contracts</b>	<b>519</b>	<b>(733)</b>	<b>1,212</b>	<b>(914)</b>
<b>Interest rate contracts</b>				
Futures	-	-	-	-
Forwards	-	-	-	-
Swaps	1,191	(52)	1,412	(85)
Options:				
Over-the-counter – written	-	(34)	-	(110)
<b>Total interest rate contracts</b>	<b>1,191</b>	<b>(86)</b>	<b>1,412</b>	<b>(195)</b>
<b>Credit contracts</b>				
Purchased credit default swaps	3	(13)	19	(19)
Written credit default swaps	29	(10)	21	(21)
Options:				
Over-the-counter – purchased	1	-	14	-
Over-the-counter – written	-	(11)	-	(87)
<b>Total credit contracts</b>	<b>33</b>	<b>(34)</b>	<b>54</b>	<b>(127)</b>
<b>Commodity contracts</b>				
Futures	-	-	-	-
Options:				
Exchange-traded – purchased	-	-	-	-
Exchange-traded – written	-	(28)	-	(351)
<b>Total commodity contracts</b>	<b>-</b>	<b>(28)</b>	<b>-</b>	<b>(351)</b>
<b>Total<sup>1</sup></b>	<b>\$ 5,747</b>	<b>\$ (4,072)</b>	<b>\$ 9,730</b>	<b>\$ (10,023)</b>

<sup>1</sup> Includes \$3 million (March 31, 2020 – nil) and \$2 million (March 31, 2020 - nil) relating to equity derivative assets and interest rate derivative liabilities transacted by investment holding subsidiaries.

# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

## 4. Investment income

### 4.1 Investment income by nature

<i>(CAD millions)</i>	For the three months ended	
	December 31, 2020	December 31, 2019 <sup>2</sup>
Interest, dividends, and other investment income	\$ 1,212	\$ 1,452
Realized (losses) gains on private equities and real assets	(140)	639
Unrealized gains (losses) on private equities and real assets	197	(610)
Unrealized gains on investment holding subsidiaries (note 4.2)	11,426	5,943
Realized and unrealized gains on public and other investments <sup>1</sup>	11,103	7,786
<b>Total investment income</b>	<b>\$ 23,798</b>	<b>\$ 15,210</b>

<i>(CAD millions)</i>	For the nine months ended	
	December 31, 2020	December 31, 2019 <sup>2</sup>
Interest, dividends, and other investment income	\$ 3,887	\$ 4,813
Realized (losses) gains on private equities and real assets	(75)	456
Unrealized gains (losses) on private equities and real assets	166	(997)
Unrealized gains on investment holding subsidiaries (note 4.2)	29,312	11,905
Realized and unrealized gains on public and other investments <sup>1</sup>	36,853	14,387
<b>Total investment income</b>	<b>\$ 70,143</b>	<b>\$ 30,564</b>

<sup>1</sup> Consists of investment income from public equities, fixed income, absolute return strategies, derivatives and other.

<sup>2</sup> Certain comparatives have been reclassified to conform to the current period's presentation.

### 4.2 Supplemental information on investment income

The change in unrealized gains generated from investment holding subsidiaries is a composite of the following:

<i>(CAD millions)</i>	For the three months ended	
	December 31, 2020	December 31, 2019 <sup>2</sup>
Interest, dividends, and other investment income	\$ 1,231	\$ 1,299
Realized gains on private equities and real assets	2,770	3,531
Unrealized gains on private equities and real assets	4,645	947
Realized and unrealized gains on public and other investments <sup>1</sup>	3,266	548
Dividends paid to CPP Investments	(53)	-
Investment-related expenses (note 5.2)	(433)	(382)
<b>Unrealized gains on investment holding subsidiaries</b>	<b>\$ 11,426</b>	<b>\$ 5,943</b>

<i>(CAD millions)</i>	For the nine months ended	
	December 31, 2020	December 31, 2019 <sup>2</sup>
Interest, dividends, and other investment income	\$ 3,123	\$ 3,561
Realized gains on private equities and real assets	6,697	6,049
Unrealized gains on private equities and real assets	12,643	2,170
Realized and unrealized gains on public and other investments <sup>1</sup>	8,272	1,156
Dividends paid to CPP Investments	(53)	(1)
Investment-related expenses (note 5.2)	(1,370)	(1,030)
<b>Unrealized gains on investment holding subsidiaries</b>	<b>\$ 29,312</b>	<b>\$ 11,905</b>

<sup>1</sup> Consists of investment income from public equities, fixed income, absolute return strategies, derivatives and other.

<sup>2</sup> Certain comparatives have been reclassified to conform to the current period's presentation.

# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

## 5. Investment-related expenses

### 5.1 Investment-related expenses of CPP Investments

Investment-related expenses borne by CPP Investments consist of the following:

<i>(CAD millions)</i>	For the three months ended	
	December 31, 2020	December 31, 2019
Borrowing costs	\$ 241	\$ 179
Investment management fees	181	98
Transaction costs	34	86
<b>Total</b>	<b>\$ 456</b>	<b>\$ 363</b>

<i>(CAD millions)</i>	For the nine months ended	
	December 31, 2020	December 31, 2019
Borrowing costs	\$ 789	\$ 1,147
Investment management fees	699	397
Transaction costs	123	218
<b>Total</b>	<b>\$ 1,611</b>	<b>\$ 1,762</b>

### 5.2 Supplemental information on investment-related expenses

Investment-related expenses borne by CPP Investments' investment holding subsidiaries consist of the following:

<i>(CAD millions)</i>	For the three months ended	
	December 31, 2020	December 31, 2019
Investment management fees	\$ 402	\$ 300
Transaction costs	31	82
<b>Total</b>	<b>\$ 433</b>	<b>\$ 382</b>

<i>(CAD millions)</i>	For the nine months ended	
	December 31, 2020	December 31, 2019
Investment management fees	\$ 1,284	\$ 883
Transaction costs	86	147
<b>Total</b>	<b>\$ 1,370</b>	<b>\$ 1,030</b>

## 6. Segment information

### 6.1 Net income from operations by investment segment

Investments are managed by six departments consistent with what was in place as at March 31, 2020, other than changes to certain departments described below. Effective September 2020, Balancing & Collateral, a subgroup of the Capital Markets and Factor Investing department, was combined with Total Portfolio Management to form a new department, Total Fund Management. Total Fund Management is responsible for capital allocation between investment programs, long-term investment department signals, medium- and near-term portfolio guidance and balance sheet management. The change between departments did not have an impact on the net assets, income and expenses incurred by each investment department.

There is no change to the remaining investment departments, namely Active Equities, Credit Investments, Private Equity, and Real Assets.

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(Unaudited)

The table below illustrates the investment income generated and the associated investment-related expenses and operating expenses incurred by each investment department to support their activities.

For the three months ended December 31, 2020									
(CAD millions)	Total Fund Management	Capital Markets		Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment <sup>3</sup>	Total
		and Factor Investing							
Investment income (loss)	\$ 11,750	\$ 1,738	\$ 1,257	\$ (185)	\$ 8,447	\$ 1,243	\$ (452)	\$ 23,798	
Investment-related expenses <sup>1,2</sup>	(268)	(302)	(24)	(15)	(246)	(53)	452	(456)	
<b>Net investment income (loss)</b>	<b>11,482</b>	<b>1,436</b>	<b>1,233</b>	<b>(200)</b>	<b>8,201</b>	<b>1,190</b>	<b>-</b>	<b>23,342</b>	
<b>Operating expenses</b>	<b>(62)</b>	<b>(49)</b>	<b>(53)</b>	<b>(39)</b>	<b>(60)</b>	<b>(72)</b>	<b>-</b>	<b>(335)</b>	
<b>Net income (loss) from operations</b>	<b>\$ 11,420</b>	<b>\$ 1,387</b>	<b>\$ 1,180</b>	<b>\$ (239)</b>	<b>\$ 8,141</b>	<b>\$ 1,118</b>	<b>-</b>	<b>\$ 23,007</b>	

For the three months ended December 31, 2019 <sup>4</sup>									
(CAD millions)	Total Fund Management	Capital Markets		Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment <sup>3</sup>	Total
		and Factor Investing							
Investment income (loss)	\$ 7,986	\$ 625	\$ 1,193	\$ 340	\$ 3,542	\$ 2,176	\$ (652)	\$ 15,210	
Investment-related expenses <sup>1, 2</sup>	(470)	(188)	(21)	(17)	(176)	(143)	652	(363)	
<b>Net investment income</b>	<b>7,516</b>	<b>437</b>	<b>1,172</b>	<b>323</b>	<b>3,366</b>	<b>2,033</b>	<b>-</b>	<b>14,847</b>	
<b>Operating expenses</b>	<b>(43)</b>	<b>(52)</b>	<b>(42)</b>	<b>(37)</b>	<b>(54)</b>	<b>(72)</b>	<b>-</b>	<b>(300)</b>	
<b>Net income from operations</b>	<b>\$ 7,473</b>	<b>\$ 385</b>	<b>\$ 1,130</b>	<b>\$ 286</b>	<b>\$ 3,312</b>	<b>\$ 1,961</b>	<b>-</b>	<b>\$ 14,547</b>	

<sup>1</sup> Costs of \$260 million (December 31, 2019 - \$449 million) attributable to Total Fund Management represent borrowing costs as described in note 5 of \$241 million (December 31, 2019 - \$179 million), as well as the leverage-generating elements of additional derivative transactions of \$19 million (December 31, 2019 - \$270 million). Together these amounts reflect the financing costs described in note 10.2, which is a measure used by Management to monitor the total costs associated with all sources of leverage to CPP Investments.

<sup>2</sup> Includes borrowing costs, investment management fees and transaction costs borne by CPP Investments and its investment holding subsidiaries in relation to the respective departments.

<sup>3</sup> Consists of costs on the leverage-generating elements of additional derivative transactions, and investment management fees and transaction costs borne by investment holding subsidiaries, all of which are reclassified into investment income.

<sup>4</sup> Certain comparatives have been reclassified to conform to the current period's presentation.

For the nine months ended December 31, 2020									
(CAD millions)	Total Fund Management	Capital Markets		Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment <sup>3</sup>	Total
		and Factor Investing							
Investment income (loss)	\$ 37,257	\$ 4,773	\$ 3,439	\$ 2,260	\$ 21,493	\$ 2,421	\$ (1,500)	\$ 70,143	
Investment-related expenses <sup>1,2</sup>	(951)	(1,084)	(55)	(37)	(624)	(360)	1,500	(1,611)	
<b>Net investment income</b>	<b>36,306</b>	<b>3,689</b>	<b>3,384</b>	<b>2,223</b>	<b>20,869</b>	<b>2,061</b>	<b>-</b>	<b>68,532</b>	
<b>Operating expenses</b>	<b>(160)</b>	<b>(162)</b>	<b>(159)</b>	<b>(120)</b>	<b>(184)</b>	<b>(235)</b>	<b>-</b>	<b>(1,020)</b>	
<b>Net income from operations</b>	<b>\$ 36,146</b>	<b>\$ 3,527</b>	<b>\$ 3,225</b>	<b>\$ 2,103</b>	<b>\$ 20,685</b>	<b>\$ 1,826</b>	<b>-</b>	<b>\$ 67,512</b>	

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For the nine months ended December 31, 2019 <sup>4</sup>								
	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment <sup>3</sup>	Total
<i>(CAD millions)</i>								
Investment income (loss) \$	15,434	\$ 1,017	\$ 3,507	\$ 1,218	\$ 9,404	\$ 1,747	\$ (1,763)	\$ 30,564
Investment-related expenses <sup>1, 2</sup>	(1,946)	(733)	(68)	(35)	(474)	(269)	1,763	(1,762)
<b>Net investment income</b>	<b>13,488</b>	<b>284</b>	<b>3,439</b>	<b>1,183</b>	<b>8,930</b>	<b>1,478</b>	<b>-</b>	<b>28,802</b>
<b>Operating expenses</b>	<b>(143)</b>	<b>(142)</b>	<b>(125)</b>	<b>(102)</b>	<b>(158)</b>	<b>(210)</b>	<b>-</b>	<b>(880)</b>
<b>Net income from operations</b>	<b>\$ 13,345</b>	<b>\$ 142</b>	<b>\$ 3,314</b>	<b>\$ 1,081</b>	<b>\$ 8,772</b>	<b>\$ 1,268</b>	<b>\$ -</b>	<b>\$ 27,922</b>

<sup>1</sup> Costs of \$919 million (December 31, 2019 – \$1,880 million) attributable to Total Fund Management represent borrowing costs as described in note 5 of \$789 million (December 31, 2019 - \$1,147 million), as well as the leverage-generating elements of additional derivative transactions of \$130 million (December 31, 2019 - \$733 million). Together these amounts reflect the financing costs described in note 10.2, which is a measure used by Management to monitor the total costs associated with all sources of leverage to CPP Investments.

<sup>2</sup> Includes borrowing costs, investment management fees and transaction costs borne by CPP Investments and its investment holding subsidiaries in relation to the respective departments.

<sup>3</sup> Consists of costs on the leverage-generating elements of additional derivative transactions, and investment management fees and transaction costs borne by investment holding subsidiaries, all of which are reclassified into investment income.

<sup>4</sup> Certain comparatives have been reclassified to conform to the current period's presentation.

## 6.2 Net assets (liabilities) by investment segment

Net assets (liabilities)							
	Total Fund Management <sup>1</sup>	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Total
<i>(CAD millions)</i>							
As at:							
<b>December 31, 2020</b>	<b>\$ 218,481</b>	<b>\$ 2,144</b>	<b>\$ 1,175</b>	<b>\$ 41,889</b>	<b>\$ 113,083</b>	<b>\$ 98,972</b>	<b>\$ 475,744</b>
March 31, 2020	179,681	(2,686)	430	39,965	94,557	97,641	409,588

<sup>1</sup> Net assets attributable to Total Fund Management include net corporate assets of \$26 million (March 31, 2020 – net corporate liabilities of \$56 million).

## 6.3 Geographic information

Net investments are presented in the table below based on the region to which they have primary economic exposure:

Net investments <sup>1</sup>							
	Canada	U.S.	Asia	Europe (excluding U.K.)	U.K.	Other	Total
<i>(CAD millions)</i>							
As at:							
<b>December 31, 2020</b>	<b>\$ 74,912</b>	<b>\$ 166,266</b>	<b>\$ 120,313</b>	<b>\$ 56,649</b>	<b>\$ 19,941</b>	<b>\$ 37,637</b>	<b>\$ 475,718</b>
March 31, 2020	63,858	144,259	102,855	42,723	20,698	35,251	409,644

<sup>1</sup> Includes debt financing liabilities of \$3,750 million, \$17,982 million, \$10,022 million, and \$4,368 million (March 31, 2020 - \$3,629 million, \$23,990 million, \$9,890 million, and \$886 million), based on the currencies of the issuances, in Canada, the U.S., Europe (excluding the U.K.) and the U.K., respectively.

## 7. Risk management

CPP Investments' framework to monitor, evaluate and manage key risks is consistent with what was in place as at March 31, 2020, other than changes to certain investment risk limits which are further described in note 7.1.

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## 7.1 Total portfolio risk

A suite of risk measures is used within CPP Investments to monitor and assess the risk profile of the base CPP Investment Portfolio and the additional CPP Investment Portfolio (together the “Investment Portfolios”). Regular risk reports are provided to Senior Management and the Board of Directors to support the governance of the various dimensions of investment risk to which the Investment Portfolios are exposed.

Plan adjustment risk is the percentage probability of a 0.25% increase in the Minimum Contribution Rate applicable to CPP contributors, over a 20-year horizon, due solely to adverse investment experience. It is an overarching measure that is impacted by market, credit, liquidity and leverage risk. Additional investment risk governance measures include:

- Potential investment losses: The reported loss of the Investment Portfolios over a one-and five-year horizon is not expected to exceed the established limit of fund value for that horizon 19 times out of 20. It is based on the value-at-risk measure at a 95 percent confidence level.
- Liquidity and leverage risk measures, which are further described in note 10.

These measures are monitored in addition to the equity/debt risk equivalence ratio, which is the proportion of equity versus debt in a simple two-asset reference portfolio that would give the same market and credit risk as that of the applicable Investment Portfolio.

The monitoring of adherence to investment risk limits is conducted independently by the Riskgroup using both industry standards and internally developed risk models. Effective April 1, 2020, the one-year potential loss risk appetite statement limit for the base CPP increased from \$80 billion to \$90 billion to reflect the increase in the size of the base CPP Investment Portfolio. For the additional CPP, the one-year potential loss risk appetite statement limit increased from \$300 million to \$800 million to reflect the increase in the additional CPP Investment Portfolio size as well as updated expected returns of the additional CPP Investment Portfolio. The tables below provide a summary of the key investment risk governance measures of the Investment Portfolios.

<i>(CAD millions, unless otherwise specified)</i>	Limit	As at December 31, 2020		As at March 31, 2020	
		base CPP		base CPP	
Plan adjustment risk	30 %		26 %		26 %
Potential investment loss:					
One-year horizon	\$ 90,000	\$	84,786	\$	69,377
Five-year horizon <sup>1</sup>	25 %		16 %		13 %
Equity/debt risk equivalence ratio <sup>2</sup>	55 - 100 %		85 %		84 %

<i>(CAD millions, unless otherwise specified)</i>	Limit	As at December 31, 2020		As at March 31, 2020	
		additional CPP		additional CPP	
Plan adjustment risk	30 %		28 %		28 %
Potential investment loss:					
One-year horizon	\$ 800	\$	551	\$	252
Five-year horizon <sup>1</sup>	15 %		9 %		8 %
Equity/debt risk equivalence ratio <sup>2</sup>	40 - 70 %		51 %		49 %

<sup>1</sup> Percentage of investment value.

<sup>2</sup> Conditional value-at-risk is measured to calculate the equity/debt risk equivalence ratio.

We continue to remain within our risk appetite levels despite the significant market movements observed globally as a result of the COVID-19 pandemic.

As part of our ongoing monitoring, we perform scenario analysis to quantify the impact of potential stress events, including how severe market or geopolitical events could affect CPP Investments’ portfolios. In

## Notes to the Condensed Interim Consolidated Financial Statements

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In addition, we continue to refine a series of scenarios relating to the COVID-19 pandemic in an attempt to assess the potential financial impact on our Investment Portfolios.

### 8. Market risk

Market risk is the risk that the fair value or future cash flows of an investment or investment liability will fluctuate because of changes in market prices and rates. Market risk includes equity risk, interest rate risk, credit spread risk and currency risk.

#### 8.1. Equity risk

The Investment Portfolios invest in both publicly traded and private equities. Equity risk, which is the risk that the fair value or future cash flows will fluctuate because of changes in equity prices, is a significant source of risk of the Investment Portfolios.

#### 8.2. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of an investment or investment-related liability will fluctuate because of changes in market interest rates. The Investment Portfolios are exposed to interest rate risk primarily through holdings of fixed income securities, certain investment liabilities and interest rate derivatives.

#### 8.3. Credit spread risk

Credit spread risk is the difference in yield on certain securities compared to a comparable risk-free security (i.e. government issued) with the same maturity date. Credit spread risk is the risk that the fair value of these securities will fluctuate because of changes in credit spread. With all other variables held constant, an increase in credit spread rates would result in a decrease in assets or an increase in liabilities.

#### 8.4. Currency risk

The Investment Portfolios are exposed to currency risk through holdings of investments or investment liabilities in various currencies. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value or future cash flows of these investments and investment liabilities.

## Notes to the Condensed Interim Consolidated Financial Statements

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### 8.4.1 Currency risk exposures

The net currency exposures after allocating foreign currency derivatives, in Canadian dollars, are as follows:

<i>(CAD millions)</i>	As at December 31, 2020			As at March 31, 2020		
		Net exposure	% of total <sup>1</sup>		Net exposure	% of total <sup>1</sup>
Currency						
United States dollar	\$	264,782	55 %	\$	230,536	56 %
Euro		33,946	7		25,921	6
Chinese renminbi		22,961	5		14,954	4
Australian dollar		14,541	3		12,669	3
Hong Kong dollar		13,935	3		11,526	3
British pound sterling		12,701	3		15,438	4
Indian rupee		9,786	2		7,897	2
Japanese yen		9,565	2		8,153	2
Brazilian real		5,049	1		3,813	1
Mexican peso		3,835	1		1,948	1
South Korean won		3,487	1		1,818	-
Swiss Franc		3,074	1		3,286	1
Other		11,305	2		9,658	2
Total foreign exposure		408,967	86		347,617	85
Canadian dollar		66,751	14		62,027	15
<b>Total</b>	<b>\$</b>	<b>475,718</b>	<b>100 %</b>	<b>\$</b>	<b>409,644</b>	<b>100 %</b>

<sup>1</sup> May not reflect actual percentage of total due to rounding.

## 9. Credit risk

Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations, or a reduction in the value of the assets due to a decline in the credit quality of the underlying entity. The Investment Portfolios' credit risk exposure arises primarily through its investment in debt securities and over-the-counter derivatives. The carrying amounts of these investments as presented in the Consolidated Schedule of Investment Portfolio represent the maximum direct credit risk exposure at the Balance Sheet date.

### 9.1. Credit value-at-risk

A standalone measure for losses due to defaults and credit rating migration is monitored. A Monte Carlo simulation that incorporates likelihood of default, credit rating migration and recovery in the event of default for underlying credit instruments is adopted to quantify this dimension of risk. Credit value-at-risk, at a 99% confidence level, implies there is a 1% chance that the credit instruments in the Investment Portfolios will lose more than the amounts shown below in any given year due to default and credit migration risk.

<i>(CAD millions)</i>	As at December 31, 2020			As at March 31, 2020	
		base CPP	additional CPP	base CPP	additional CPP
Credit value-at-risk	\$	6,025	\$ 47	\$ 6,299	\$ 26

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## 10. Liquidity and leverage risk

Liquidity and leverage risk includes three main components:

- Solvency risk – The risk of failing to obtain the funds needed to meet payment obligations as they come due.
- Portfolio rebalancing risk – The risk that CPP Investments is unable to fund investment programs and rebalance investment portfolios back to their target level of market risk and leverage during periods of stress.
- Leverage risk – The risk that excessive on-and-off balance sheet leverage accelerates the worsening of market and liquidity risk factors during periods of stress.

### 10.1 Solvency risk and portfolio rebalancing risk

Liquidity risk increases from the use of various forms of leverage which CPP Investments uses to manage certain other risks and enhance fund returns. The use of leverage is governed directly through leverage measures (note 10.2), and through liquidity risk limits which require sufficient liquidity to be available to manage both solvency and portfolio rebalancing risks.

The table below presents the unsecured credit facilities that CPP Investments maintained at each reporting date. There were no credit facilities drawn as at December 31, 2020 and March 31, 2020.

<i>(CAD millions)</i>	As at December 31, 2020	As at March 31, 2020
Unsecured credit facilities held	\$ 3,411	\$ 6,482

The liquidity coverage ratio measures the level of liquidity CPP Investments maintains to meet all CPP and investment obligations over various time horizons including any 10-day period. It measures the amount of liquid securities available to meet CPP Investments' payment obligations as they become due, to fund investment programs, and to rebalance the portfolio in periods of market stress, all without realizing unacceptable losses.

	Limit	As at December 31, 2020	As at March 31, 2020
Liquidity coverage ratio	1.0x	3.7x	3.3x

### 10.2 Leverage risk

Leverage risk is monitored against two metrics which together capture different aspects of leverage across the Investment Portfolios:

- Total financing liabilities is a notional-based measure which represents all financing activities that are undertaken to obtain leverage using both on-balance sheet and off-balance sheet items.
- Risk weighted liabilities is determined using risk-weighted notionals of recourse liabilities which represent the risk of the underlying leverage products, including derivatives, used by CPP Investments.

The table below presents the key leverage risk metrics of the Investment Portfolios.

	As at December 31, 2020	As at March 31, 2020
Total financing liabilities	21.3 %	24.9 %
Risk weighted liabilities	10.6 %	13.0 %

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(Unaudited)

For the three and nine months ended December 31, 2020, the associated financing costs on total financing liabilities were \$260 million and \$919 million, respectively (three and nine months ended December 31, 2019 - \$449 million and \$1,880 million, respectively). These financing costs are higher than the borrowing costs disclosed in note 5.1 due to the inclusion of certain derivative transactions which are utilized to provide additional sources of leverage to CPP Investments.

### 10.3 Terms to maturity

#### 10.3.1 Terms to maturity of non-derivative investments held directly by CPP Investments

	Terms to maturity						As at March 31, 2020 <sup>3</sup>	
	As at December 31, 2020						Total <sup>2</sup>	Average effective yield
(CAD millions)	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total <sup>2</sup>	Average effective yield	Total <sup>2</sup>	Average effective yield
<b>Non-marketable bonds</b>								
Canadian provincial government	\$ 1,167	\$ 6,139	\$ 1,199	\$ 13,764	\$ 22,269	1.8 %	\$ 22,369	2.4 %
<b>Marketable bonds</b>								
Government of Canada	-	3,956	1,120	880	5,956	0.3	7,478	0.8
Canadian provincial government	-	1,448	2,681	4,577	8,706	1.8	6,287	2.4
Canadian government corporations	-	1,735	495	393	2,623	1.1	3,789	1.1
Foreign government	13	17,797	10,821	21,067	49,698	1.4	52,952	1.5
Corporate bonds	124	3,555	3,938	3,123	10,740	2.2	8,249	3.8
<b>Other debt</b>								
Private debt <sup>1</sup>	114	480	-	-	594	-	552	6.2
Asset-backed securities	24	40	515	1,691	2,270	2.0	2,311	3.9
<b>Securities purchased under reverse repurchase agreements</b>	8,806	-	-	-	8,806	0.2	17,665	0.5
<b>Cash collateral pledged on securities borrowed</b>	966	-	-	-	966	n/a	993	n/a
<b>Total</b>	<b>\$ 11,214</b>	<b>\$ 35,150</b>	<b>\$ 20,769</b>	<b>\$ 45,495</b>	<b>\$ 112,628</b>	<b>n/a</b>	<b>\$ 122,645</b>	<b>n/a</b>

<sup>1</sup> Includes direct investments that are preferred shares classified as debt. Excludes fund investments.

<sup>2</sup> Represents fair value.

<sup>3</sup> Certain comparatives have been reclassified to conform to the current year's presentation.

#### 10.3.2 Terms to maturity of non-derivative investments held by investment holding subsidiaries

The following table presents supplemental information relating to the terms to maturity of investments held by investment holding subsidiaries.

	Terms to maturity						As at March 31, 2020 <sup>3</sup>	
	As at December 31, 2020						Total <sup>2</sup>	Average effective yield
(CAD millions)	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total <sup>2</sup>	Average effective yield	Total <sup>2</sup>	Average effective yield
<b>Marketable bonds</b>								
Corporate bonds	\$ -	\$ 1,019	\$ 2,222	\$ 94	\$ 3,335	4.6 %	\$ 2,534	7.3 %
<b>Other debt</b>								
Private debt <sup>1</sup>	1,161	7,309	7,269	-	15,739	6.7	14,092	10.2
Asset-backed securities	-	88	93	236	417	3.0	203	6.2
<b>Total</b>	<b>\$ 1,161</b>	<b>\$ 8,416</b>	<b>\$ 9,584</b>	<b>\$ 330</b>	<b>\$ 19,491</b>	<b>n/a</b>	<b>\$ 16,829</b>	<b>n/a</b>

<sup>1</sup> Includes direct investments that are preferred shares classified as debt. Excludes fund investments.

<sup>2</sup> Represents fair value.

<sup>3</sup> Certain comparatives have been reclassified to conform to the current year's presentation.

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## 10.3.3 Terms to maturity of non-derivative investment liabilities held directly by CPP Investments

Terms to maturity										
As at December 31, 2020								As at March 31, 2020 <sup>4</sup>		
(CAD millions)	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total <sup>3</sup>	Fair Value	Weighted average interest rate	Total <sup>3</sup>	Fair value	Weighted average interest rate
Securities sold under repurchase agreements	\$34,373	\$ -	\$ -	\$ -	\$ 34,373	\$ 34,361	0.2 %	\$ 52,261	\$ 52,189	1.0 %
Cash collateral received on securities lent	816	-	-	-	816	816	n/a	158	158	n/a
Securities sold short <sup>1,2</sup>	22,213	-	-	-	22,213	22,213	n/a	20,776	20,776	n/a
<b>Debt financing liabilities</b>										
Commercial paper payable	-	-	-	-	-	-	-	5,775	5,757	1.7
Term debt	5,444	16,348	9,380	3,078	34,250	36,122	0.4	31,152	32,638	0.7
<b>Short-term secured debt</b>										
Short-term secured debt	1,257	-	-	-	1,257	1,257	0.2	1,430	1,430	1.1
<b>Total</b>	<b>\$64,103</b>	<b>\$16,348</b>	<b>\$ 9,380</b>	<b>\$ 3,078</b>	<b>\$ 92,909</b>	<b>\$ 94,769</b>	<b>n/a</b>	<b>\$ 111,552</b>	<b>\$ 112,948</b>	<b>n/a</b>

<sup>1</sup> Considered repayable within one year based on the earliest period in which the counterparty could request payment under certain conditions.

<sup>2</sup> Includes equities sold short for which the average interest rate is not applicable.

<sup>3</sup> Represents contractual amounts.

<sup>4</sup> Certain comparatives have been reclassified to conform to the current year's presentation.

## 11. Reconciliation of debt financing liabilities

The following table provides a reconciliation of debt financing liabilities arising from financing activities:

For the nine months ended December 31, 2020					
(CAD millions)	As at April 1, 2020	Proceeds	Repayments	Non-cash Changes in fair value <sup>1</sup>	As at December 31, 2020
Debt financing liabilities	\$ 38,395	\$ 8,101	\$ (8,485)	\$ (1,889)	\$ 36,122
For the nine months ended December 31, 2019					
(CAD millions)	As at April 1, 2019	Proceeds	Repayments	Non-cash Changes in fair value <sup>1</sup>	As at December 31, 2019
Debt financing liabilities	\$ 30,861	\$ 19,724	\$ (17,926)	\$ (441)	\$ 32,218

<sup>1</sup> Includes foreign exchange (gains) of \$(2,342) million (December 31, 2019 - \$(868) million).

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## 12. Collateral

### 12.1 Collateral held and pledged directly by CPP Investments

The net fair value of collateral held and pledged directly by CPP Investments was as follows:

<i>(CAD millions)</i>	As at December 31, 2020	As at March 31, 2020
<b>Third-party assets held as collateral on<sup>1</sup>:</b>		
Reverse repurchase agreements	\$ 8,825	\$ 17,606
Derivative transactions	2,050	3,709
Securities lent <sup>2,4</sup>	1,329	613
<b>Own and third-party assets pledged as collateral on:</b>		
Repurchase agreements	(34,494)	(52,072)
Securities borrowed <sup>3,4</sup>	(25,676)	(23,265)
Short-term secured debt <sup>5</sup>	(1,532)	(1,879)
Derivative transactions	(2,980)	(3,855)
Loans <sup>6</sup>	-	(3,607)
<b>Total</b>	<b>\$ (52,478)</b>	<b>\$ (62,750)</b>

<sup>1</sup> The fair value of the collateral that may be sold or repledged as at December 31, 2020 was \$9,190 million (March 31, 2020 - \$18,025 million). The fair value of collateral sold or repledged as at December 31, 2020 was \$5,006 million (March 31, 2020 - \$11,145 million).

<sup>2</sup> The fair value of securities lent as at December 31, 2020 was \$1,319 million (March 31, 2020 - \$675 million).

<sup>3</sup> The fair value of securities borrowed as at December 31, 2020 was \$20,630 million (March 31, 2020 - \$16,953 million) of which \$19,778 million was sold or repledged (March 31, 2020 - \$16,160 million) for securities sold short.

<sup>4</sup> Cash collateral payable on the balance sheet of \$816 million (March 31, 2020 - \$158 million) consists of collateral receivable of \$137 million and collateral payable of \$953 million that qualify for netting (March 31, 2020 - \$98 million and \$256 million, respectively).

<sup>5</sup> Represents securities pledged as collateral on short-term cash borrowings from prime brokers.

<sup>6</sup> Represents investment assets pledged by CPP Investments on loan liabilities held by its investment holding subsidiaries.

### 12.2 Supplemental information on collateral relating to investment holding subsidiaries

The net fair value of collateral held and pledged directly by investment holding subsidiaries was as follows:

<i>(CAD millions)</i>	As at December 31, 2020	As at March 31, 2020
<b>Third-party assets held as collateral on<sup>1</sup>:</b>		
Other debt	\$ 674	\$ 987
<b>Own and third-party assets pledged as collateral on:</b>		
Loans <sup>2</sup>	(15,793)	(10,762)
<b>Total</b>	<b>\$ (15,119)</b>	<b>\$ (9,775)</b>

<sup>1</sup> The fair value of the collateral held that may be sold or repledged as at December 31, 2020 was \$674 million (March 31, 2020 - \$987 million). The fair value of collateral sold or repledged as at December 31, 2020 was nil (March 31, 2020 - nil).

<sup>2</sup> The loans liability is included in the fair value of investment holding subsidiaries.

## 13. Commitments

CPP Investments and its investment holding subsidiaries have entered into commitments related to the funding of investments. These commitments are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at December 31, 2020, the unfunded commitments for CPP Investments and its investment holding subsidiaries totalled \$1,274 million (March 31, 2020 - \$1,940 million) and \$47,640 million (March 31, 2020 - \$53,453 million), respectively.

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### 14. Guarantees

As part of certain investment transactions, CPP Investments and its investment holding subsidiaries agreed to guarantee, as at December 31, 2020, up to \$188 million (March 31, 2020 - \$263 million) and \$5,149 million (March 31, 2020 - \$4,832 million), respectively, to other counterparties in the event certain investee entities default under the terms of loan and other related agreements.

### 15. Base CPP and additional CPP

The following note discloses the net assets, net investments and net income of CPP Investments' base CPP account and additional CPP account.

#### 15.1 Changes in net assets

The accumulated transfers from/to the CPP and its two parts, the base CPP and additional CPP, as well as their accumulated net income since inception, are as follows:

<i>(CAD millions)</i>	For the three months ended							Total net assets
	Accumulated net transfers from CPP			Accumulated net income				
	base CPP	additional CPP	Total	base CPP	additional CPP	Total		
<b>As at October 1, 2020</b>	\$ 148,604	\$ 3,849	\$ 152,453	\$ 303,951	\$ 275	\$ 304,226	\$ 456,679	
Total net income for the period	-	-	-	22,870	137	23,007	23,007	
Transfers from CPP	6,155	465	6,620	-	-	-	6,620	
Transfers to CPP	(10,562)	-	(10,562)	-	-	-	(10,562)	
<b>Balance as at December 31, 2020</b>	\$ 144,197	\$ 4,314	\$ 148,511	\$ 326,821	\$ 412	\$ 327,233	\$ 475,744	

  

<i>(CAD millions)</i>	For the nine months ended							Total net assets
	Accumulated net transfers from CPP			Accumulated net income				
	base CPP	additional CPP	Total	base CPP	additional CPP	Total		
<b>As at April 1, 2019</b>	\$ 143,935	\$ 421	\$ 144,356	\$ 247,622	\$ 2	\$ 247,624	\$ 391,980	
Total net income for the period	-	-	-	27,874	48	27,922	27,922	
Transfers from CPP	29,310	976	30,286	-	-	-	30,286	
Transfers to CPP	(29,757)	-	(29,757)	-	-	-	(29,757)	
<b>Balance as at December 31, 2019</b>	\$ 143,488	\$ 1,397	\$ 144,885	\$ 275,496	\$ 50	\$ 275,546	\$ 420,431	
<b>As at April 1, 2020</b>	\$ 147,544	\$ 2,323	\$ 149,867	\$ 259,706	\$ 15	\$ 259,721	\$ 409,588	
Total net income for the period	-	-	-	67,115	397	67,512	67,512	
Transfers from CPP	27,828	1,991	29,819	-	-	-	29,819	
Transfers to CPP	(31,175)	-	(31,175)	-	-	-	(31,175)	
<b>Balance as at December 31, 2020</b>	\$ 144,197	\$ 4,314	\$ 148,511	\$ 326,821	\$ 412	\$ 327,233	\$ 475,744	

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

### 15.2 Net assets of base CPP and additional CPP

The net assets of CPP Investments' base CPP and additional CPP accounts are as follows:

	As at December 31, 2020		
<i>(CAD millions)</i>	base CPP	additional CPP	Total
Cash and cash equivalents held for investment purposes	\$ 10,121	\$ 71	\$ 10,192
Net investments other than cash and cash equivalents	460,880	4,646	465,526
<b>Net investments</b>	<b>471,001</b>	<b>4,717</b>	<b>475,718</b>
Premises and equipment	448	15	463
Other assets <sup>1</sup>	249	4	253
Accounts payable and accrued liabilities	(680)	(10)	(690)
<b>Net assets</b>	<b>\$ 471,018</b>	<b>\$ 4,726</b>	<b>\$ 475,744</b>

  

	As at March 31, 2020		
<i>(CAD millions)</i>	base CPP	additional CPP	Total
Cash and cash equivalents held for investment purposes	\$ 23,469	\$ 86	\$ 23,555
Net investments other than cash and cash equivalents	383,848	2,241	386,089
<b>Net investments</b>	<b>407,317</b>	<b>2,327</b>	<b>409,644</b>
Premises and equipment	461	13	474
Other assets <sup>1</sup>	261	1	262
Accounts payable and accrued liabilities	(789)	(3)	(792)
<b>Net assets</b>	<b>\$ 407,250</b>	<b>\$ 2,338</b>	<b>\$ 409,588</b>

<sup>1</sup> Includes cash held for operating purposes.

# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

## 15.3 Schedule of investment portfolio for base CPP and additional CPP

The table below provides details of the investments and investment liabilities for CPP Investments' base CPP and additional CPP accounts:

<i>(CAD millions)</i>	As at December 31, 2020		
	base CPP	additional CPP	Total <sup>1</sup>
<b>Equities</b>			
Public equities	\$ 167,762	\$ 1,008	\$ 168,770
Private equities	124,597	748	125,345
<b>Total equities</b>	<b>292,359</b>	<b>1,756</b>	<b>294,115</b>
<b>Fixed income</b>			
Bonds	100,850	2,477	103,327
Other debt	28,247	170	28,417
Money market securities	11,582	80	11,662
<b>Total fixed income</b>	<b>140,679</b>	<b>2,727</b>	<b>143,406</b>
<b>Absolute return strategies</b>	<b>28,869</b>	<b>173</b>	<b>29,042</b>
<b>Real assets</b>			
Real estate	38,283	230	38,513
Infrastructure	36,805	221	37,026
Power and renewables	8,636	52	8,688
Energy and resources	8,244	50	8,294
<b>Total real assets</b>	<b>91,968</b>	<b>553</b>	<b>92,521</b>
<b>Investment receivables</b>			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	9,714	58	9,772
Derivative assets	5,713	34	5,747
Other	2,350	20	2,370
<b>Total investment receivables</b>	<b>17,777</b>	<b>112</b>	<b>17,889</b>
<b>Total investments</b>	<b>\$ 571,652</b>	<b>\$ 5,321</b>	<b>\$ 576,973</b>
<b>Investment liabilities</b>			
Securities sold under repurchase agreements and cash collateral received on securities lent	(34,967)	(210)	(35,177)
Debt financing liabilities	(35,906)	(216)	(36,122)
Securities sold short	(22,080)	(133)	(22,213)
Derivative liabilities	(4,048)	(24)	(4,072)
Short-term secured debt	(1,250)	(7)	(1,257)
Other	(2,123)	(12)	(2,135)
<b>Total investment liabilities</b>	<b>(100,374)</b>	<b>(602)</b>	<b>(100,976)</b>
Pending trades receivable	1,051	6	1,057
Pending trades payable	(1,328)	(8)	(1,336)
<b>Net investments</b>	<b>\$ 471,001</b>	<b>\$ 4,717</b>	<b>\$ 475,718</b>

# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

(CAD millions)	As at March 31, 2020		
	base CPP	additional CPP	Total <sup>1</sup>
<b>Equities</b>			
Public equities	\$ 117,847	\$ 394	\$ 118,241
Private equities	105,030	351	105,381
<b>Total equities</b>	<b>222,877</b>	<b>745</b>	<b>223,622</b>
<b>Fixed income</b>			
Bonds	102,363	1,295	103,658
Other debt	27,123	91	27,214
Money market securities	24,818	90	24,908
<b>Total fixed income</b>	<b>154,304</b>	<b>1,476</b>	<b>155,780</b>
<b>Absolute return strategies</b>	<b>27,829</b>	<b>93</b>	<b>27,922</b>
<b>Real assets</b>			
Real estate	43,572	146	43,718
Infrastructure	34,563	116	34,679
Power and renewables	8,682	29	8,711
Energy and resources	7,257	24	7,281
<b>Total real assets</b>	<b>94,074</b>	<b>315</b>	<b>94,389</b>
<b>Investment receivables</b>			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	18,595	63	18,658
Derivative assets	9,698	32	9,730
Other	6,186	26	6,212
<b>Total investment receivables</b>	<b>34,479</b>	<b>121</b>	<b>34,600</b>
<b>Total investments</b>	<b>\$ 533,563</b>	<b>\$ 2,750</b>	<b>\$ 536,313</b>
<b>Investment liabilities</b>			
Securities sold under repurchase agreements and cash collateral received on securities lent	(52,173)	(174)	(52,347)
Debt financing liabilities	(38,267)	(128)	(38,395)
Securities sold short	(20,707)	(69)	(20,776)
Derivative liabilities	(9,989)	(34)	(10,023)
Short-term secured debt	(1,425)	(5)	(1,430)
Other	(4,090)	(14)	(4,104)
<b>Total investment liabilities</b>	<b>(126,651)</b>	<b>(424)</b>	<b>(127,075)</b>
Pending trades receivable	7,002	23	7,025
Pending trades payable	(6,597)	(22)	(6,619)
<b>Net investments</b>	<b>\$ 407,317</b>	<b>\$ 2,327</b>	<b>\$ 409,644</b>

<sup>1</sup> Presented using the same basis as the Condensed Interim Consolidated Schedule of Investment Portfolio, which is different from that of the Condensed Interim Consolidated Balance Sheet. Refer to the Consolidated Schedule of investment portfolio for further details.

# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

## 15.4 Net income of base CPP and additional CPP

Details of net income of CPP Investments' base CPP and additional CPP accounts are as follows:

<i>(CAD millions)</i>	For the three months ended December 31, 2020		
	base CPP	additional CPP	Total
Investment income	\$ 23,656	\$ 142	\$ 23,798
Investment-related expenses	(454)	(2)	(456)
<b>Net investment income</b>	<b>23,202</b>	<b>140</b>	<b>23,342</b>
<b>Operating expenses</b>	<b>(332)</b>	<b>(3)</b>	<b>(335)</b>
<b>Net income</b>	<b>\$ 22,870</b>	<b>\$ 137</b>	<b>\$ 23,007</b>

<i>(CAD millions)</i>	For the three months ended December 31, 2019 <sup>1</sup>		
	base CPP	additional CPP	Total
Investment income	\$ 15,189	\$ 21	\$ 15,210
Investment-related expenses	(362)	(1)	(363)
<b>Net investment income</b>	<b>14,827</b>	<b>20</b>	<b>14,847</b>
<b>Operating expenses</b>	<b>(299)</b>	<b>(1)</b>	<b>(300)</b>
<b>Net income</b>	<b>\$ 14,528</b>	<b>\$ 19</b>	<b>\$ 14,547</b>

<i>(CAD millions)</i>	For the nine months ended December 31, 2020		
	base CPP	additional CPP	Total
Investment income	\$ 69,731	\$ 412	\$ 70,143
Investment-related expenses	(1,603)	(8)	(1,611)
<b>Net investment income</b>	<b>68,128</b>	<b>404</b>	<b>68,532</b>
<b>Operating expenses</b>	<b>(1,013)</b>	<b>(7)</b>	<b>(1,020)</b>
<b>Net income</b>	<b>\$ 67,115</b>	<b>\$ 397</b>	<b>\$ 67,512</b>

<i>(CAD millions)</i>	For the nine months ended December 31, 2019 <sup>1</sup>		
	base CPP	additional CPP	Total
Investment income	\$ 30,510	\$ 54	\$ 30,564
Investment-related expenses	(1,759)	(3)	(1,762)
<b>Net investment income</b>	<b>28,751</b>	<b>51</b>	<b>28,802</b>
<b>Operating expenses</b>	<b>(877)</b>	<b>(3)</b>	<b>(880)</b>
<b>Net income</b>	<b>\$ 27,874</b>	<b>\$ 48</b>	<b>\$ 27,922</b>

<sup>1</sup> Certain comparatives have been reclassified to conform to the current period's presentation.