

Condensed Interim Consolidated
Financial Statements of
Canada Pension Plan Investment Board

DECEMBER 31, 2023



Condensed Interim Consolidated Balance Sheet

(Unaudited)

<i>(CAD millions)</i>	As at December 31, 2023	As at March 31, 2023
Assets		
Investments (Note 2)	\$ 754,650	\$ 702,533
Pending trades receivable (Note 2)	1,421	2,945
Premises and equipment	557	527
Other assets	317	281
Total assets	756,945	706,286
Liabilities		
Investment liabilities (Note 2)	155,686	133,583
Pending trades payable (Note 2)	9,628	1,599
Accounts payable and accrued liabilities	878	1,062
Total liabilities	166,192	136,244
Net assets	\$ 590,753	\$ 570,042
Net assets, represented by:		
Share capital	\$ -	\$ -
Accumulated net income and comprehensive income	401,179	385,911
Accumulated net transfers from the Canada Pension Plan	189,574	184,131
Net assets	\$ 590,753	\$ 570,042

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

Condensed Interim Consolidated Statement of Comprehensive Income (Loss)

(Unaudited)

<i>(CAD millions)</i>	For the three months ended		For the nine months ended	
	December 31,		December 31,	
	2023	2022 ¹	2023	2022 ¹
Income (Loss):				
Interest, dividends, and other income	\$ 3,902	\$ 2,429	\$ 11,221	\$ 9,019
Net (losses) on private investments	(269)	(1,837)	(1,383)	(986)
Net gains (losses) on public and other investments	17,080	8,039	7,375	(25,397)
Net gains on investment holding subsidiaries (Note 4)	527	2,320	3,800	7,814
	21,240	10,951	21,013	(9,550)
Expenses:				
Personnel	265	263	771	776
General and administrative	117	107	347	345
Management fees	3	4	12	15
Performance fees	5	-	62	70
Transaction-related	39	59	147	224
Taxes	122	42	435	121
Financing	1,340	697	3,971	1,019
	1,891	1,172	5,745	2,570
Net income (loss) and comprehensive income (loss)	\$ 19,349	\$ 9,779	\$ 15,268	\$ (12,120)

¹ 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 and comprehensive income	Total net assets
(CAD millions)					
As at October 1, 2023	10	\$ -	\$ 194,276	\$ 381,830	\$ 576,106
Total net income and comprehensive income				19,349	19,349
Canada Pension Plan transfers:					
Transfers from the Canada Pension Plan			9,699	-	9,699
Transfers to the Canada Pension Plan			(14,401)	-	(14,401)
As at December 31, 2023	10	\$ -	\$ 189,574	\$ 401,179	\$ 590,753

	For the nine months ended				
	Number of shares outstanding	Share capital	Accumulated net transfers from the Canada Pension Plan	Accumulated net income (loss) and comprehensive income (loss)	Total net assets
(CAD millions)					
As at April 1, 2022	10	\$ -	\$ 161,231	\$ 378,080	\$ 539,311
Total net (loss) and comprehensive (loss)				(12,120)	(12,120)
Canada Pension Plan transfers:					
Transfers from the Canada Pension Plan			39,848	-	39,848
Transfers to the Canada Pension Plan			(31,274)	-	(31,274)
As at December 31, 2022	10	\$ -	\$ 169,805	\$ 365,960	\$ 535,765
As at April 1, 2023	10	\$ -	\$ 184,131	\$ 385,911	\$ 570,042
Total net income and comprehensive income				15,268	15,268
Canada Pension Plan transfers:					
Transfers from the Canada Pension Plan			44,291	-	44,291
Transfers to the Canada Pension Plan			(38,848)	-	(38,848)
As at December 31, 2023	10	\$ -	\$ 189,574	\$ 401,179	\$ 590,753

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,	
	2023	2022 ³
Cash flows from operating activities		
Net income (loss) and comprehensive income (loss)	\$ 15,268	\$ (12,120)
Adjustments for non-cash items:		
Amortization of premises and equipment	59	54
Losses (Gains) on debt financing liabilities (Note 10)	408	(1,892)
Adjustments for net changes in operating assets and liabilities:		
(Increase) decrease in investments	(53,993)	12,310
Decrease in pending trades receivable	1,524	6,148
Decrease (Increase) in other assets	7	(4)
Increase in investment liabilities	15,362	9,971
Increase (decrease) in pending trades payable	8,029	(20,956)
(Decrease) in accounts payable and accrued liabilities	(184)	(20)
Net cash flows (used in) operating activities	(13,520)	(6,509)
Cash flows from financing activities		
Transfers from the Canada Pension Plan	44,291	39,848
Transfers to the Canada Pension Plan	(38,848)	(31,274)
Proceeds from debt financing liabilities (Note 10)	16,335	8,198
Repayment of debt financing liabilities (Note 10)	(10,002)	(2,923)
Net cash flows provided by financing activities	11,776	13,849
Cash flows from investing activities		
Acquisition of premises and equipment	(89)	(109)
Net cash flows (used in) investing activities	(89)	(109)
Effect of exchange rate changes on cash and cash equivalents	(124)	499
Net (decrease) increase in cash and cash equivalents	(1,957)	7,730
Cash and cash equivalents at the beginning of the period	11,714	13,595
Cash and cash equivalents at the end of the period	9,757	21,325
Cash and cash equivalents at the end of the period are comprised of:		
Cash and cash equivalents held for operating purposes ¹	242	236
Cash and cash equivalents held for investment purposes ²	9,515	21,089
Total	\$ 9,757	\$ 21,325

¹ Presented as a component of Other assets on the Condensed Interim Consolidated Balance Sheet.

² Presented as a component of Investments on the Condensed Interim Consolidated Balance Sheet.

³ 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. The nature of these investments and investment liabilities is further described in Note 2.

<i>(CAD millions)</i>	As at December 31, 2023	As at March 31, 2023
Cash and cash equivalents	\$ 11,276	\$ 12,866
Equities		
Public equities	193,666	165,958
Private equities	187,913	187,126
Total equities	381,579	353,084
Fixed income		
Bonds	145,030	128,103
Other debt	51,312	48,819
Money market securities	8,453	2,576
Total fixed income	204,795	179,498
Absolute return strategies	48,621	42,673
Infrastructure	46,528	46,690
Real estate	41,391	45,508
Investment receivables		
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	18,807	23,522
Derivative assets	4,749	2,862
Other	4,668	4,002
Total investment receivables	28,224	30,386
Total investments¹	\$ 762,414	\$ 710,705
Investment liabilities		
Debt financing liabilities	66,080	59,362
Securities and loans sold under repurchase agreements and cash collateral received on securities lent	64,227	54,515
Securities sold short	25,184	22,065
Derivative liabilities	4,008	2,710
Other	3,996	3,411
Total investment liabilities¹	163,495	142,063
Pending trades receivable ¹	1,635	3,526
Pending trades payable ¹	9,797	1,872
Net investments	\$ 590,757	\$ 570,296

¹ 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 \$7,764 million (March 31, 2023 - \$8,172 million), \$7,809 million (March 31, 2023 - \$8,480 million), \$214 million (March 31, 2023 - \$581 million) and \$169 million (March 31, 2023 - \$273 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 Notes 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* (CPPIB 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*. 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 Investments” 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 months ended December 31, 2023 were approved by the Board of Directors and authorized for issue on February 14, 2024.

1. Summary of material accounting policies

1.1 Basis of presentation

The Interim Financial Statements have been prepared in compliance with International Accounting Standard (IAS) 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’ 2023 Annual Consolidated Financial Statements included on pages 90 to 133 of CPP Investments’ 2023 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 International Financial Reporting Standards (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.

Wholly owned 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 through profit and loss in accordance with IFRS 9, *Financial Instruments* (IFRS 9). 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 less dividends paid. The fair value of these investment holding subsidiaries can be found in Note 2 while supplementary information on the breakdown of net gains (losses) on investment holding subsidiaries is provided in Note 5.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

1.3 Interbank Offered Rates (IBORs) reform

In May 2022, Refinitiv Benchmark Services (UK) Limited, the administrator of the Canadian Dollar Offered Rate (CDOR), published a CDOR cessation notice stating that the publication of all tenors of CDOR will cease in June 2024. As at December 31, 2023, CPP Investments and its investment holding subsidiaries' exposure to financial instruments subject to CDOR reform that have yet to transition to alternative benchmark interest rates with a maturity date beyond June 28, 2024 was \$3 billion in derivative contracts.

2. Fair value measurement

This note categorizes the fair value of investments and investment liabilities into the following hierarchy based on the level of significant inputs used in the fair value measurement:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

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

<i>(CAD millions)</i>	As at December 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents¹	\$ -	\$ 9,515	\$ -	\$ 9,515
Equities				
Public equities ²	175,472	3,643	836	179,951
Private equities ²	-	3,523	1,778	5,301
Total equities	175,472	7,166	2,614	185,252
Fixed income				
Bonds	102,844	38,067	-	140,911
Other debt ²	-	330	9,936	10,266
Money market securities	-	8,453	-	8,453
Total fixed income	102,844	46,850	9,936	159,630
Absolute return strategies²	-	22,225	374	22,599
Infrastructure²	-	-	10,208	10,208
Real estate²	-	-	8,100	8,100
Investment receivables				
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	-	18,643	-	18,643
Derivative assets	-	4,742	-	4,742
Other ³	-	3,875	-	3,875
Total investment receivables	-	27,260	-	27,260
Investments in investment holding subsidiaries (Note 2.2)	-	-	332,086	332,086
Total investments	\$ 278,316	\$ 113,016	\$ 363,318	\$ 754,650
Investment liabilities				
Debt financing liabilities	59,774	423	-	60,197
Securities sold under repurchase agreements and cash collateral received on securities lent	-	64,006	-	64,006
Securities sold short	25,184	-	-	25,184
Derivative liabilities	69	3,939	-	4,008
Other ³	-	1,991	300	2,291
Total investment liabilities	85,027	70,359	300	155,686
Pending trades receivable ¹	-	1,421	-	1,421
Pending trades payable ¹	-	9,628	-	9,628
Net investments	\$ 193,289	\$ 34,450	\$ 363,018	\$ 590,757

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

(CAD millions)	As at March 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents¹	\$ -	\$ 11,516	\$ -	\$ 11,516
Equities				
Public equities ²	146,280	2,827	710	149,817
Private equities ²	-	2,974	4,979	7,953
Total equities	146,280	5,801	5,689	157,770
Fixed income				
Bonds	86,104	38,391	-	124,495
Other debt ²	-	338	8,979	9,317
Money market securities	-	2,576	-	2,576
Total fixed income	86,104	41,305	8,979	136,388
Absolute return strategies²	-	19,586	1,754	21,340
Infrastructure²	-	-	10,064	10,064
Real estate²	-	-	9,153	9,153
Investment receivables				
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	-	23,390	-	23,390
Derivative assets	-	2,839	-	2,839
Other ³	-	3,210	-	3,210
Total investment receivables	-	29,439	-	29,439
Investments in investment holding subsidiaries (Note 2.2)	-	-	326,863	326,863
Total investments	\$ 232,384	\$ 107,647	\$ 362,502	\$ 702,533
Investment liabilities				
Debt financing liabilities	53,027	429	-	53,456
Securities sold under repurchase agreements and cash collateral received on securities lent	-	54,303	-	54,303
Securities sold short	22,065	-	-	22,065
Derivative liabilities	41	2,669	-	2,710
Other ³	-	933	116	1,049
Total investment liabilities	75,133	58,334	116	133,583
Pending trades receivable ¹	-	2,945	-	2,945
Pending trades payable ¹	-	1,599	-	1,599
Net investments	\$ 157,251	\$ 50,659	\$ 362,386	\$ 570,296

¹ Cash and cash equivalents, Pending trades receivable and Pending trades payable are measured at amortized cost, which approximates fair value.

² Includes investments in funds.

³ Included in Other investment receivables are cash pledged as collateral on derivative transactions of \$1,820 million (March 31, 2023 - \$1,426 million) and interest receivable of \$1,400 million (March 31, 2023 - \$1,112 million). Included in Other investment liabilities is cash held as collateral of \$1,779 million (March 31, 2023 - \$777 million) on derivative transactions.

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, 2023			
(CAD millions)	Level 1	Level 2	Level 3	Total
Cash and cash equivalents¹	\$ -	\$ 1,761	\$ -	\$ 1,761
Equities				
Public equities ²	10,399	3,224	92	13,715
Private equities ²	-	6,545	176,067	182,612
Total equities	10,399	9,769	176,159	196,327
Fixed income				
Bonds	-	4,053	66	4,119
Other debt ²	-	6,587	34,459	41,046
Total fixed income	-	10,640	34,525	45,165
Absolute return strategies²	-	22,194	3,828	26,022
Infrastructure²	-	-	36,320	36,320
Real estate²	-	-	33,291	33,291
Investment receivables				
Securities purchased under reverse repurchase agreements	-	164	-	164
Derivative assets	-	7	-	7
Other ³	-	793	-	793
Total investment receivables	-	964	-	964
Total investments held by investment holding subsidiaries	\$ 10,399	\$ 45,328	\$ 284,123	\$ 339,850
Investment liabilities				
Debt financing liabilities	-	5,833	50	5,883
Loans sold under repurchase agreements	-	221	-	221
Other ³	-	341	1,364	1,705
Total investment liabilities held by investment holding subsidiaries	-	6,395	1,414	7,809
Pending trades receivable ¹	-	214	-	214
Pending trades payable ¹	-	169	-	169
Investments in investment holding subsidiaries	\$ 10,399	\$ 38,978	\$ 282,709	\$ 332,086

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

(CAD millions)	As at March 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents¹	\$ -	\$ 1,350	\$ -	\$ 1,350
Equities				
Public equities ²	11,472	3,937	732	16,141
Private equities ²	-	3,623	175,550	179,173
Total equities	11,472	7,560	176,282	195,314
Fixed income				
Bonds	-	3,352	256	3,608
Other debt ²	-	6,443	33,059	39,502
Total fixed income	-	9,795	33,315	43,110
Absolute return strategies²	-	17,907	3,426	21,333
Infrastructure²	-	-	36,626	36,626
Real estate²	-	294	36,061	36,355
Investment receivables				
Securities purchased under reverse repurchase agreements	-	132	-	132
Derivative assets	-	23	-	23
Other ³	-	756	36	792
Total investment receivables	-	911	36	947
Total investments held by investment holding subsidiaries	\$ 11,472	\$ 37,817	\$ 285,746	\$ 335,035
Investment liabilities				
Debt financing liabilities	-	5,846	60	5,906
Loans sold under repurchase agreements	-	212	-	212
Other ³	-	430	1,932	2,362
Total investment liabilities held by investment holding subsidiaries	-	6,488	1,992	8,480
Pending trades receivable ¹	-	581	-	581
Pending trades payable ¹	-	273	-	273
Investments in investment holding subsidiaries	\$ 11,472	\$ 31,637	\$ 283,754	\$ 326,863

¹ Cash and cash equivalents, Pending trades receivable and Pending trades payable are recorded at amortized cost, as it approximates fair value.

² Includes investments in funds.

³ Included in Other investment receivables and Other investment liabilities is interest receivable of \$715 million (March 31, 2023 - \$673 million) and deferred tax liabilities of \$1,321 million (March 31, 2023 - \$1,714 million) on investments, respectively.

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, 2023, there were no transfers from Level 1 to Level 2 of investments or investment liabilities held directly by CPP Investments (during the year ended March 31, 2023 - nil). During the nine months ended December 31, 2023, there were no transfers from Level 2 to Level 1 of investments or investment liabilities held directly by CPP Investments (during the year ended March 31, 2023 - \$240 million and nil, respectively). Transfers between Level 1 and Level 2 are driven by the availability of quoted market prices in active markets and valuation techniques 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 table presents the reconciliations for investments held directly by CPP Investments included in Level 3 of the fair value hierarchy:

For the nine months ended December 31, 2023									
(CAD millions)	Fair value as at April 1, 2023	Gains (losses) included in net income (loss)	Purchases	Sales ²	Transfers into Level 3	Transfers out of Level 3	Fair value as at December 31, 2023	Change in unrealized gains (losses) on investments still held at	
								December 31, 2023	December 31, 2023 ³
Equities									
Public equities	\$ 710	\$ 126	\$ -	\$ -	\$ -	\$ -	\$ 836	\$ 126	
Private equities	4,979	(427)	-	(2,669)	-	(105)	1,778	(1,558)	
Total equities	5,689	(301)	-	(2,669)	-	(105)	2,614	(1,432)	
Fixed income									
Other debt	8,979	(219)	6,457	(5,281)	-	-	9,936	(239)	
Absolute return strategies	1,754	144	-	(1,524)	-	-	374	(970)	
Infrastructure	10,064	(66)	349	(139)	-	-	10,208	(118)	
Real estate	9,153	(1,108)	203	(271)	123	-	8,100	(831)	
Investment receivables									
Other	-	-	-	-	-	-	-	-	-
Investments in investment holding subsidiaries¹	326,863	3,800	2,615	(1,192)	-	-	332,086	3,800	
Total investments	\$ 362,502	\$ 2,250	\$ 9,624	\$ (11,076)	\$ 123	\$ (105)	\$ 363,318	\$ 210	
Investment liabilities									
Other	116	196	-	(12)	-	-	300	196	
Net investments	\$ 362,386	\$ 2,054	\$ 9,624	\$ (11,064)	\$ 123	\$ (105)	\$ 363,018	\$ 14	

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the year ended March 31, 2023									
(CAD millions)	Fair value as at April 1, 2022	Gains (losses) included in net income (loss)	Purchases	Sales ²	Transfers into Level 3	Transfers out of Level 3	Fair value as at March 31, 2023	Change in unrealized gains (losses) on investments still held at March 31, 2023 ³	
Equities									
Public equities	\$ -	\$ -	\$ -	\$ -	\$ 710	\$ -	\$ 710	\$ 60	
Private equities	6,479	(802)	162	-	-	(860)	4,979	(187)	
Total equities	6,479	(802)	162	-	710	(860)	5,689	(127)	
Fixed income									
Other debt	4,163	279	6,188	(1,755)	104	-	8,979	(121)	
Absolute return strategies	809	2	-	(155)	1,098	-	1,754	203	
Infrastructure	10,550	69	2,227	(2,782)	-	-	10,064	(149)	
Real estate	10,336	(58)	376	(1,501)	-	-	9,153	(127)	
Investment receivables									
Other	22	9	-	-	-	(31)	-	-	
Investments in investment holding subsidiaries¹	299,556	17,155	13,986	(3,834)	-	-	326,863	17,155	
Total investments	\$ 331,915	\$ 16,654	\$ 22,939	\$ (10,027)	\$ 1,912	\$ (891)	\$ 362,502	\$ 16,834	
Investment liabilities									
Other	267	(105)	-	-	-	(46)	116	(114)	
Net investments	\$ 331,648	\$ 16,759	\$ 22,939	\$ (10,027)	\$ 1,912	\$ (845)	\$ 362,386	\$ 16,948	

¹ 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 or payment of dividends from these subsidiaries.

² Includes return of capital and repayments.

³ Included in income (loss). Includes or excludes investments transferred into or out of Level 3, respectively.

During the nine months ended December 31, 2023, there were no transfers of investments or investment liabilities from Level 2 to Level 3 (during the year ended March 31, 2023 - \$1,912 million and nil, respectively) and \$105 million of transfers of investments and nil transfers of investment liabilities from Level 3 to Level 2 (during the year ended March 31, 2023 - \$594 million and nil, respectively). Transfers into and out of Level 3 are driven by changes in the availability of market observable inputs used to determine fair value. Transfers are deemed to have occurred at the end of the reporting period.

2.5 Level 3 – Significant unobservable inputs

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

While investment holding subsidiaries are classified as Level 3 given the nature of their underlying holdings, certain investments held by these subsidiaries are based on quoted prices in an active market (Level 1) or are valued using observable inputs (Level 2). These amount to \$10,399 million (March 31, 2023 - \$11,472 million) and \$38,978 million (March 31, 2023 - \$31,637 million), respectively. Refer to Note 2.2 for further details on Level 1 and Level 2 investments relating to investment holding subsidiaries.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

As at December 31, 2023

(CAD millions)	Fair value of investments held by:		Primary valuation techniques used ²	Significant unobservable inputs	Range of input values ³	Weighted average ³
	CPP Investments	Investment holding subsidiaries				
Cash and cash equivalents	\$ -	\$ 1,761	Cost with accrued interest	-	-	-
Public equities						
Direct	-	10,399	Quoted market price	-	-	-
Fund investments	836	3,316	Net asset value provided by investment manager	-	-	-
Private equities						
Direct	1,777	84,897	Earnings multiples of comparable companies	EBITDA multiple	10.5X-25.0X	16.2X
			Discounted cash flow	Discount rate	8.2%-29.4%	11.9%
	1	22,467	Net asset value provided by investment manager	-	-	-
Fund investments		75,248	Net asset value provided by investment manager	-	-	-
Bonds	-	4,119	Quoted market prices or discounted cash flow using observable inputs	-	-	-
Other debt						
Direct private debt		32,561	Discounted cash flow	Discount rate	5.8%-51.8%	12.2%
		3,522	Net asset value provided by investment manager	-	-	-
Asset-backed securities	9,665	341	Comparable pricing	Price	88.6%-108.9%	99.4%
Fund investments	271	4,622	Net asset value provided by investment manager	-	-	-
Absolute return strategies						
Fund investments	374	26,022	Net asset value provided by investment manager	-	-	-
Infrastructure						
Direct	10,208	36,209	Discounted cash flow	Discount rate	7.5%-15.8%	9.8%
Fund investments	-	111	Net asset value provided by investment manager	-	-	-
Real estate						
Direct	6,540	4,295	Discounted cash flow	Discount rate	5.8%-13.0%	8.1%
				Terminal capitalization rate	4.5%-9.1%	6.3%
	1,559	27,838	Net asset value provided by investment partner	-	-	-
Fund investments	1	1,158	Net asset value provided by investment manager	-	-	-
Investment receivables						
Securities purchased under reverse repurchase agreements	-	164	Discounted cash flow	-	-	-
Derivative assets	-	7	Option model	-	-	-
Other	-	793	Cost with accrued interest	-	-	-
Investment liabilities						
Debt financing liabilities	-	5,883	Discounted cash flow	Discount rate	3.2%-5.6%	5.5%
Loans sold under repurchase agreements	-	221	Cost with accrued interest	-	-	-
Other ¹	300	1,705	Amortized cost	-	-	-
Pending trades net receivable/(payable)	-	45	Amortized cost	-	-	-
Total	\$ 30,932	\$ 332,086				

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

As at March 31, 2023⁴

(CAD millions)	Fair value of investments held by:		Primary valuation techniques used ²	Significant unobservable inputs	Range of input values ³	Weighted average ³
	CPP Investments	Investment holding subsidiaries				
Cash and cash equivalents	\$ -	\$ 1,350	Cost with accrued interest	-	-	-
Public equities						
Direct	-	11,472	Quoted market price	-	-	-
Fund investments	710	4,669	Net asset value provided by investment manager	-	-	-
Private equities						
Direct	4,968	79,846	Earnings multiples of comparable companies	EBITDA multiple	6.3X-25.0X	16.0X
	11	20,362	Discounted cash flow	Discount rate	7.1%-20.0%	11.3%
Fund investments	-	78,965	Net asset value provided by investment manager	-	-	-
Bonds	-	3,608	Quoted market prices or discounted cash flow using observable inputs	-	-	-
Other debt						
Direct private debt	203	31,451	Discounted cash flow	Discount rate	3.1%-33.9%	12.4%
	-	3,198	Net asset value provided by investment manager	-	-	-
Asset-backed securities	8,457	616	Comparable pricing	Price	53.8%-104.0%	97.5%
Fund investments	319	4,237	Net asset value provided by investment manager	-	-	-
Absolute return strategies						
Fund investments	1,754	21,333	Net asset value provided by investment manager	-	-	-
Infrastructure						
Direct	10,064	36,546	Discounted cash flow	Discount rate	7.4%-15.8%	9.3%
Fund investments	-	80	Net asset value provided by investment manager	-	-	-
Real estate						
Direct	7,651	5,218	Discounted cash flow	Discount rate	5.5%-15.9%	7.6%
	1,482	29,426	Net asset value provided by investment partner	Terminal capitalization rate	4.3%-12.3%	5.9%
Fund investments	20	1,711	Net asset value provided by investment manager	-	-	-
Investment receivables						
Securities purchased under reverse repurchase agreements	-	132	Discounted cash flow	-	-	-
Derivative assets	-	23	Option model	-	-	-
Other	-	792	Cost with accrued interest	-	-	-
Investment liabilities						
Debt financing liabilities	-	5,906	Discounted cash flow	Discount rate	2.1%-6.8%	3.3%
Loans sold under repurchase agreements	-	212	Cost with accrued interest	-	-	-
Other ¹	116	2,362	Amortized cost	-	-	-
Pending trades net receivable/(payable)	-	308	Amortized cost	-	-	-
Total	\$ 35,523	\$ 326,863				

¹ Primarily includes deferred tax liabilities related to investments.

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

³ 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.

⁴ Certain comparatives have been reclassified to conform to the current period's presentation.

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 Notes 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. The use of valuation methods based on reasonable alternative assumptions could have a significant impact on the resulting fair values.

With all other variables held constant, the use of reasonable alternative assumptions would result in a decrease of \$11,400 million (March 31, 2023 - \$10,300 million) or an increase of \$11,400 million (March 31, 2023 - \$9,900 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.

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>	As at December 31, 2023		As at March 31, 2023	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Equity contracts				
Futures	\$ -	\$ -	\$ -	\$ -
Swaps	2,493	(2,281)	1,610	(1,562)
Options:				
Over-the-counter – purchased	1	-	1	-
Over-the-counter – written	-	(113)	-	(73)
Warrants	3	-	18	-
Total equity contracts	2,497	(2,394)	1,629	(1,635)
Foreign exchange contracts				
Forwards	1,788	(800)	848	(292)
Options:				
Over-the-counter – purchased	48	-	73	-
Over-the-counter – written	-	(47)	-	(27)
Total foreign exchange contracts	1,836	(847)	921	(319)
Interest rate contracts				
Futures	1	-	-	-
Swaps	50	(421)	66	(545)
Options:				
Exchange-traded – purchased	-	-	-	-
Exchange-traded – written	-	(5)	-	-
Over-the-counter – purchased	310	-	220	-
Over-the-counter – written	-	(230)	-	(127)
Total interest rate contracts	361	(656)	286	(672)
Credit contracts				
Credit default swaps:				
Over-the-counter – purchased	-	(22)	2	(2)
Over-the-counter – written	51	(5)	21	(23)
Options:				
Over-the-counter – purchased	4	-	3	-
Over-the-counter – written	-	(21)	-	(18)
Total credit contracts	55	(48)	26	(43)
Commodity contracts				
Futures	-	-	-	-
Options:				
Exchange-traded – purchased	-	-	-	-
Exchange-traded – written	-	(63)	-	(41)
Total commodity contracts	-	(63)	-	(41)
Total¹	\$ 4,749	\$ (4,008)	\$ 2,862	\$ (2,710)

¹ Reflects positive fair values of \$3 million (March 31, 2023 - \$18 million) relating to warrants and \$4 million (March 31, 2023 - \$5 million) relating to interest rate swaps transacted by investment holding subsidiaries.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

4. Net gains (losses) on investment holding subsidiaries

<i>(CAD millions)</i>	For the three months ended December 31,		For the nine months ended December 31,	
	2023	2022 ¹	2023	2022 ¹
Income:				
Interest, dividends, and other income	\$ 3,402	\$ 2,133	\$ 7,514	\$ 6,090
Net (losses) gains on private investments	(2,661)	85	(3,000)	5,804
Net gains (losses) on public and other investments	551	585	1,287	(511)
	1,292	2,803	5,801	11,383
Expenses:				
Transaction-related	44	45	133	86
Taxes	(142)	48	(260)	104
Financing	98	68	279	140
	-	161	152	330
Net gains before dividends paid to CPP Investments	1,292	2,642	5,649	11,053
Dividends paid to CPP Investments	765	322	1,849	3,239
Net gains on investment holding subsidiaries	\$ 527	\$ 2,320	\$ 3,800	\$ 7,814

¹ Certain comparatives have been reclassified to conform to the current period's presentation.

5. Segment information

5.1 Net income (loss) by investment segment

The table below presents the income (loss) and expenses incurred by each investment department.

<i>(CAD millions)</i>	For the three months ended December 31, 2023							
	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment	Total
Income (loss):	\$ 17,720	\$ (114)	\$ (196)	\$ 1,701	\$ 2,917	\$ 325	\$ (1,113)	\$ 21,240
Expenses¹:								
Personnel	24	30	43	38	57	73	-	265
General and administrative	15	14	25	14	23	26	-	117
Management fees ²	7	139	2	5	182	40	(372)	3
Performance fees ²	-	235	-	2	438	71	(741)	5
Transaction-related ³	12	8	14	17	19	13	(44)	39
Taxes ³	70	-	17	18	5	(130)	142	122
Financing ³	1,340	-	-	66	29	3	(98)	1,340
	1,468	426	101	160	753	96	(1,113)	1,891
Net income (loss)	\$ 16,252	\$ (540)	\$ (297)	\$ 1,541	\$ 2,164	\$ 229	\$ -	\$ 19,349

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended December 31, 2022 ⁴										
(CAD millions)	Capital									
	Total	Markets	Active	Credit	Private	Real	Adjustment	Total		
	Fund	and Factor								Equities
Management	Investing									
Income (loss):	\$ 10,822	\$ 18	\$ (488)	\$ 870	\$ (583)	\$ 1,319	\$ (1,007)	\$ 10,951		
Expenses¹:										
Personnel	37	25	31	36	65	69	-	263		
General and administrative	15	18	17	12	21	24	-	107		
Management fees ²	-	137	-	12	195	47	(387)	4		
Performance fees ²	-	312	-	-	147	-	(459)	-		
Transaction-related ³	8	8	9	22	1	56	(45)	59		
Taxes ³	21	4	(22)	5	(4)	86	(48)	42		
Financing ³	697	-	-	42	20	6	(68)	697		
	778	504	35	129	445	288	(1,007)	1,172		
Net income (loss)	\$ 10,044	\$ (486)	\$ (523)	\$ 741	\$ (1,028)	\$ 1,031	\$ -	\$ 9,779		

For the nine months ended December 31, 2023										
(CAD millions)	Capital									
	Total	Markets	Active	Credit	Private	Real	Adjustment	Total		
	Fund	and Factor								Equities
Management	Investing									
Income (loss):	\$ 11,181	\$ 2,729	\$ 649	\$ 4,502	\$ 5,697	\$ (1,062)	\$ (2,683)	\$ 21,013		
Expenses¹:										
Personnel	68	84	119	107	176	217	-	771		
General and administrative	47	44	74	44	64	74	-	347		
Management fees ²	15	426	9	15	477	120	(1,050)	12		
Performance fees ²	-	657	-	2	774	110	(1,481)	62		
Transaction-related ³	61	22	46	44	48	59	(133)	147		
Taxes ³	146	8	94	56	4	(133)	260	435		
Financing ³	3,971	-	-	189	81	9	(279)	3,971		
	4,308	1,241	342	457	1,624	456	(2,683)	5,745		
Net income (loss)	\$ 6,873	\$ 1,488	\$ 307	\$ 4,045	\$ 4,073	\$ (1,518)	\$ -	\$ 15,268		

For the nine months ended December 31, 2022 ⁴										
(CAD millions)	Capital									
	Total	Markets	Active	Credit	Private	Real	Adjustment	Total		
	Fund	and Factor								Equities
Management	Investing									
Income (loss):	\$ (18,353)	\$ 4,100	\$ (2,391)	\$ 2,187	\$ 3,061	\$ 4,728	\$ (2,882)	\$ (9,550)		
Expenses¹:										
Personnel	89	88	104	105	186	204	-	776		
General and administrative	61	53	56	41	60	74	-	345		
Management fees ²	-	401	8	51	518	119	(1,082)	15		
Performance fees ²	-	975	-	-	560	5	(1,470)	70		
Transaction-related ³	52	18	42	48	46	104	(86)	224		
Taxes ³	42	7	36	32	42	66	(104)	121		
Financing ³	1,019	-	-	86	37	17	(140)	1,019		
	1,263	1,542	246	363	1,449	589	(2,882)	2,570		
Net income (loss)	\$ (19,616)	\$ 2,558	\$ (2,637)	\$ 1,824	\$ 1,612	\$ 4,139	\$ -	\$ (12,120)		

¹ Includes expenses borne by CPP Investments and its investment holding subsidiaries in relation to the respective departments.

² Adjustment consists of costs incurred within funds.

³ Adjustments consist of expenses borne by investment holding subsidiaries, which are reclassified into income (loss).

⁴ Certain comparatives have been reclassified to conform to the current period's presentation.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

5.2 Net investments by investment segment

(CAD millions)	Net investments ¹							Total
	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets		
As at:								
December 31, 2023	\$ 250,159	\$ (1,093)	\$ (309)	\$ 61,385	\$ 147,567	\$ 133,048	\$ 590,757	
March 31, 2023	\$ 228,554	\$ 1,254	\$ 1,474	\$ 57,714	\$ 146,070	\$ 135,230	\$ 570,296	

¹ Net investments excludes net corporate liabilities of \$4 million (March 31, 2023 – net corporate liabilities of \$254 million).

5.3 Geographic information

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

(CAD millions)	Net investments ¹						Total
	Canada	U.S.	Asia Pacific	Europe	Latin America		
As at:							
December 31, 2023	\$ 75,628	\$ 233,985	\$ 137,069	\$ 106,752	\$ 37,323	\$ 590,757	
March 31, 2023	\$ 83,236	\$ 206,144	\$ 147,578	\$ 100,462	\$ 32,876	\$ 570,296	

¹ Net investments excludes net corporate liabilities of \$4 million (March 31, 2023 – net corporate liabilities of \$254 million).

6. Risk management

CPP Investments manages investment risks in accordance with the Risk Policy (Policy). This Policy establishes accountability of the Board of Directors, the various committees, including the Risk Committee, and departments to manage investment-related risks. The Policy is updated and approved by the Board of Directors at least once every fiscal year, and contains risk appetite (in the form of limits, statements and targets) and risk management provisions that govern investment decisions in accordance with CPP Investments' mandate.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

6.1 Total fund 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 (collectively 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 risk to which the Investment Portfolios are exposed.

Key investment risk measures include:

- **Market risk:** The target level of market risk, expressed in terms of an 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 risk and credit risk as that of the applicable Investment Portfolio. The target level of market risk of the base CPP Investment Portfolio is currently set at 85%/15%, while the additional CPP Investment Portfolio target level is set at 55%/45%.
- **Potential investment loss:** The loss of the Investment Portfolios over a one-year horizon is not expected to exceed the established limit 19 times out of 20.
- **Liquidity and leverage risk measures,** which are further described in Note 9.

The monitoring of adherence to investment risk limits is conducted independent of the investment departments by the Risk department, reporting to the Chief Risk Officer, using both industry standard and internally developed risk models. The tables below provide a summary of the key investment risk measures of the Investment Portfolios.

			As at December 31, 2023	As at March 31, 2023
	Limit		base CPP	base CPP
Market risk	80 - 90 %		84 %	85 %
One-year potential investment loss ¹	21 %		19 %	19 %

			As at December 31, 2023	As at March 31, 2023
	Limit		additional CPP	additional CPP
Market risk	50 - 60 %		54 %	56 %
One-year potential investment loss ¹	15 %		13 %	13 %

¹ Percentage of investment value.

7. Market risk

Market risk is the risk that the fair value 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.

7.1 Equity risk

Equity risk is the risk that the fair value of an investment or investment liability will fluctuate because of changes in equity prices, which is a significant source of risk of the Investment Portfolios.

7.2 Interest rate risk

Interest rate risk is the risk that the fair value of an investment or investment 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.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

7.3 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 investments.

7.4 Currency risk

The Investment Portfolios are exposed to currency risk through holdings of investments or investment liabilities in various foreign 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.

7.4.1 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, 2023		As at March 31, 2023 ²	
	Net exposure	% of total ¹	Net exposure	% of total ¹
U.S. dollar	\$ 318,174	54 %	\$ 276,146	48 %
Euro	38,157	6	45,124	8
Japanese Yen	22,050	4	17,324	3
Indian Rupee	14,915	3	12,798	2
Other	68,816	11	96,750	18
Total foreign exposure	462,112	78	448,142	79
Canadian dollar	128,645	22	122,154	21
Total	\$ 590,757	100 %	\$ 570,296	100 %

¹ May not reflect actual percentage of total due to rounding.

² Certain comparatives have been reclassified to conform to the current period's presentation.

8. Credit risk

Credit risk represents the potential loss of investment value due to direct or indirect counterparty exposure to a defaulted entity and/or financial losses due to deterioration of an entity's credit quality. The Investment Portfolios' credit risk arises primarily through its investments in non-investment grade entities. The carrying amounts of these investments as presented in the Condensed Interim Consolidated Schedule of Investment Portfolio represent the maximum direct credit risk exposure at the Condensed Interim Consolidated Balance Sheet date. Credit risk is also incorporated as a component of the potential investment loss measure in Note 6.1.

8.1 Credit value-at-risk

In addition to incorporating credit risk within the potential investment loss measures as described in Note 6.1, a standalone measure for losses due to defaults and credit rating migration is also monitored. A Monte Carlo simulation that incorporates likelihood of default, credit rating migration and recovery in the event of default for underlying investments is adopted to quantify this dimension of risk. Credit value-at-risk, at a 95% confidence level, implies there is a 5% chance that the underlying investments in the Investment Portfolios will lose more than the amounts shown below, expressed as a percentage of each Investment Portfolio, in any given year due to default and credit migration risk.

	As at December 31, 2023		As at March 31, 2023	
	base CPP	additional CPP	base CPP	additional CPP
Credit value-at-risk	3.3 %	2.2 %	3.4 %	2.3 %

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(Unaudited)

9. Liquidity and leverage risk

9.1 Liquidity risk

Liquidity risk is defined as the risk of incurring unacceptable losses while obtaining the funds needed to (i) meet payment obligations as they become due, (ii) fund new investments or (iii) rebalance the portfolio in periods of stress.

The liquidity coverage ratio measures the amount of available liquid securities relative to CPP Investments' investment obligations and obligations to transfer funds to CPP over various time horizons including any 10-day period.

	Limit	As at December 31, 2023	As at March 31, 2023
Liquidity coverage ratio	1.0x	3.8x	3.5x

Liquidity risk is impacted by 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 as outlined in Note 9.2.

Liquidity risk is managed by investing certain assets in a liquid portfolio of publicly traded equities, money market securities and marketable bonds. It is supplemented by the ability to raise funds through activities such as the issuance of unsecured debt, including term debt, as well as transacting in securities sold under repurchase agreements. CPP Investments also maintains unsecured credit facilities to meet potential liquidity requirements. There were no credit facilities drawn as at December 31, 2023 and March 31, 2023.

(CAD millions)	As at December 31, 2023	As at March 31, 2023
Unsecured credit facilities held	\$ 1,500	\$ 1,500

9.2 Leverage risk

Leverage risk is the risk that excessive financial obligations heighten market and liquidity risks during periods of stress. Leverage risk is monitored by recourse and limited recourse measures. Recourse leverage is a notional-based measure with direct recourse to CPP Investments, which represents the net amount of borrowed funds and synthetic financing used by CPP Investments to increase its investment exposure. Limited recourse leverage generally refers to the debt issued through CPP Investments' investment holding subsidiaries that limits recourse to specific investments held within these subsidiaries. The recourse leverage measures are as follows:

	Limit	As at December 31, 2023	As at March 31, 2023
Recourse leverage:			
base CPP	45 %	29.7 %	28.1 %
additional CPP	30 %	18.3 %	16.8 %

As at December 31, 2023, recourse and limited recourse leverage amounted to \$171,420 million and \$6,454 million, respectively (March 31, 2023 – \$157,301 million and \$6,473 million, respectively).

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(Unaudited)

9.3 Terms to maturity

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

(CAD millions)	Terms to maturity							As at March 31, 2023	
	As at December 31, 2023							Total contractual amount	Weighted average interest rate
	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total contractual amount	Weighted average interest rate ³			
Debt financing liabilities	\$ 8,974	\$ 33,245	\$ 15,852	\$ 6,331	\$ 64,402	2.4 %	\$ 58,720	1.9 %	
Securities sold under repurchase agreements	60,416	-	-	-	60,416	4.1	50,785	2.7	
Cash collateral received on securities lent	4,598	-	-	-	4,598	n/a	3,910	n/a	
Securities sold short ^{1,2}	25,184	-	-	-	25,184	n/a	22,065	n/a	
Total	\$ 99,172	\$ 33,245	\$ 15,852	\$ 6,331	\$ 154,600	2.5 %	\$ 135,480	2.0 %	

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

² Includes equities sold short for which the average interest rate is not applicable.

³ Total weighted average interest rate excludes certain investment liabilities for which the average interest rate is not applicable.

9.3.2 Terms to maturity of non-derivative investment liabilities held by investment holding subsidiaries

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

(CAD millions)	Terms to maturity							As at March 31, 2023	
	As at December 31, 2023							Total contractual amount	Weighted average interest rate
	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total contractual amount	Weighted average interest rate			
Debt financing liabilities	\$ 2,224	\$ 2,747	\$ -	\$ 641	\$ 5,612	6.9 %	\$ 5,845	4.8 %	
Loans sold under repurchase agreements	-	221	-	-	221	8.0	211	7.2	
Total	\$ 2,224	\$ 2,968	\$ -	\$ 641	\$ 5,833	6.9 %	\$ 6,056	4.9 %	

10. Reconciliation of debt financing liabilities

The following table provides a reconciliation of debt financing liabilities issued by CPP Investments arising from financing activities:

(CAD millions)	For the nine months ended December 31,	
	2023	2022 ²
Balance, beginning of period	\$ 53,456	\$ 45,362
Proceeds	16,335	8,198
Repayments	(10,002)	(2,923)
Non-cash changes in fair value ¹	408	(1,892)
Balance, end of period	\$ 60,197	\$ 48,745

¹ Includes foreign exchange gains of \$564 million (December 31, 2022 – losses of \$2,136 million).

² Certain comparatives have been reclassified to conform to the current period's presentation.

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11. Collateral

11.1 Collateral held and pledged directly by CPP Investments

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

<i>(CAD millions)</i>	As at December 31, 2023		As at March 31, 2023	
Third-party assets held as collateral on¹:				
Reverse repurchase agreements	\$	16,603	\$	22,592
Derivative transactions		1,779		777
Securities lent ^{2,3}		7,259		6,900
Total	\$	25,641	\$	30,269
Own and third-party assets pledged as collateral on:				
Repurchase agreements		(59,118)		(50,527)
Securities borrowed ^{3,4}		(30,491)		(26,840)
Derivative transactions		(13,942)		(10,778)
Debt financing liabilities		(1,012)		(953)
Total	\$	(104,563)	\$	(89,098)

¹ The fair value of collateral sold or repledged as at December 31, 2023 was \$1,617 million (March 31, 2023 - \$7,347 million).

² The fair value of securities lent as at December 31, 2023 was \$7,146 million (March 31, 2023 - \$6,800 million).

³ Cash collateral payable on the Condensed Interim Consolidated Balance Sheet of \$4,598 million (March 31, 2023 - \$3,910 million) consists of collateral receivable of nil and collateral payable of \$4,598 million that qualify for netting (March 31, 2023 - nil and \$3,910 million, respectively).

⁴ The fair value of securities borrowed as at December 31, 2023 was \$24,978 million (March 31, 2023 - \$21,313 million) of which \$23,609 million (March 31, 2023 - \$18,914 million) was used for short selling activity.

11.2 Supplemental information on collateral relating to investment holding subsidiaries

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

<i>(CAD millions)</i>	As at December 31, 2023		As at March 31, 2023	
Third-party assets held as collateral on¹:				
Reverse repurchase agreements	\$	164	\$	132
Total	\$	164	\$	132
Own and third-party assets pledged as collateral on:				
Repurchase agreements		(375)		(353)
Securities borrowed ^{2,3}		(16,077)		(13,611)
Derivative transactions ³		(1,545)		(785)
Private equities ⁴		(11,202)		(11,715)
Debt financing liabilities		(10,615)		(10,466)
Total	\$	(39,814)	\$	(36,930)

¹ The fair value of collateral sold or repledged as at December 31, 2023 was nil (March 31, 2023 - nil).

² The fair value of securities borrowed as at December 31, 2023 was \$9,461 million (March 31, 2023 - \$8,020 million), which were all used for short selling activity.

³ The cash collateral at the prime brokers may be used for securities borrowed and derivatives transacted by brokers.

⁴ Represents securities pledged as collateral on loan borrowings of the investees.

12. 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, 2023, the unfunded commitments for CPP Investments and its investment holding subsidiaries totalled \$497 million (March 31, 2023 - \$1,160 million) and \$52,258 million (March 31, 2023 - \$60,187 million), respectively.

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(Unaudited)

13. Guarantees

As part of certain investment transactions, CPP Investments and its investment holding subsidiaries agreed to guarantee, as at December 31, 2023, up to \$254 million (March 31, 2023 - \$366 million) and \$7,213 million (March 31, 2023 - \$7,052 million), respectively, to other counterparties in the event certain investee entities default under the terms of loan and other related agreements, or fail to perform under specified non-financial contractual obligations.

14. 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.

14.1 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 (loss) since inception, are as follows:

	For the three months ended						
	Accumulated net transfers from CPP			Accumulated net income and comprehensive income			Total net assets
	base CPP	additional CPP	Total	base CPP	additional CPP	Total	
<i>(CAD millions)</i>							
As at October 1, 2023	\$ 164,761	\$ 29,515	\$ 194,276	\$ 381,563	\$ 267	\$ 381,830	\$ 576,106
Total net income and comprehensive income	-	-	-	17,795	1,554	19,349	19,349
Transfers from CPP	7,838	1,861	9,699	-	-	-	9,699
Transfers to CPP	(14,281)	(120)	(14,401)	-	-	-	(14,401)
As at December 31, 2023	\$ 158,318	\$ 31,256	\$ 189,574	\$ 399,358	\$ 1,821	\$ 401,179	\$ 590,753

	For the nine months ended						
	Accumulated net transfers from CPP			Accumulated net income (loss) and comprehensive income (loss)			Total net assets
	base CPP	additional CPP	Total	base CPP	additional CPP	Total	
<i>(CAD millions)</i>							
As at April 1, 2022	\$ 149,184	\$ 12,047	\$ 161,231	\$ 377,510	\$ 570	\$ 378,080	\$ 539,311
Total net (loss) and comprehensive (loss)	-	-	-	(11,720)	(400)	(12,120)	(12,120)
Transfers from CPP	33,546	6,302	39,848	-	-	-	39,848
Transfers to CPP	(31,274)	-	(31,274)	-	-	-	(31,274)
As at December 31, 2022	\$ 151,456	\$ 18,349	\$ 169,805	\$ 365,790	\$ 170	\$ 365,960	\$ 535,765
As at April 1, 2023	\$ 161,188	\$ 22,943	\$ 184,131	\$ 385,010	\$ 901	\$ 385,911	\$ 570,042
Total net income and comprehensive income	-	-	-	14,348	920	15,268	15,268
Transfers from CPP	35,634	8,657	44,291	-	-	-	44,291
Transfers to CPP	(38,504)	(344)	(38,848)	-	-	-	(38,848)
As at December 31, 2023	\$ 158,318	\$ 31,256	\$ 189,574	\$ 399,358	\$ 1,821	\$ 401,179	\$ 590,753

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

14.2 Net assets of base CPP and additional CPP

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

<i>(CAD millions)</i>	As at December 31, 2023			As at March 31, 2023		
	base CPP	additional CPP	Total	base CPP	additional CPP	Total
Cash and cash equivalents held for investment purposes	\$ 9,124	\$ 391	\$ 9,515	\$ 10,953	\$ 563	\$ 11,516
Net investments other than cash and cash equivalents	548,555	32,687	581,242	535,479	23,301	558,780
Net investments	557,679	33,078	590,757	546,432	23,864	570,296
Premises and equipment	540	17	557	512	15	527
Other assets ¹	306	11	317	272	9	281
Accounts payable and accrued liabilities	849	29	878	1,018	44	1,062
Net assets	\$ 557,676	\$ 33,077	\$ 590,753	\$ 546,198	\$ 23,844	\$ 570,042

¹ Includes cash held for operating purposes.

14.3 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, 2023 ¹		
	base CPP	additional CPP	Total
Cash and cash equivalents	\$ 10,823	\$ 453	\$ 11,276
Equities			
Public equities	186,806	6,860	193,666
Private equities	181,257	6,656	187,913
Total equities	368,063	13,516	381,579
Fixed income			
Bonds	127,885	17,145	145,030
Other debt	49,494	1,818	51,312
Money market securities	8,154	299	8,453
Total fixed income	185,533	19,262	204,795
Absolute return strategies	46,899	1,722	48,621
Infrastructure	44,880	1,648	46,528
Real estate	39,925	1,466	41,391
Investment receivables			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	17,960	847	18,807
Derivative assets	4,578	171	4,749
Other	4,428	240	4,668
Total investment receivables	26,966	1,258	28,224
Intracompany investment balances²	(25)	25	-
Total investments	\$ 723,064	\$ 39,350	\$ 762,414
Investment liabilities			
Debt financing liabilities	63,739	2,341	66,080
Securities and loans sold under repurchase agreements and cash collateral received on securities lent	61,771	2,456	64,227
Securities sold short	24,292	892	25,184
Derivative liabilities	3,856	152	4,008
Other	3,854	142	3,996
Total investment liabilities	157,512	5,983	163,495
Pending trades receivable	1,577	58	1,635
Pending trades payable	9,450	347	9,797
Net investments	\$ 557,679	\$ 33,078	\$ 590,757

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

<i>(CAD millions)</i>	As at March 31, 2023 ¹		
	base CPP	additional CPP	Total
Cash and cash equivalents	\$ 12,266	\$ 600	\$ 12,866
Equities			
Public equities	161,435	4,523	165,958
Private equities	182,026	5,100	187,126
Total equities	343,461	9,623	353,084
Fixed income			
Bonds	116,464	11,639	128,103
Other debt	47,488	1,331	48,819
Money market securities	2,506	70	2,576
Total fixed income	166,458	13,040	179,498
Absolute return strategies	41,510	1,163	42,673
Infrastructure	45,417	1,273	46,690
Real estate	44,268	1,240	45,508
Investment receivables			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	22,189	1,333	23,522
Derivative assets	2,784	78	2,862
Other	3,828	174	4,002
Total investment receivables	28,801	1,585	30,386
Intracompany investment balances²	-	-	-
Total investments	\$ 682,181	\$ 28,524	\$ 710,705
Investment liabilities			
Debt financing liabilities	57,744	1,618	59,362
Securities sold under repurchase agreements and cash collateral received on securities lent	52,343	2,172	54,515
Securities sold short	21,464	601	22,065
Derivative liabilities	2,636	74	2,710
Other	3,318	93	3,411
Total investment liabilities	137,505	4,558	142,063
Pending trades receivable	3,430	96	3,526
Pending trades payable	1,674	198	1,872
Net investments	\$ 546,432	\$ 23,864	\$ 570,296

¹ 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 Condensed Interim Consolidated Schedule of Investment Portfolio for further details.

² Represents balances between the additional CPP and the base CPP accounts.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

14.4 Net income (loss) of base CPP and additional CPP

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

	For the three months ended December 31,					
	2023			2022 ¹		
<i>(CAD millions)</i>	base CPP	additional CPP	Total	base CPP	additional CPP	Total
Income:						
Interest, dividends, and other income	\$ 3,688	\$ 214	\$ 3,902	\$ 2,342	\$ 87	\$ 2,429
Net (losses) on private investments	(258)	(11)	(269)	(1,796)	(41)	(1,837)
Net gains on public and other investments	15,679	1,401	17,080	7,899	140	8,039
Net gains on investment holding subsidiaries	511	16	527	2,268	52	2,320
	19,620	1,620	21,240	10,713	238	10,951
Expenses:						
Personnel	256	9	265	257	6	263
General and administrative	113	4	117	104	3	107
Management fees	3	-	3	4	-	4
Performance fees	5	-	5	-	-	-
Transaction-related	38	1	39	57	2	59
Taxes	117	5	122	41	1	42
Financing	1,293	47	1,340	680	17	697
	1,825	66	1,891	1,143	29	1,172
Net income and comprehensive income	\$ 17,795	\$ 1,554	\$ 19,349	\$ 9,570	\$ 209	\$ 9,779

	For the nine months ended December 31,					
	2023			2022 ¹		
<i>(CAD millions)</i>	base CPP	additional CPP	Total	base CPP	additional CPP	Total
Income (loss):						
Interest, dividends, and other income	\$ 10,643	\$ 578	\$ 11,221	\$ 8,812	\$ 207	\$ 9,019
Net (losses) on private investments	(1,340)	(43)	(1,383)	(963)	(23)	(986)
Net gains (losses) on public and other investments	6,949	426	7,375	(24,609)	(788)	(25,397)
Net gains on investment holding subsidiaries	3,649	151	3,800	7,554	260	7,814
	19,901	1,112	21,013	(9,206)	(344)	(9,550)
Expenses:						
Personnel	746	25	771	760	16	776
General and administrative	335	12	347	336	9	345
Management fees	12	-	12	15	-	15
Performance fees	60	2	62	69	1	70
Transaction-related	142	5	147	221	3	224
Taxes	421	14	435	118	3	121
Financing	3,837	134	3,971	995	24	1,019
	5,553	192	5,745	2,514	56	2,570
Net income (loss) and comprehensive income (loss)	\$ 14,348	\$ 920	\$ 15,268	\$ (11,720)	\$ (400)	\$ (12,120)

¹ Certain comparatives have been reclassified to conform to the current period's presentation.