

Condensed Interim Consolidated  
Financial Statements of  
Canada Pension Plan Investment Board

JUNE 30, 2021



## Condensed Interim Consolidated Balance Sheet

(Unaudited)

<b>(CAD millions)</b>	<b>As at June 30, 2021</b>	<b>As at March 31, 2021</b>
<b>Assets</b>		
Investments (note 2)	\$ 625,302	\$ 595,952
Pending trades receivable	3,534	2,663
Premises and equipment	456	459
Other assets	364	311
<b>Total assets</b>	<b>629,656</b>	<b>599,385</b>
<b>Liabilities</b>		
Investment liabilities (note 2)	106,405	98,158
Pending trades payable	3,073	3,191
Accounts payable and accrued liabilities	529	849
<b>Total liabilities</b>	<b>110,007</b>	<b>102,198</b>
<b>Net assets</b>	<b>\$ 519,649</b>	<b>\$ 497,187</b>
<b>Net assets, represented by:</b>		
Share capital	\$ -	\$ -
Accumulated net income from operations	361,440	343,665
Accumulated net transfers from the Canada Pension Plan	158,209	153,522
<b>Net assets</b>	<b>\$ 519,649</b>	<b>\$ 497,187</b>

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	
	June 30, 2021	June 30, 2020
Investment income (note 4)	\$ 18,388	\$ 23,895
Investment-related expenses (note 5)	(227)	(642)
<b>Net investment income</b>	<b>18,161</b>	<b>23,253</b>
<b>Operating expenses</b>	<b>(386)</b>	<b>(328)</b>
<b>Net income from operations and comprehensive income</b>	<b>\$ 17,775</b>	<b>\$ 22,925</b>

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

## Condensed Interim Consolidated Statement of Changes in Net Assets

(Unaudited)

<i>(CAD millions)</i>	Number of shares outstanding	Share capital	Accumulated net transfers from the Canada Pension Plan	Accumulated net income from operations	Total net assets
<b>As at April 1, 2020</b>	10	\$ -	\$ 149,867	\$ 259,721	\$ 409,588
Total net income for the period		-	-	22,925	22,925
Canada Pension Plan transfers:					
Transfers from the Canada Pension Plan		-	11,924	-	11,924
Transfers to the Canada Pension Plan		-	(10,003)	-	(10,003)
<b>Balance at June 30, 2020</b>	10	\$ -	\$ 151,788	\$ 282,646	\$ 434,434
<b>As at April 1, 2021</b>	10	\$ -	\$ 153,522	\$ 343,665	\$ 497,187
Total net income for the period		-	-	17,775	17,775
Canada Pension Plan transfers:					
Transfers from the Canada Pension Plan		-	14,792	-	14,792
Transfers to the Canada Pension Plan		-	(10,105)	-	(10,105)
<b>Balance at June 30, 2021</b>	10	\$ -	\$ 158,209	\$ 361,440	\$ 519,649

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

# Condensed Interim Consolidated Statement of Cash Flows

(Unaudited)

<i>(CAD millions)</i>	For the three months ended	
	June 30, 2021	June 30, 2020 <sup>3</sup>
<b>Cash flows from operating activities</b>		
Net income from operations	\$ 17,775	\$ 22,925
Adjustments for non-cash items:		
Amortization of premises and equipment	15	12
(Gains) on debt financing liabilities (note 11)	(349)	(960)
Effect of exchange rate changes on cash and cash equivalents	(5)	(598)
Adjustments for net changes in operating assets and liabilities:		
(Increase) in investments	(32,351)	(15,420)
(Increase) decrease in pending trades receivable	(871)	5,552
(Increase) in other assets	(4)	(16)
Increase (decrease) in investment-related liabilities	5,015	(14,639)
(Decrease) in pending trades payable	(118)	(3,592)
(Decrease) in accounts payable and accrued liabilities	(320)	(313)
<b>Net cash flows (used in) operating activities</b>	<b>(11,213)</b>	<b>(7,049)</b>
<b>Cash flows from financing activities</b>		
Transfers from the Canada Pension Plan	14,792	11,924
Transfers to the Canada Pension Plan	(10,105)	(10,003)
Proceeds from debt financing liabilities (note 11)	3,581	6,422
Repayment of debt financing liabilities (note 11)	-	(4,155)
<b>Net cash flows provided by financing activities</b>	<b>8,268</b>	<b>4,188</b>
<b>Cash flows from investing activities</b>		
Acquisitions of premises and equipment	(12)	(1)
<b>Net cash flows (used in) investing activities</b>	<b>(12)</b>	<b>(1)</b>
Net (decrease) in cash and cash equivalents	(2,957)	(2,862)
Cash and cash equivalents at the beginning of the period	13,969	23,123
<b>Cash and cash equivalents at the end of the period</b>	<b>11,012</b>	<b>20,261</b>
<b>Cash and cash equivalents at the end of the period are comprised of:</b>		
Cash and cash equivalents held for operating purposes <sup>1</sup>	274	163
Cash and cash equivalents held for investment purposes <sup>2</sup>	10,738	20,098
<b>Total</b>	<b>\$ 11,012</b>	<b>\$ 20,261</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.

<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 June 30, 2021	As at March 31, 2021 <sup>2</sup>
<b>Cash and cash equivalents</b>	\$ 12,142	\$ 14,532
<b>Equities</b>		
Public equities	185,734	175,083
Private equities	142,800	139,444
<b>Total equities</b>	<b>328,534</b>	<b>314,527</b>
<b>Fixed income</b>		
Bonds	106,875	98,560
Other debt	29,693	28,879
Money market securities	480	143
<b>Total fixed income</b>	<b>137,048</b>	<b>127,582</b>
<b>Absolute return strategies</b>	<b>29,673</b>	<b>29,008</b>
<b>Real assets</b>		
Infrastructure	40,323	39,954
Real estate	38,673	38,078
Sustainable energies	19,417	19,145
<b>Total real assets</b>	<b>98,413</b>	<b>97,177</b>
<b>Investment receivables</b>		
Securities purchased under reverse repurchase agreements and Derivative assets	13,988	7,127
Other	3,026	3,636
	2,798	2,764
<b>Total investment receivables</b>	<b>19,812</b>	<b>13,527</b>
<b>Total investments<sup>1</sup></b>	<b>\$ 625,622</b>	<b>\$ 596,353</b>
<b>Investment liabilities</b>		
Debt financing liabilities	(39,681)	(36,449)
Securities sold under repurchase agreements and cash collateral	(36,355)	(33,150)
Securities sold short	(25,900)	(22,275)
Derivative liabilities	(2,264)	(3,004)
Short-term secured debt	(1,208)	(1,234)
Other	(1,002)	(2,052)
<b>Total investment liabilities<sup>1</sup></b>	<b>(106,410)</b>	<b>(98,164)</b>
Pending trades receivable <sup>1</sup>	4,156	3,077
Pending trades payable <sup>1</sup>	(4,010)	(4,000)
<b>Net investments</b>	<b>\$ 519,358</b>	<b>\$ 497,266</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 \$320 million (March 31, 2021 - \$401 million), \$5 million (March 31, 2021 - \$6 million), \$622 million (March 31, 2021 - \$414 million) and \$937 million (March 31, 2021 - \$809 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.

<sup>2</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.

# 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” 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 June 30, 2021 were approved by the Board of Directors and authorized for issue on August 11, 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 (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’ 2021 Annual Consolidated Financial Statements included on pages 139 to 185 of CPP Investments’ 2021 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 Standard (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 through profit and loss in accordance with IFRS 9, *Financial Instruments*. 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)

## 1.3 Current year adoption in accounting policies

Effective April 1, 2021, we adopted Phase 2 amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts*, and IFRS 16 *Leases (Amendments)*. The amendments address issues affecting financial reporting as a result of changing the interest rate benchmark from the Interbank Offered Rates (IBORs) to alternative reference rates (ARRs) and provide specific financial statement disclosure requirements to outline the effect of the reform.

The transition from IBORs to ARR will impact financial instruments referencing London Interbank Offered Rates (LIBOR) with a maturity date beyond June 30, 2023 for certain United States dollar LIBORs and December 31, 2021 for remaining LIBORs. The transition presents a number of risks, including updating systems and processes, amending contracts or existing fallback clauses and communicating with counterparties on IBOR reform. In order to manage those risks, CPP Investments has established an organization-wide program that includes stakeholders from both investment departments and core services to manage and coordinate all aspects of the transition.

The following table presents CPP Investments' LIBOR exposures to financial instruments subject to LIBOR reform that have yet to transition to ARR with a maturity date beyond December 31, 2021 for non-United States dollar LIBORs and June 30, 2023 for United States dollar LIBORs.

	<b>As at June 30, 2021</b>		
	<b>Notional/Fair Value<sup>2</sup></b>		
<b>(CAD millions)</b>	<b>United States dollar LIBOR</b>	<b>British pound sterling LIBOR</b>	<b>Other LIBORs<sup>1</sup></b>
	<b>Maturing after June 30, 2023</b>	<b>Maturing after December 31, 2021</b>	<b>Maturing after December 31, 2021</b>
Non-derivatives <sup>3</sup>	\$ 7,251	\$ 1,376	\$ -
Derivatives	\$ 42,898	\$ 37	\$ 10

<sup>1</sup> Other LIBORs include exposures indexed to the Swiss franc LIBOR and the Japanese yen LIBOR.

<sup>2</sup> Represents fair value of non-derivative financial instruments and notional amounts of derivatives.

<sup>3</sup> Non-derivative financial instruments are comprised of Other debt and Infrastructure.

# 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 June 30, 2021				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>Cash and cash equivalents</b>	\$ -	\$ 10,738	\$ -	\$ -	\$ 10,738
<b>Equities</b>					
Public equities <sup>1</sup>	162,923	3,716	52	-	166,691
Private equities	-	188	8,887	-	9,075
<b>Total equities</b>	<b>162,923</b>	<b>3,904</b>	<b>8,939</b>	<b>-</b>	<b>175,766</b>
<b>Fixed income</b>					
Bonds	57,274	45,583	-	-	102,857
Other debt	-	978	3,052	-	4,030
Money market securities	-	480	-	-	480
<b>Total fixed income</b>	<b>57,274</b>	<b>47,041</b>	<b>3,052</b>	<b>-</b>	<b>107,367</b>
<b>Absolute return strategies</b>	<b>-</b>	<b>15,930</b>	<b>971</b>	<b>-</b>	<b>16,901</b>
<b>Real assets</b>					
Infrastructure	-	-	7,905	-	7,905
Real estate	-	-	9,457	-	9,457
Sustainable energies	-	-	2,984	-	2,984
<b>Total real assets</b>	<b>-</b>	<b>-</b>	<b>20,346</b>	<b>-</b>	<b>20,346</b>
<b>Investment receivables</b>					
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	-	13,988	-	-	13,988
Derivative assets	10	2,859	-	-	2,869
Other <sup>2</sup>	-	2,345	-	-	2,345
<b>Total investment receivables</b>	<b>10</b>	<b>19,192</b>	<b>-</b>	<b>-</b>	<b>19,202</b>
<b>Investments in investment holding subsidiaries (note 2.2)</b>	<b>-</b>	<b>-</b>	<b>274,982</b>	<b>-</b>	<b>274,982</b>
<b>Total investments</b>	<b>\$ 220,207</b>	<b>\$ 96,805</b>	<b>\$ 308,290</b>	<b>\$ -</b>	<b>\$ 625,302</b>
<b>Investment liabilities</b>					
Debt financing liabilities	(39,681)	-	-	-	(39,681)
Securities sold under repurchase agreements and cash collateral received on securities lent	-	(36,355)	-	-	(36,355)
Securities sold short	(25,899)	(1)	-	-	(25,900)
Derivative liabilities	(56)	(2,208)	-	-	(2,264)
Short-term secured debt	-	(1,208)	-	-	(1,208)
Other <sup>2</sup>	-	(997)	-	-	(997)
<b>Total investment liabilities</b>	<b>(65,636)</b>	<b>(40,769)</b>	<b>-</b>	<b>-</b>	<b>(106,405)</b>
Pending trades receivable <sup>3</sup>	-	3,534	-	-	3,534
Pending trades payable <sup>3</sup>	-	(3,073)	-	-	(3,073)
<b>Net investments</b>	<b>\$ 154,571</b>	<b>\$ 56,497</b>	<b>\$ 308,290</b>	<b>\$ -</b>	<b>\$ 519,358</b>

# Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

	As at March 31, 2021 <sup>4</sup>			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>Cash and cash equivalents</b>	\$ -	\$ 13,744	\$ -	\$ 13,744
<b>Equities</b>				
Public equities <sup>1</sup>	154,995	3,889	45	158,929
Private equities	-	172	8,598	8,770
<b>Total equities</b>	154,995	4,061	8,643	167,699
<b>Fixed income</b>				
Bonds	54,941	39,824	-	94,765
Other debt	-	1,049	2,709	3,758
Money market securities	-	143	-	143
<b>Total fixed income</b>	54,941	41,016	2,709	98,666
<b>Absolute return strategies</b>	-	15,734	1,012	16,746
<b>Real assets</b>				
Infrastructure	-	-	8,037	8,037
Real estate	-	-	9,556	9,556
Sustainable energies	-	-	2,887	2,887
<b>Total real assets</b>	-	-	20,480	20,480
<b>Investment receivables</b>				
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	-	7,127	-	7,127
Derivative assets	-	3,515	-	3,515
Other <sup>2</sup>	-	2,269	-	2,269
<b>Total investment receivables</b>	-	12,911	-	12,911
<b>Investments in investment holding subsidiaries (note 2.2)</b>	-	-	265,706	265,706
<b>Total investments</b>	\$ 209,936	\$ 87,466	\$ 298,550	\$ 595,952
<b>Investment liabilities</b>				
Debt financing liabilities	(36,449)	-	-	(36,449)
Securities sold under repurchase agreements and cash collateral received on securities lent	-	(33,150)	-	(33,150)
Securities sold short	(22,275)	-	-	(22,275)
Derivative liabilities	(45)	(2,957)	-	(3,002)
Short-term secured debt	-	(1,234)	-	(1,234)
Other <sup>2</sup>	-	(2,048)	-	(2,048)
<b>Total investment liabilities</b>	(58,769)	(39,389)	-	(98,158)
Pending trades receivable <sup>3</sup>	-	2,663	-	2,663
Pending trades payable <sup>3</sup>	-	(3,191)	-	(3,191)
<b>Net investments</b>	\$ 151,167	\$ 47,549	\$ 298,550	\$ 497,266

<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 \$1,345 million (March 31, 2021 - \$1,142 million) and cash held as collateral of \$949 million (March 31, 2021 - \$1,955 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.

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

## 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.

<i>(CAD millions)</i>	As at June 30, 2021			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>Cash and cash equivalents</b>	\$ -	\$ 1,404	\$ -	\$ 1,404
<b>Equities</b>				
Public equities <sup>1</sup>	11,605	7,393	45	19,043
Private equities	-	6,885	126,840	133,725
<b>Total equities</b>	<b>11,605</b>	<b>14,278</b>	<b>126,885</b>	<b>152,768</b>
<b>Fixed income</b>				
Bonds	-	4,018	-	4,018
Other debt	-	4,783	20,880	25,663
Money market securities	-	-	-	-
<b>Total fixed income</b>	<b>-</b>	<b>8,801</b>	<b>20,880</b>	<b>29,681</b>
<b>Absolute return strategies</b>	<b>-</b>	<b>11,064</b>	<b>1,708</b>	<b>12,772</b>
<b>Real assets</b>				
Infrastructure	-	-	32,418	32,418
Real estate	-	-	29,216	29,216
Sustainable energies	-	-	16,433	16,433
<b>Total real assets</b>	<b>-</b>	<b>-</b>	<b>78,067</b>	<b>78,067</b>
<b>Investment receivables</b>				
Derivative assets	-	157	-	157
Other	-	453	-	453
<b>Total investment receivables</b>	<b>-</b>	<b>610</b>	<b>-</b>	<b>610</b>
<b>Total investments held by investment holding subsidiaries</b>	<b>\$ 11,605</b>	<b>\$ 36,157</b>	<b>\$ 227,540</b>	<b>\$ 275,302</b>
<b>Investment liabilities</b>				
Other	-	(5)	-	(5)
<b>Total investment liabilities held by investment holding subsidiaries</b>	<b>-</b>	<b>(5)</b>	<b>-</b>	<b>(5)</b>
Pending trades receivable <sup>2</sup>	-	622	-	622
Pending trades payable <sup>2</sup>	-	(937)	-	(937)
<b>Investments in investment holding subsidiaries</b>	<b>\$ 11,605</b>	<b>\$ 35,837</b>	<b>\$ 227,540</b>	<b>\$ 274,982</b>

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

	As at March 31, 2021 <sup>3</sup>			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>Cash and cash equivalents</b>	\$ -	\$ 788	\$ -	\$ 788
<b>Equities</b>				
Public equities <sup>1</sup>	8,629	7,485	40	16,154
Private equities	-	7,385	123,289	130,674
<b>Total equities</b>	<b>8,629</b>	<b>14,870</b>	<b>123,329</b>	<b>146,828</b>
<b>Fixed income</b>				
Bonds	-	3,795	-	3,795
Other debt	-	4,342	20,779	25,121
Money market securities	-	-	-	-
<b>Total fixed income</b>	<b>-</b>	<b>8,137</b>	<b>20,779</b>	<b>28,916</b>
<b>Absolute return strategies</b>	<b>-</b>	<b>10,576</b>	<b>1,686</b>	<b>12,262</b>
<b>Real assets</b>				
Infrastructure	-	-	31,917	31,917
Real estate	-	-	28,522	28,522
Sustainable energies	-	-	16,258	16,258
<b>Total real assets</b>	<b>-</b>	<b>-</b>	<b>76,697</b>	<b>76,697</b>
<b>Investment receivables</b>				
Derivative assets	-	121	-	121
Other	-	495	-	495
<b>Total investment receivables</b>	<b>-</b>	<b>616</b>	<b>-</b>	<b>616</b>
<b>Total investments held by investment holding subsidiaries</b>	<b>\$ 8,629</b>	<b>\$ 34,987</b>	<b>\$ 222,491</b>	<b>\$ 266,107</b>
<b>Investment liabilities</b>				
Derivative liabilities	-	(2)	-	(2)
Other	-	(4)	-	(4)
<b>Total investment liabilities held by investment holding subsidiaries</b>	<b>-</b>	<b>(6)</b>	<b>-</b>	<b>(6)</b>
Pending trades receivable <sup>2</sup>	-	414	-	414
Pending trades payable <sup>2</sup>	-	(809)	-	(809)
<b>Investments in investment holding subsidiaries</b>	<b>\$ 8,629</b>	<b>\$ 34,586</b>	<b>\$ 222,491</b>	<b>\$ 265,706</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.

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

### 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 three months ended June 30, 2021, transfers from Level 1 to Level 2 included \$769 million of investments held directly by CPP Investments (during the year ended March 31, 2021 - \$103 million). During the three months ended June 30, 2021, there were no transfers from Level 2 to Level 1 of investments held directly by CPP Investments (during the year ended March 31, 2021 - \$104 million). 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

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### 2.4 Level 3 reconciliation

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

For the three months ended June 30, 2021								
(CAD millions)	Fair value as at April 1, 2021	Gain (loss) included in investment income	Purchases	Sales <sup>1</sup>	Transfers into Level 3	Transfers out of Level 3	Fair value as at June 30, 2021	Change in unrealized gains (losses) on investments still held at June 30, 2021 <sup>2</sup>
<b>Investments</b>								
<b>Equities</b>								
Public equities	\$ 45	\$ 7	\$ -	\$ -	\$ -	\$ -	52	\$ 7
Private equities	8,598	539	61	(369)	58	-	8,887	562
<b>Total equities</b>	<b>8,643</b>	<b>546</b>	<b>61</b>	<b>(369)</b>	<b>58</b>	<b>-</b>	<b>8,939</b>	<b>569</b>
<b>Fixed income</b>								
Other debt	2,709	85	463	(389)	184	-	3,052	158
<b>Absolute return strategies</b>	<b>1,012</b>	<b>2</b>	<b>-</b>	<b>(43)</b>	<b>-</b>	<b>-</b>	<b>971</b>	<b>(2)</b>
<b>Real assets</b>								
Infrastructure	8,037	220	333	(685)	-	-	7,905	(253)
Real estate	9,556	(153)	114	(60)	-	-	9,457	(165)
Sustainable energies	2,887	97	-	-	-	-	2,984	97
<b>Total real assets</b>	<b>20,480</b>	<b>164</b>	<b>447</b>	<b>(745)</b>	<b>-</b>	<b>-</b>	<b>20,346</b>	<b>(321)</b>
<b>Investments in investment holding subsidiaries<sup>3</sup></b>	<b>265,706</b>	<b>8,321</b>	<b>1,009</b>	<b>(54)</b>	<b>-</b>	<b>-</b>	<b>274,982</b>	<b>8,321</b>
<b>Total</b>	<b>\$ 298,550</b>	<b>\$ 9,118</b>	<b>\$ 1,980</b>	<b>\$ (1,600)</b>	<b>\$ 242</b>	<b>\$ -</b>	<b>\$ 308,290</b>	<b>\$ 8,725</b>

# Notes to the Condensed Interim Consolidated Financial Statements

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For the year ended March 31, 2021 <sup>4</sup>									
(CAD millions)	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 March 31, 2021	Change in unrealized gains (losses) on investments still held at March 31, 2021 <sup>2</sup>	
<b>Investments</b>									
<b>Equities</b>									
Public equities	\$ 33	\$ 13	\$ -	\$ (1)	\$ -	\$ -	\$ 45	\$ 14	
Private equities	5,702	3,154	494	(903)	151	-	8,598	3,187	
<b>Total equities</b>	<b>5,735</b>	<b>3,167</b>	<b>494</b>	<b>(904)</b>	<b>151</b>	<b>-</b>	<b>8,643</b>	<b>3,201</b>	
<b>Fixed income</b>									
Other debt	2,552	243	1,967	(1,902)	-	(151)	2,709	(41)	
<b>Absolute return</b>									
<b>strategies</b>	<b>1,534</b>	<b>(78)</b>	<b>237</b>	<b>(776)</b>	<b>95</b>	<b>-</b>	<b>1,012</b>	<b>(140)</b>	
<b>Real assets</b>									
Infrastructure	7,622	867	25	(477)	-	-	8,037	867	
Real estate	14,469	(2,526)	357	(2,744)	-	-	9,556	(2,392)	
Sustainable energies	2,884	433	95	(526)	1	-	2,887	425	
<b>Total real assets</b>	<b>24,975</b>	<b>(1,226)</b>	<b>477</b>	<b>(3,747)</b>	<b>1</b>	<b>-</b>	<b>20,480</b>	<b>(1,100)</b>	
<b>Investments in investment holding subsidiaries<sup>3</sup></b>									
<b>Total</b>	<b>\$ 255,025</b>	<b>\$ 45,606</b>	<b>\$ 6,016</b>	<b>\$ (8,193)</b>	<b>\$ 247</b>	<b>\$ (151)</b>	<b>\$ 298,550</b>	<b>\$ 45,420</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.

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

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.

## 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 \$11,605 million (March 31, 2021 - \$8,629 million) and \$35,837 million (March 31, 2021 - \$34,586 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

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	As at June 30, 2021					
	Fair value of investments held by:		Primary valuation techniques used <sup>1</sup>	Significant unobservable inputs	Range of input values <sup>2</sup>	Weighted average <sup>2</sup>
(CAD millions)	CPP Investments	Investment holding subsidiaries				
<b>Cash and cash equivalents</b>	\$ -	\$ 1,404	Cost with accrued interest	-	-	-
<b>Public equities</b>						
Direct	-	12,182	Quoted market price	-	-	-
Fund investments	52	6,861	Net asset value provided by investment manager	-	-	-
<b>Private equities</b>						
Direct	8,756	54,115	Earnings multiples of comparable companies	EBITDA multiple	3.4X-44.8X	22.2X
			Discounted cash flow	Discount rate	8.0%-14.8%	11.5%
	14	14,964	Net asset value provided by investment manager	-	-	-
Fund investments	117	64,646	Net asset value provided by investment manager	-	-	-
<b>Bonds</b>	-	4,018	Quoted market prices or discounted cash flows using observable inputs	-	-	-
<b>Other debt</b>						
Direct private debt	230	18,971	Discounted cash flow	Discount rate	3.2%-30.1%	7.5%
	-	1,260	Net asset value provided by investment manager	-	-	-
Asset-backed securities	2,617	727	Comparable pricing	Price	81.7%-105.0%	99.1%
Fund investments	205	4,705	Net asset value provided by investment manager	-	-	-
<b>Absolute return strategies</b>						
Fund investments	971	12,772	Net asset value provided by investment manager	-	-	-
<b>Infrastructure</b>						
Direct	7,905	32,389	Discounted cash flow	Discount rate	7.0%-14.1%	8.3%
Fund investments	-	29	Net asset value provided by investment manager	-	-	-
<b>Real estate</b>						
Direct	7,956	5,608	Discounted cash flow	Discount rate	5.3%-14.3%	6.7%
				Terminal capitalization rate	3.8%-11.5%	5.6%
	1,436	21,013	Net asset value provided by investment partner	-	-	-
Fund investments	65	2,595	Net asset value provided by investment manager	-	-	-
<b>Sustainable energies</b>						
Direct	2,984	16,433	Discounted cash flow	Discount rate	7.1%-32.9%	10.4%
<b>Investment receivables</b>						
Derivative assets	-	157	Option model	-	-	-
Other	-	453	Cost with accrued interest	-	-	-
<b>Investment liabilities</b>						
Other	-	(5)	Cost with accrued interest	-	-	-
<b>Pending trades net receivable/(payable)</b>	-	(315)	Amortized cost	-	-	-
<b>Total</b>	<b>\$ 33,308</b>	<b>\$ 274,982</b>				



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	As at March 31, 2021 <sup>3</sup>					
	Fair value of investments held by:		Primary valuation techniques used <sup>1</sup>	Significant unobservable inputs	Range of input values <sup>2</sup>	Weighted average <sup>2</sup>
(CAD millions)	CPP Investments	Investment holding subsidiaries				
<b>Cash and cash equivalents</b>	\$ -	\$ 788	Cost with accrued interest	-	-	-
<b>Public equities</b>						
Direct	-	9,635	Quoted market price	-	-	-
Fund investments	45	6,519	Net asset value provided by investment manager	-	-	-
<b>Private equities</b>						
Direct	8,437	55,514	Earnings multiples of comparable companies	EBITDA multiple	9.0X-64.3X	25.5X
			Discounted cash flow	Discount rate	8.0%-16.3%	11.5%
	14	14,166	Net asset value provided by investment manager	-	-	-
Fund investments	147	60,994	Net asset value provided by investment manager	-	-	-
<b>Bonds</b>	-	3,795	Quoted market prices or discounted cash flows using observable inputs	-	-	-
<b>Other debt</b>						
Direct private debt	137	18,744	Discounted cash flow	Discount rate	3.7%-30.0%	7.6%
	-	1,420	Net asset value provided by investment manager	-	-	-
Asset-backed securities	2,550	693	Comparable pricing	Price	81.4%-109.2%	99.3%
Fund investments	22	4,264	Net asset value provided by investment manager	-	-	-
<b>Absolute return strategies</b>						
Fund investments	1,012	12,262	Net asset value provided by investment manager	-	-	-
<b>Infrastructure</b>						
Direct	8,037	31,891	Discounted cash flow	Discount rate	7.2%-14.1%	8.3%
Fund investments	-	26	Net asset value provided by investment manager	-	-	-
<b>Real estate</b>						
Direct	8,286	5,500	Discounted cash flow	Discount rate	5.3%-14.3%	6.7%
				Terminal capitalization rate	3.8%-11.0%	5.5%
	1,205	20,461	Net asset value provided by investment partner	-	-	-
Fund investments	65	2,561	Net asset value provided by investment manager	-	-	-
<b>Sustainable energies</b>						
Direct	2,887	16,258	Discounted cash flow	Discount rate	7.1%-32.9%	10.4%
<b>Investment receivables</b>						
Derivative assets	-	121	Option model	-	-	-
Other	-	495	Cost with accrued interest	-	-	-
<b>Investment liabilities</b>						
Derivative liabilities	-	(2)	Discounted cash flow	-	-	-
Other	-	(4)	Cost with accrued interest	-	-	-
<b>Pending trades net receivable/(payable)</b>	-	(395)	Amortized cost	-	-	-
<b>Total</b>	<b>\$ 32,844</b>	<b>\$ 265,706</b>				

<sup>1</sup> May include certain recently acquired investments held at cost, which approximates fair value.

<sup>2</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.

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

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### 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 \$7,500 million (March 31, 2021 - \$9,000 million) or an increase of \$7,900 million (March 31, 2021 - \$9,500 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 June 30, 2021		As at March 31, 2021	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
<b>Equity contracts</b>				
Futures	\$ 10	\$ -	\$ -	\$ -
Swaps	1,543	(1,696)	2,231	(2,267)
Options:				
Exchange-traded – purchased	-	-	-	-
Exchange-traded – written	-	-	-	-
Over-the-counter – purchased	1	-	1	-
Over-the-counter – written	-	(61)	-	(85)
Warrants	157	-	121	-
<b>Total equity contracts</b>	<b>1,711</b>	<b>(1,757)</b>	<b>2,353</b>	<b>(2,352)</b>
<b>Foreign exchange contracts</b>				
Forwards	410	(254)	406	(370)
Options:				
Over-the-counter – purchased	60	-	50	-
Over-the-counter – written	-	(62)	-	(45)
<b>Total foreign exchange contracts</b>	<b>470</b>	<b>(316)</b>	<b>456</b>	<b>(415)</b>
<b>Interest rate contracts</b>				
Futures	-	-	-	-
Forwards	-	-	-	-
Swaps	722	(11)	763	(53)
Options:				
Over-the-counter – purchased	64	-	29	-
Over-the-counter – written	-	(103)	-	(109)
<b>Total interest rate contracts</b>	<b>786</b>	<b>(114)</b>	<b>792</b>	<b>(162)</b>
<b>Credit contracts</b>				
Credit default swaps:				
Over-the-counter – purchased	2	(7)	2	(11)
Over-the-counter – written	56	(2)	32	(5)
Options:				
Over-the-counter – purchased	1	-	1	-
Over-the-counter – written	-	(12)	-	(14)
<b>Total credit contracts</b>	<b>59</b>	<b>(21)</b>	<b>35</b>	<b>(30)</b>
<b>Commodity contracts</b>				
Futures	-	-	-	-
Options:				
Exchange-traded – purchased	-	-	-	-
Exchange-traded – written	-	(56)	-	(45)
<b>Total commodity contracts</b>	<b>-</b>	<b>(56)</b>	<b>-</b>	<b>(45)</b>
<b>Total<sup>1</sup></b>	<b>\$ 3,026</b>	<b>\$ (2,264)</b>	<b>\$ 3,636</b>	<b>\$ (3,004)</b>

<sup>1</sup> Includes \$157 million (March 31, 2021 - \$121 million) relating to warrants and nil (March 31, 2021 - \$2 million) relating to interest rate derivative liabilities transacted by investment holding subsidiaries.

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## 4. Investment income

### 4.1 Investment income by nature

<i>(CAD millions)</i>	For the three months ended	
	June 30, 2021	June 30, 2020
Interest, dividends, and other investment income	\$ 2,312	\$ 1,423
Realized gains (losses) on private equities and real assets	684	(80)
Unrealized gains (losses) on private equities and real assets	34	(575)
Unrealized gains on investment holding subsidiaries (note 4.2)	8,321	6,409
Realized and unrealized gains on public and other investments <sup>1</sup>	7,037	16,718
<b>Total investment income</b>	<b>\$ 18,388</b>	<b>\$ 23,895</b>

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

### 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	
	June 30, 2021	June 30, 2020
Interest, dividends, and other investment income	\$ 1,558	\$ 805
Realized gains on private equities and real assets	2,647	944
Unrealized gains on private equities and real assets	3,437	1,158
Realized and unrealized gains on public and other investments <sup>1</sup>	1,846	3,756
Dividends paid to CPP Investments	(815)	-
Investment-related expenses (note 5.2)	(352)	(254)
<b>Unrealized gains on investment holding subsidiaries</b>	<b>\$ 8,321</b>	<b>\$ 6,409</b>

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

## 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	
	June 30, 2021	June 30, 2020
Borrowing costs <sup>1</sup>	\$ (28)	\$ 303
Investment management fees	214	273
Transaction costs	41	66
<b>Total</b>	<b>\$ 227</b>	<b>\$ 642</b>

<sup>1</sup> Borrowing costs includes the unrealized and realized gains/losses from natural interest rate hedges, in addition to the costs associated with borrowing instruments.

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## 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	
	June 30, 2021	June 30, 2020
Investment management fees	\$ 327	\$ 235
Transaction costs	25	19
<b>Total</b>	<b>\$ 352</b>	<b>\$ 254</b>

## 6. Segment information

### 6.1 Net income from operations by investment segment

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.

<i>(CAD millions)</i>	For the three months ended June 30, 2021								Total
	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment <sup>3</sup>		
Investment income (loss)	\$ 9,195	\$ 1,039	\$ (423)	\$ 886	\$ 5,932	\$ 2,160	\$ (401)	\$ 18,388	
Investment-related expenses <sup>1,2</sup>	(32)	(370)	(26)	(20)	(134)	(46)	401	(227)	
<b>Net investment income (loss)</b>	<b>9,163</b>	<b>669</b>	<b>(449)</b>	<b>866</b>	<b>5,798</b>	<b>2,114</b>	<b>-</b>	<b>18,161</b>	
<b>Operating expenses</b>	<b>(52)</b>	<b>(53)</b>	<b>(69)</b>	<b>(45)</b>	<b>(77)</b>	<b>(90)</b>	<b>-</b>	<b>(386)</b>	
<b>Net income (loss) from operations</b>	<b>\$ 9,111</b>	<b>\$ 616</b>	<b>\$ (518)</b>	<b>\$ 821</b>	<b>\$ 5,721</b>	<b>\$ 2,024</b>	<b>\$ -</b>	<b>\$ 17,775</b>	

<i>(CAD millions)</i>	For the three months ended June 30, 2020								Total
	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment <sup>3</sup>		
Investment income (loss)	\$ 16,077	\$ 2,025	\$ 1,148	\$ 1,675	\$ 3,399	\$ (93)	\$ (336)	\$ 23,895	
Investment-related expenses <sup>1,2</sup>	(399)	(311)	(12)	(5)	(178)	(73)	336	(642)	
<b>Net investment income (loss)</b>	<b>15,678</b>	<b>1,714</b>	<b>1,136</b>	<b>1,670</b>	<b>3,221</b>	<b>(166)</b>	<b>-</b>	<b>23,253</b>	
<b>Operating expenses</b>	<b>(43)</b>	<b>(53)</b>	<b>(55)</b>	<b>(39)</b>	<b>(61)</b>	<b>(77)</b>	<b>-</b>	<b>(328)</b>	
<b>Net income (loss) from operations</b>	<b>\$ 15,635</b>	<b>\$ 1,661</b>	<b>\$ 1,081</b>	<b>\$ 1,631</b>	<b>\$ 3,160</b>	<b>\$ (243)</b>	<b>\$ -</b>	<b>\$ 22,925</b>	

<sup>1</sup> Costs of \$21 million (June 30, 2020 - \$385 million) attributable to Total Fund Management represent borrowing costs as described in note 5 of \$(28) million (June 30, 2020 - \$303 million), as well as the leverage-generating elements of additional derivative transactions of \$49 million (June 30, 2020 - \$82 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.

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## 6.2 Net assets (liabilities) by investment segment

(CAD millions)	Net assets (liabilities)						
	Total Fund Management <sup>1</sup>	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Total
As at:							
June 30, 2021	\$ 237,302	\$ 1,871	\$ (339)	\$ 44,696	\$ 129,185	\$ 106,934	\$ 519,649
March 31, 2021	222,260	2,218	(569)	43,761	125,140	104,377	497,187

<sup>1</sup> Net assets attributable to Total Fund Management include net corporate assets of \$291 million (March 31, 2021 – net corporate liabilities of \$79 million).

## 6.3 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 <sup>1</sup>						
	Canada	U.S.	Asia	Europe (excluding U.K.)	U.K.	Other	Total
As at:							
June 30, 2021	\$ 86,472	\$ 186,371	\$ 124,293	\$ 56,480	\$ 25,342	\$ 40,400	\$ 519,358
March 31, 2021	78,283	183,551	119,292	53,614	23,623	38,903	497,266

<sup>1</sup> Includes debt financing liabilities of \$3,666 million, \$17,184 million, \$11,913 million, \$5,584 million and \$1,334 million (March 31, 2021 - \$3,604 million, \$16,108 million, \$12,071 million, \$4,272 million, and \$394 million), based on the currencies of the issuances, in Canada, the U.S., Europe (excluding the U.K.), the U.K., and other, respectively.

## 7. Risk management

CPP Investments manages and mitigates investment risks in accordance with the Integrated Risk Policy (Policy), which became effective on April 1, 2021 and incorporates key elements of the previous Integrated Risk Framework and Investment Risk Management Policy. The Policy establishes accountability of the Board of Directors, the various committees, including the Risk Committee, and the investment departments to manage investment-related risks. The Policy is approved by the Board of Directors at least once every fiscal year, and contains risk limits and risk management provisions that govern investment decisions in accordance with the mandate of CPP Investments.

### 7.1 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 investment risk to which the Investment Portfolios are exposed. The new Policy, which is effective April 1, 2021, includes the addition of new limits around portfolio composition, and the removal of certain limits at a Board level to reduce redundancy. The target level of market risk of the base CPP Investment Portfolio has not changed, while that of the additional CPP Investment Portfolio has an increased equity/debt risk equivalence ratio of 55%/45%.

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Plan adjustment risk is a central concept in CPP Investments' portfolio design and risk governance activities. It is defined as the probability of a material adjustment to the Minimum Contribution Rate applicable to CPP contributors, based solely on investment return performance over various time horizons. It is an overarching measure that is impacted by market, credit, liquidity and leverage risk.

Other key investment risk governance measures include:

- **Market risk:** 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.
- **Potential investment losses:** The reported loss of the Investment Portfolios over a one- year horizon is not expected to exceed the established limit of fund value for that horizon 19 times out of 20. The potential loss of the Investment Portfolios over a five-year horizon is also measured and monitored by Management. Both are based on the value-at-risk measure at a 95 percent confidence level. Effective April 1, 2021, the one-year potential loss risk limit is now expressed as a percentage of the Investment Portfolios rather than an absolute dollar value.
- **Active risk:** The potential underperformance arising from differences between the compositions of each Investment Portfolio and an internally developed comparator portfolio. This is a new measure that was introduced as part of the Policy that became effective April 1, 2021.
- **Liquidity and leverage risk measures,** which are further described in note 10.

The monitoring of adherence to investment risk limits is conducted independent of the investment departments by the Risk group using both industry standards and internally developed risk models. The tables below provide a summary of the key investment risk governance measures of the Investment Portfolios.

		As at June 30, 2021	As at March 31, 2021 <sup>4</sup>
	Limit	base CPP	base CPP
Plan adjustment risk <sup>1</sup>	n/a	30 %	23 %
Market risk	80 - 90 %	85 %	85 %
Potential investment loss:			
One-year horizon <sup>2</sup>	20 %	18 %	18 %
Five-year horizon <sup>1, 2</sup>	n/a	20 %	20 %
Active risk <sup>3</sup>	450 bps	372 bps	n/a

		As at June 30, 2021	As at March 31, 2021 <sup>4</sup>
	Limit	additional CPP	additional CPP
Plan adjustment risk <sup>1</sup>	n/a	25 %	25 %
Market risk	50 - 60 %	55 %	54 %
Potential investment loss:			
One-year horizon <sup>2</sup>	14 %	13 %	12 %
Five-year horizon <sup>1, 2</sup>	n/a	15 %	15 %
Active risk <sup>3</sup>	450 bps	333 bps	n/a

<sup>1</sup> Measure is no longer a Board limit in the Policy, effective April 1, 2021, but continues to be a key consideration in determining the risk targets and limits.

<sup>2</sup> Percentage of investment value.

<sup>3</sup> Represented in basis points (bps).

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

# Notes to the Condensed Interim Consolidated Financial Statements

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## 8. 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.

### 8.1. 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.

### 8.2. 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.

### 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 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.

#### 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 June 30, 2021			As at March 31, 2021		
	Net exposure	% of total <sup>1</sup>		Net exposure	% of total <sup>1</sup>	
United States dollar	\$ 288,013	55 %		\$ 280,198	56 %	
Euro	34,614	7		31,580	6	
Chinese renminbi	24,150	5		23,391	5	
British pound sterling	17,635	3		16,238	3	
Hong Kong dollar	14,233	3		14,596	3	
Australian dollar	13,130	3		13,829	3	
Indian rupee	10,351	2		10,340	2	
Japanese yen	7,544	1		6,407	1	
Brazilian real	6,630	1		5,439	1	
Mexican peso	4,600	1		4,325	1	
Swiss Franc	3,926	1		3,546	1	
Korean won	3,265	1		3,453	1	
Other	12,415	2		11,701	2	
Total foreign exposure	440,506	85		425,043	85	
Canadian dollar	78,852	15		72,223	15	
<b>Total</b>	<b>\$ 519,358</b>	<b>100 %</b>		<b>\$ 497,266</b>	<b>100 %</b>	

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



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## 9. Credit risk

Credit risk represents the potential permanent 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 Consolidated Schedule of Investment Portfolio represent the maximum direct credit risk exposure at the Balance Sheet date.

### 9.1. Credit value-at-risk

In addition to incorporating credit risk within the potential investment loss measures as described in note 7.1, 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 June 30, 2021		As at March 31, 2021 <sup>1</sup>	
	base CPP	additional CPP	base CPP	additional CPP
Credit value-at-risk	3.6 %	2.4 %	3.4 %	2.2 %

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

## 10. Liquidity and leverage risk

### 10.1 Liquidity risk

Liquidity risk is the risk of failing to obtain the necessary funds to meet CPP Investments' payment obligations as they become due, to fund investment programs, or to rebalance its portfolios in periods of stress, without incurring unacceptable losses. 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 June 30, 2021	As at March 31, 2021
Liquidity coverage ratio	1.0x	7.1x	6.2x

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 10.2.

CPP Investments also maintains unsecured credit facilities to meet potential liquidity requirements. There were no credit facilities drawn as at June 30, 2021 and March 31, 2021.

(CAD millions)	As at June 30, 2021	As at March 31, 2021
Unsecured credit facilities held	\$ 3,000	\$ 3,000

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### 10.2 Leverage risk

Leverage risk is the risk that excessive on- and off-balance sheet financial obligations heighten market and liquidity risks during periods of stress. 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 of recourse leverage which represents the net amount of on-balance sheet and off-balance sheet financing used by CPP Investments to increase investment exposure.
- 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 June 30, 2021	As at March 31, 2021
Total financing liabilities	17.7 %	17.8 %
Risk weighted liabilities	10.9 %	10.5 %

For the three months ended June 30, 2021, the associated financing costs on total financing liabilities were \$21 million (three months ended June 30, 2020 - \$385 million). These financing costs are higher than the borrowing costs disclosed in note 5.1 due to the inclusion of certain elements of derivative transactions which are utilized to provide additional sources of leverage to CPP Investments.

In addition, CPP Investments seeks to maintain its issuer credit rating of “AAA” and maintains leverage ratios that are consistent with this rating.

### 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, 2021	
	As at June 30, 2021						Average effective yield	Average effective yield
<i>(CAD millions)</i>	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	\$ 1,257	\$ 5,285	\$ 1,221	\$ 12,811	\$ 20,574	2.3 %	\$ 20,561	2.6 %
<b>Marketable bonds</b>								
Government of Canada	-	2,913	1,367	1,014	5,294	1.3	6,337	1.1
Canadian provincial government	363	1,349	2,480	3,389	7,581	2.3	7,370	2.5
Canadian government corporations	-	1,847	417	335	2,599	1.6	2,584	1.6
Foreign government	318	19,395	11,659	20,117	51,489	1.9	45,736	2.1
Corporate bonds	440	5,215	5,356	4,309	15,320	2.4	12,177	2.6
<b>Other debt</b>								
Private debt <sup>1</sup>	194	25	-	-	219	-	137	-
Asset-backed securities	12	51	706	1,848	2,617	1.7	2,550	1.8
<b>Securities purchased under reverse repurchase agreements</b>	12,896	-	-	-	12,896	(0.2)	6,062	0.2
<b>Cash collateral pledged on securities borrowed</b>	1,092	-	-	-	1,092	n/a	1,065	n/a
<b>Total</b>	<b>\$ 16,572</b>	<b>\$ 36,080</b>	<b>\$ 23,206</b>	<b>\$ 43,823</b>	<b>\$ 119,681</b>	<b>n/a</b>	<b>\$ 104,579</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.

## Notes to the Condensed Interim Consolidated Financial Statements

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### 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.

(CAD millions)	Terms to maturity							As at March 31, 2021	
	As at June 30, 2021							Total <sup>2</sup>	Average effective yield
	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total <sup>2</sup>	Average effective yield			
<b>Marketable bonds</b>									
Corporate bonds	\$ -	\$ 882	\$ 3,091	\$ 45	\$ 4,018	4.6 %	\$ 3,795	4.8 %	
<b>Other debt</b>									
Private debt <sup>1</sup>	816	8,606	7,977	90	17,489	5.8	17,182	6.1	
Asset-backed securities	-	66	234	427	727	3.8	693	3.4	
<b>Total</b>	<b>\$ 816</b>	<b>\$ 9,554</b>	<b>\$ 11,302</b>	<b>\$ 562</b>	<b>\$ 22,234</b>	<b>n/a</b>	<b>\$ 21,670</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.

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

(CAD millions)	Terms to maturity							As at March 31, 2021		
	As at June 30, 2021							Total <sup>3</sup>	Fair value	Weighted average interest rate
	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total <sup>3</sup>	Fair Value	Weighted average interest rate			
<b>Securities sold under repurchase agreements</b>	\$ 33,479	\$ -	\$ -	\$ -	\$ 33,479	\$ 33,478	- %	\$ 30,502	\$ 30,489	0.1 %
<b>Cash collateral received on securities lent</b>	2,877	-	-	-	2,877	2,877	n/a	2,661	2,661	n/a
<b>Securities sold short<sup>1,2</sup></b>	25,900	-	-	-	25,900	25,900	n/a	22,275	22,275	n/a
<b>Debt financing liabilities</b>										
Term debt	6,973	14,348	12,549	4,870	38,740	39,681	0.8	35,623	36,449	0.8
<b>Short-term secured debt</b>	1,208	-	-	-	1,208	1,208	0.2	1,234	1,234	0.2
<b>Total</b>	<b>\$ 70,437</b>	<b>\$ 14,348</b>	<b>\$ 12,549</b>	<b>\$ 4,870</b>	<b>\$ 102,204</b>	<b>\$ 103,144</b>	<b>n/a</b>	<b>\$ 92,295</b>	<b>\$ 93,108</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.

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## 11. Reconciliation of debt financing liabilities

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

For the three months ended June 30, 2021					
(CAD millions)	As at April 1, 2021	Proceeds	Repayments	Non-cash Changes in fair value <sup>1</sup>	As at June 30, 2021
Debt financing liabilities	\$ 36,449	\$ 3,581	\$ -	\$ (349)	\$ 39,681

  

For the three months ended June 30, 2020					
(CAD millions)	As at April 1, 2020	Proceeds	Repayments	Non-cash Changes in fair value <sup>1</sup>	As at June 30, 2020
Debt financing liabilities	\$ 38,395	\$ 6,422	\$ (4,155)	\$ (960)	\$ 39,702

<sup>1</sup> Includes foreign exchange gains of \$404 million (June 30, 2020 - losses of \$1,329 million).

## 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:

(CAD millions)	As at June 30, 2021	As at March 31, 2021
<b>Third-party assets held as collateral on<sup>1</sup>:</b>		
Reverse repurchase agreements	\$ 12,914	\$ 6,056
Derivative transactions	949	2,049
Securities lent <sup>2,4</sup>	4,989	3,292
<b>Own and third-party assets pledged as collateral on:</b>		
Repurchase agreements	(33,548)	(30,457)
Securities borrowed <sup>3,4</sup>	(29,209)	(25,027)
Short-term secured debt <sup>5</sup>	(1,479)	(1,502)
Derivative transactions	(2,903)	(3,545)
<b>Total</b>	<b>\$ (48,287)</b>	<b>\$ (49,134)</b>

<sup>1</sup> The fair value of the collateral that may be sold or repledged as at June 30, 2021 was \$15,026 million (March 31, 2021 - \$6,781 million). The fair value of collateral sold or repledged as at June 30, 2021 was \$3,878 million (March 31, 2021 - \$3,148 million).

<sup>2</sup> The fair value of securities lent as at June 30, 2021 was \$4,834 million (March 31, 2021 - \$3,252 million).

<sup>3</sup> The fair value of securities borrowed as at June 30, 2021 was \$23,139 million (March 31, 2021 - \$20,670 million) of which \$22,919 million (March 31, 2021 - \$20,091 million) was used for short selling activity.

<sup>4</sup> Cash collateral payable on the balance sheet of \$2,877 million (March 31, 2021 - \$2,661 million) consists of collateral receivable of nil and collateral payable of \$2,877 million that qualify for netting (March 31, 2021 - nil and \$2,661 million, respectively).

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

# Notes to the Condensed Interim Consolidated Financial Statements

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## 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>	<b>As at June 30, 2021</b>	<b>As at March 31, 2021</b>
<b>Own and third-party assets pledged as collateral on:</b>		
Securities borrowed <sup>1,2</sup>	\$ (5,468)	\$ (4,752)
Derivative transactions <sup>2</sup>	(399)	(347)
Loans <sup>3</sup>	(18,259)	(17,357)
<b>Total</b>	<b>\$ (24,126)</b>	<b>\$ (22,456)</b>

<sup>1</sup> The fair value of securities borrowed as at June 30, 2021 was \$3,429 million (March 31, 2021 - \$2,976 million) of which \$3,429 million (March 31, 2021 - \$2,976 million) was sold for short selling activity.

<sup>2</sup> The cash collateral at the prime brokers may be used for securities borrowed and derivatives transacted by broker.

<sup>3</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 June 30, 2021, the unfunded commitments for CPP Investments and its investment holding subsidiaries totalled \$3,157 million (March 31, 2021 - \$1,057 million) and \$45,693 million (March 31, 2021 - \$44,244 million), respectively.

## 14. Guarantees

As part of certain investment transactions, CPP Investments and its investment holding subsidiaries agreed to guarantee, as at June 30, 2021, up to \$707 million (March 31, 2021 - \$505 million) and \$6,290 million (March 31, 2021 - \$6,128 million), respectively, to other counterparties in the event certain investee entities default under the terms of loan and other related agreements.

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## 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 April 1, 2020</b>	\$ 147,544	\$ 2,323	\$ 149,867	\$ 259,706	\$ 15	\$ 259,721	\$ 409,588	
Total net income for the period	-	-	-	22,776	149	22,925	22,925	
Transfers from CPP	11,117	807	11,924	-	-	-	11,924	
Transfers to CPP	(10,003)	-	(10,003)	-	-	-	(10,003)	
<b>Balance as at June 30, 2020</b>	\$ 148,658	\$ 3,130	\$ 151,788	\$ 282,482	\$ 164	\$ 282,646	\$ 434,434	
<b>As at April 1, 2021</b>	\$ 147,665	\$ 5,857	\$ 153,522	\$ 343,242	\$ 423	\$ 343,665	\$ 497,187	
Total net income for the period	-	-	-	17,549	226	17,775	17,775	
Transfers from CPP	13,205	1,587	14,792	-	-	-	14,792	
Transfers to CPP	(10,105)	-	(10,105)	-	-	-	(10,105)	
<b>Balance as at June 30, 2021</b>	\$ 150,765	\$ 7,444	\$ 158,209	\$ 360,791	\$ 649	\$ 361,440	\$ 519,649	

### 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:

<i>(CAD millions)</i>	As at June 30, 2021		
	base CPP	additional CPP	Total
Cash and cash equivalents held for investment purposes	\$ 10,689	\$ 49	\$ 10,738
Net investments other than cash and cash equivalents	500,586	8,034	508,620
<b>Net investments</b>	<b>511,275</b>	<b>8,083</b>	<b>519,358</b>
Premises and equipment	444	12	456
Other assets <sup>1</sup>	360	4	364
Accounts payable and accrued liabilities	(523)	(6)	(529)
<b>Net assets</b>	<b>\$ 511,556</b>	<b>\$ 8,093</b>	<b>\$ 519,649</b>

<i>(CAD millions)</i>	As at March 31, 2021		
	base CPP	additional CPP	Total
Cash and cash equivalents held for investment purposes	\$ 13,650	\$ 94	\$ 13,744
Net investments other than cash and cash equivalents	477,344	6,178	483,522
<b>Net investments</b>	<b>490,994</b>	<b>6,272</b>	<b>497,266</b>
Premises and equipment	448	11	459
Other assets <sup>1</sup>	307	4	311
Accounts payable and accrued liabilities	(842)	(7)	(849)
<b>Net assets</b>	<b>\$ 490,907</b>	<b>\$ 6,280</b>	<b>\$ 497,187</b>

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

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### 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:

	As at June 30, 2021		
(CAD millions)	base CPP	additional CPP	Total <sup>1</sup>
<b>Cash and cash equivalents</b>	\$ 12,078	\$ 64	\$ 12,142
<b>Equities</b>			
Public equities	183,821	1,913	185,734
Private equities	141,329	1,471	142,800
<b>Total equities</b>	<b>325,150</b>	<b>3,384</b>	<b>328,534</b>
<b>Fixed income</b>			
Bonds	102,989	3,886	106,875
Other debt	29,387	306	29,693
Money market securities	476	4	480
<b>Total fixed income</b>	<b>132,852</b>	<b>4,196</b>	<b>137,048</b>
<b>Absolute return strategies</b>	<b>29,367</b>	<b>306</b>	<b>29,673</b>
<b>Real assets</b>			
Infrastructure	39,907	416	40,323
Real estate	38,275	398	38,673
Sustainable energies	19,217	200	19,417
<b>Total real assets</b>	<b>97,399</b>	<b>1,014</b>	<b>98,413</b>
<b>Investment receivables</b>			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	13,844	144	13,988
Derivative assets	2,995	31	3,026
Other	2,760	38	2,798
<b>Total investment receivables</b>	<b>19,599</b>	<b>213</b>	<b>19,812</b>
<b>Total investments</b>	<b>\$ 616,445</b>	<b>\$ 9,177</b>	<b>\$ 625,622</b>
<b>Investment liabilities</b>			
Debt financing liabilities	(39,272)	(409)	(39,681)
Securities sold under repurchase agreements and cash collateral received on securities lent	(35,981)	(374)	(36,355)
Securities sold short	(25,633)	(267)	(25,900)
Derivative liabilities	(2,241)	(23)	(2,264)
Short-term secured debt	(1,195)	(13)	(1,208)
Other	(992)	(10)	(1,002)
<b>Total investment liabilities</b>	<b>(105,314)</b>	<b>(1,096)</b>	<b>(106,410)</b>
Pending trades receivable	4,113	43	4,156
Pending trades payable	(3,969)	(41)	(4,010)
<b>Net investments</b>	<b>\$ 511,275</b>	<b>\$ 8,083</b>	<b>\$ 519,358</b>

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(CAD millions)	As at March 31, 2021		
	base CPP	additional CPP	Total <sup>1,2</sup>
<b>Cash and cash equivalents</b>	\$ 14,432	\$ 100	\$ 14,532
<b>Equities</b>			
Public equities	173,682	1,401	175,083
Private equities	138,328	1,116	139,444
<b>Total equities</b>	<b>312,010</b>	<b>2,517</b>	<b>314,527</b>
<b>Fixed income</b>			
Bonds	95,474	3,086	98,560
Other debt	28,649	230	28,879
Money market securities	142	1	143
<b>Total fixed income</b>	<b>124,265</b>	<b>3,317</b>	<b>127,582</b>
<b>Absolute return strategies</b>	<b>28,776</b>	<b>232</b>	<b>29,008</b>
<b>Real assets</b>			
Infrastructure	39,634	320	39,954
Real estate	37,774	304	38,078
Sustainable energies	18,992	153	19,145
<b>Total real assets</b>	<b>96,400</b>	<b>777</b>	<b>97,177</b>
<b>Investment receivables</b>			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	7,070	57	7,127
Derivative assets	3,607	29	3,636
Other	2,729	35	2,764
<b>Total investment receivables</b>	<b>13,406</b>	<b>121</b>	<b>13,527</b>
<b>Total investments</b>	<b>\$ 589,289</b>	<b>\$ 7,064</b>	<b>\$ 596,353</b>
<b>Investment liabilities</b>			
Debt financing liabilities	(36,157)	(292)	(36,449)
Securities sold under repurchase agreements and cash collateral received on securities lent	(32,885)	(265)	(33,150)
Securities sold short	(22,097)	(178)	(22,275)
Derivative liabilities	(2,980)	(24)	(3,004)
Short-term secured debt	(1,224)	(10)	(1,234)
Other	(2,036)	(16)	(2,052)
<b>Total investment liabilities</b>	<b>(97,379)</b>	<b>(785)</b>	<b>(98,164)</b>
Pending trades receivable	3,052	25	3,077
Pending trades payable	(3,968)	(32)	(4,000)
<b>Net investments</b>	<b>\$ 490,994</b>	<b>\$ 6,272</b>	<b>\$ 497,266</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.

<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)

### 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 June 30, 2021		
	base CPP	additional CPP	Total
Investment income	\$ 18,156	\$ 232	\$ 18,388
Investment-related expenses	(225)	(2)	(227)
<b>Net investment income</b>	<b>17,931</b>	<b>230</b>	<b>18,161</b>
<b>Operating expenses</b>	<b>(382)</b>	<b>(4)</b>	<b>(386)</b>
<b>Net income</b>	<b>\$ 17,549</b>	<b>\$ 226</b>	<b>\$ 17,775</b>

<i>(CAD millions)</i>	For the three months ended June 30, 2020		
	base CPP	additional CPP	Total
Investment income	\$ 23,741	\$ 154	\$ 23,895
Investment-related expenses	(639)	(3)	(642)
<b>Net investment income</b>	<b>23,102</b>	<b>151</b>	<b>23,253</b>
<b>Operating expenses</b>	<b>(326)</b>	<b>(2)</b>	<b>(328)</b>
<b>Net income</b>	<b>\$ 22,776</b>	<b>\$ 149</b>	<b>\$ 22,925</b>