

Condensed Interim Consolidated
Financial Statements of
Canada Pension Plan Investment Board

SEPTEMBER 30, 2022



Condensed Interim Consolidated Balance Sheet

(Unaudited)

(CAD millions)	As at September 30, 2022	As at March 31, 2022¹
Assets		
Investments (note 2)	\$ 662,995	\$ 679,115
Pending trades receivable	9,834	7,964
Premises and equipment	510	447
Other assets	303	390
Total assets	673,642	687,916
Liabilities		
Investment liabilities (note 2)	133,691	123,545
Pending trades payable	10,210	24,168
Accounts payable and accrued liabilities	765	892
Total liabilities	144,666	148,605
Net assets	\$ 528,976	\$ 539,311
Net assets, represented by:		
Share capital	\$ -	\$ -
Accumulated net income and comprehensive income	356,181	378,080
Accumulated net transfers from the Canada Pension Plan	172,795	161,231
Net assets	\$ 528,976	\$ 539,311

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 Comprehensive Income (Loss)

(Unaudited)

<i>(CAD millions)</i>	For the three months ended September 30,		For the six months ended September 30,	
	2022	2021 ¹	2022	2021 ¹
Income (loss):				
Interest, dividends, and other income	\$ 4,209	\$ 3,170	\$ 6,603	\$ 5,531
Net gains on private investments	950	1,505	834	2,030
Net gains (losses) on public and other investments	(10,617)	633	(33,450)	7,682
Net gains on investment holding subsidiaries (note 4)	7,338	15,104	5,494	23,425
	1,880	20,412	(20,519)	38,668
Expenses:				
Personnel	247	253	513	530
General and administrative	116	91	238	185
Management fees	5	8	14	11
Performance fees	-	-	66	29
Transaction-related	44	122	148	178
Taxes	87	124	79	174
Financing	460	67	322	39
	959	665	1,380	1,146
Net income (loss) and comprehensive income (loss)	\$ 921	\$ 19,747	\$ (21,899)	\$ 37,522

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	Total net assets	
(CAD millions)						
As at July 1, 2022	10	\$ -	\$ 167,835	\$ 355,260	\$ 523,095	
Total net income and comprehensive income for the period		-	-	921	921	
Canada Pension Plan transfers:						
Transfers from the Canada Pension Plan		-	15,402	-	15,402	
Transfers to the Canada Pension Plan		-	(10,442)	-	(10,442)	
As at September 30, 2022	10	\$ -	\$ 172,795	\$ 356,181	\$ 528,976	

	For the six months ended					
	Number of shares outstanding	Share capital	Accumulated net transfers from the Canada Pension Plan	Accumulated net income (loss)	Total net assets	
(CAD millions)						
As at April 1, 2021	10	\$ -	\$ 153,522	\$ 343,665	\$ 497,187	
Total net income and comprehensive income for the period		-	-	37,522	37,522	
Canada Pension Plan transfers:						
Transfers from the Canada Pension Plan		-	27,588	-	27,588	
Transfers to the Canada Pension Plan		-	(20,763)	-	(20,763)	
As at September 30, 2021	10	\$ -	\$ 160,347	\$ 381,187	\$ 541,534	
As at April 1, 2022	10	\$ -	\$ 161,231	\$ 378,080	\$ 539,311	
Total net (loss) and comprehensive (loss) for the period		-	-	(21,899)	(21,899)	
Canada Pension Plan transfers:						
Transfers from the Canada Pension Plan		-	31,935	-	31,935	
Transfers to the Canada Pension Plan		-	(20,371)	-	(20,371)	
As at September 30, 2022	10	\$ -	\$ 172,795	\$ 356,181	\$ 528,976	

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 six months ended September 30,	
	2022	2021 ³
Cash flows from operating activities		
Net income (loss) and comprehensive income (loss)	\$ (21,899)	\$ 37,522
Adjustments for non-cash items:		
Amortization of premises and equipment	34	27
(Gains) on debt financing liabilities (note 10)	(2,558)	(210)
Adjustments for net changes in operating assets and liabilities:		
Decrease (increase) in investments	21,888	(59,206)
(Increase) decrease in pending trades receivable	(1,870)	50
(Increase) decrease in other assets	(4)	3
Increase in investment liabilities	7,335	10,539
(Decrease) in pending trades payable	(13,958)	(704)
(Decrease) in accounts payable and accrued liabilities	(127)	(192)
Net cash flows (used in) operating activities	(11,159)	(12,171)
Cash flows from financing activities		
Transfers from the Canada Pension Plan	31,935	27,588
Transfers to the Canada Pension Plan	(20,371)	(20,763)
Proceeds from debt financing liabilities (note 10)	7,563	8,315
Repayment of debt financing liabilities (note 10)	(2,194)	(2,856)
Net cash flows provided by financing activities	16,933	12,284
Cash flows from investing activities		
Net (acquisition) of premises and equipment	(97)	(24)
Net cash flows (used in) investing activities	(97)	(24)
Effect of exchange rate changes on cash and cash equivalents	207	33
Net increase in cash and cash equivalents	5,884	122
Cash and cash equivalents at the beginning of the period	13,595	13,969
Cash and cash equivalents at the end of the period	19,479	14,091
Cash and cash equivalents at the end of the period are comprised of:		
Cash and cash equivalents held for operating purposes ¹	212	210
Cash and cash equivalents held for investment purposes ²	19,267	13,881
Total	\$ 19,479	\$ 14,091

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.

<i>(CAD millions)</i>	As at September 30, 2022	As at March 31, 2022 ²
Cash and cash equivalents	\$ 21,053	\$ 15,341
Equities		
Private equities	183,135	173,767
Public equities	143,398	159,564
Total equities	326,533	333,331
Fixed income		
Bonds	115,294	108,311
Other debt	43,486	40,956
Money market securities	2,641	1,368
Total fixed income	161,421	150,635
Absolute return strategies	41,003	34,681
Infrastructure	47,708	46,481
Real estate	45,114	42,336
Investment receivables		
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	15,267	56,809
Derivative assets	5,152	2,933
Other	7,420	5,986
Total investment receivables	27,839	65,728
Total investments¹	\$ 670,671	\$ 688,533
Investment liabilities		
Securities and loans sold under repurchase agreements and cash collateral received on securities lent	52,887	43,629
Debt financing liabilities	52,324	49,507
Securities sold short	22,974	29,003
Derivative liabilities	9,067	4,775
Short-term secured debt	1,327	1,196
Other	3,036	2,775
Total investment liabilities¹	141,615	130,885
Pending trades receivable ¹	10,238	8,525
Pending trades payable ¹	10,366	26,807
Net investments	\$ 528,928	\$ 539,366

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 \$7,676 million (March 31, 2022 - \$9,418 million), \$7,924 million (March 31, 2022 - \$7,340 million), \$404 million (March 31, 2022 - \$561 million) and \$156 million (March 31, 2022 - \$2,639 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.

² 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)

Table of Contents

Note	Description	Page
	General information	7
1.	Summary of significant accounting policies	7
2.	Fair value measurement.....	8
3.	Derivatives	18
4.	Net gains on investment holding subsidiaries.....	19
5.	Segment information.....	19
6.	Risk management	22
7.	Market risk.....	23
8.	Credit risk.....	24
9.	Liquidity and leverage risk.....	24
10	Reconciliation of debt financing liabilities.....	26
11	Collateral	27
12	Commitments	27
13	Guarantees	28
14	Base CPP and additional CPP	28

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 and six months ended September 30, 2022 were approved by the Board of Directors and authorized for issue on November 10, 2022.

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’ 2022 Annual Consolidated Financial Statements included on pages 86 to 131 of CPP Investments’ 2022 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.

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.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

1.3 Interbank Offered Rates (IBORs) reform

The transition from IBORs to alternative reference rates impacts financial instruments referencing United States (U.S.) dollar London Interbank Offered Rates (LIBOR) with a maturity date beyond June 30, 2023. As at September 30, 2022, CPP Investments and its investment holding subsidiaries' exposure to financial instruments subject to U.S. dollar LIBOR reform that have yet to transition to Secured Overnight Financing Rate with a maturity date beyond June 30, 2023 was \$10 billion relating to non-derivative investments (fair value), \$1 billion relating to non-derivative investment liabilities (fair value), and \$3 billion relating to derivatives (notional).

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 for all tenors of CDOR will cease in June 2024. As at September 30, 2022, 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 \$1 billion and \$9 billion relating to non-derivative investments (fair value) and derivatives (notional), respectively. The non-derivative financial instruments are recognized in Other debt.

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 September 30, 2022				Total
	Level 1	Level 2	Level 3		
Investments					
Cash and cash equivalents¹	\$ -	\$ 19,267	\$ -	\$ -	\$ 19,267
Equities					
Private equities	-	2,105	5,849	-	7,954
Public equities ²	125,315	3,672	-	-	128,987
Total equities	125,315	5,777	5,849	-	136,941
Fixed income					
Bonds	72,438	39,373	-	-	111,811
Other debt	-	639	5,760	-	6,399
Money market securities	-	2,641	-	-	2,641
Total fixed income	72,438	42,653	5,760	-	120,851
Absolute return strategies	-	21,065	779	-	21,844
Infrastructure	-	-	11,258	-	11,258
Real estate	-	-	10,258	-	10,258
Investment receivables					
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	-	15,161	-	-	15,161
Derivative assets	-	5,097	-	-	5,097
Other ³	-	6,741	-	-	6,741
Total investment receivables	-	26,999	-	-	26,999
Investments in investment holding subsidiaries (note 2.2)	-	-	315,577	-	315,577
Total investments	\$ 197,753	\$ 115,761	\$ 349,481	\$ -	\$ 662,995
Investment liabilities					
Securities sold under repurchase agreements and cash collateral received on securities lent	-	52,689	-	-	52,689
Debt financing liabilities	46,565	412	-	-	46,977
Securities sold short	22,974	-	-	-	22,974
Derivative liabilities	117	8,950	-	-	9,067
Short-term secured debt	-	1,327	-	-	1,327
Other ³	-	447	210	-	657
Total investment liabilities	69,656	63,825	210	-	133,691
Pending trades receivable ¹	-	9,834	-	-	9,834
Pending trades payable ¹	-	10,210	-	-	10,210
Net investments	\$ 128,097	\$ 51,560	\$ 349,271	\$ -	\$ 528,928

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

	As at March 31, 2022 ⁴			
(CAD millions)	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents¹	\$ -	\$ 13,292	\$ -	\$ 13,292
Equities				
Private equities	-	1,683	6,479	8,162
Public equities ²	139,496	3,519	-	143,015
Total equities	139,496	5,202	6,479	151,177
Fixed income				
Bonds	56,027	48,343	-	104,370
Other debt	-	713	4,163	4,876
Money market securities	-	1,368	-	1,368
Total fixed income	56,027	50,424	4,163	110,614
Absolute return strategies	-	17,723	809	18,532
Infrastructure	-	-	10,550	10,550
Real estate	-	-	10,336	10,336
Investment receivables				
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	-	56,809	-	56,809
Derivative assets	-	2,852	-	2,852
Other ³	-	5,375	22	5,397
Total investment receivables	-	65,036	22	65,058
Investments in investment holding subsidiaries (note 2.2)	-	-	299,556	299,556
Total investments	\$ 195,523	\$ 151,677	\$ 331,915	\$ 679,115
Investment liabilities				
Securities sold under repurchase agreements and cash collateral received on securities lent	-	43,461	-	43,461
Debt financing liabilities	43,916	250	-	44,166
Securities sold short	29,003	-	-	29,003
Derivative liabilities	102	4,673	-	4,775
Short-term secured debt	-	1,196	-	1,196
Other ³	-	677	267	944
Total investment liabilities	73,021	50,257	267	123,545
Pending trades receivable ¹	-	7,964	-	7,964
Pending trades payable ¹	-	24,168	-	24,168
Net investments	\$ 122,502	\$ 85,216	\$ 331,648	\$ 539,366

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

² Includes investments in funds.

³ Included in other investment receivables and other investment liabilities is cash pledged as collateral of \$5,312 million (March 31, 2022 - \$4,052 million) and cash held as collateral of \$381 million (March 31, 2022 - \$538 million) on derivative transactions, respectively.

⁴ 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.

(CAD millions)	As at September 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents ¹	\$ -	\$ 1,786	\$ -	\$ 1,786
Equities				
Private equities	-	1,884	173,297	175,181
Public equities ²	9,678	4,705	28	14,411
Total equities	9,678	6,589	173,325	189,592
Fixed income				
Bonds	-	3,483	-	3,483
Other debt	-	6,475	30,612	37,087
Total fixed income	-	9,958	30,612	40,570
Absolute return strategies	-	17,000	2,159	19,159
Infrastructure	-	-	36,450	36,450
Real estate	-	-	34,856	34,856
Investment receivables				
Securities purchased under reverse repurchase agreements	-	106	-	106
Derivative assets	-	55	-	55
Other	-	667	12	679
Total investment receivables	-	828	12	840
Total investments held by investment holding subsidiaries	\$ 9,678	\$ 36,161	\$ 277,414	\$ 323,253
Investment liabilities				
Loans sold under repurchase agreements	-	198	-	198
Debt financing liabilities	-	5,203	144	5,347
Other	-	431	1,948	2,379
Total investment liabilities held by investment holding subsidiaries	-	5,832	2,092	7,924
Pending trades receivable ¹	-	404	-	404
Pending trades payable ¹	-	156	-	156
Investments in investment holding subsidiaries	\$ 9,678	\$ 30,577	\$ 275,322	\$ 315,577

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

(CAD millions)	As at March 31, 2022 ³			
	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents¹	\$ -	\$ 2,049	\$ -	\$ 2,049
Equities				
Private equities	-	2,816	162,789	165,605
Public equities ²	11,104	5,413	32	16,549
Total equities	11,104	8,229	162,821	182,154
Fixed income				
Bonds	-	3,941	-	3,941
Other debt	-	7,965	28,115	36,080
Total fixed income	-	11,906	28,115	40,021
Absolute return strategies	-	14,203	1,946	16,149
Infrastructure	-	-	35,931	35,931
Real estate	-	-	32,000	32,000
Investment receivables				
Securities purchased under reverse repurchase agreements	-	-	-	-
Derivative assets	-	81	-	81
Other	-	540	49	589
Total investment receivables	-	621	49	670
Total investments held by investment holding subsidiaries	\$ 11,104	\$ 37,008	\$ 260,862	\$ 308,974
Investment liabilities				
Loans sold under repurchase agreements	-	168	-	168
Debt financing liabilities	-	5,191	150	5,341
Other	-	16	1,815	1,831
Total investment liabilities held by investment holding subsidiaries	-	5,375	1,965	7,340
Pending trades receivable ¹	-	561	-	561
Pending trades payable ¹	-	2,639	-	2,639
Investments in investment holding subsidiaries	\$ 11,104	\$ 29,555	\$ 258,897	\$ 299,556

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

² Includes investments in funds.

³ 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 six months ended September 30, 2022, there were no transfers from Level 1 to Level 2 of investments or of investment liabilities held directly by CPP Investments (during the year ended March 31, 2022 - \$106 million and \$24 million, respectively). During the six months ended September 30, 2022, there were no transfers from Level 2 to Level 1 of investments or of investment liabilities held directly by CPP Investments (during the year ended March 31, 2022 - \$587 million and \$24 million, respectively). Transfers between Level 1 and Level 2 depend on 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 included in Level 3 of the fair value hierarchy:

For the six months ended September 30, 2022									
<i>(CAD millions)</i>	Fair value as at April 1, 2022	Gain (loss) included in net income (loss)	Purchases	Sales ²	Transfers into Level 3	Transfers out of Level 3	Fair value as at September 30, 2022	Change in unrealized gains (losses) on investments still held at September 30, 2022 ³	
Investments									
Equities									
Private equities	\$ 6,479	\$ (207)	\$ -	\$ -	\$ -	\$ (423)	\$ 5,849	\$ (641)	
Public equities	-	-	-	-	-	-	-	-	
Total equities	6,479	(207)	-	-	-	(423)	5,849	(641)	
Fixed income									
Other debt	4,163	276	1,766	(445)	-	-	5,760	359	
Absolute return strategies	809	13	-	(43)	-	-	779	4	
Infrastructure	10,550	650	71	(13)	-	-	11,258	653	
Real estate	10,336	1,043	153	(1,274)	-	-	10,258	1,011	
Investment receivables									
Other	22	14	-	-	-	(36)	-	-	
Investments in investment holding subsidiaries¹	299,556	5,494	11,752	(1,225)	-	-	315,577	5,494	
Total investments	\$ 331,915	\$ 7,283	\$ 13,742	\$ (3,000)	\$ -	\$ (459)	\$ 349,481	\$ 6,880	
Investment liabilities									
Other	267	(6)	-	-	(36)	(15)	210	(13)	
Net investments	\$ 331,648	\$ 7,289	\$ 13,742	\$ (3,000)	\$ 36	\$ (444)	\$ 349,271	\$ 6,893	

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the year ended March 31, 2022 ⁴									
(CAD millions)	Fair value as at April 1, 2021	Gain (loss) included in net income (loss)	Purchases	Sales ²	Transfers into Level 3	Transfers out of Level 3	Fair value as at March 31, 2022	Change in unrealized gains (losses) on investments still held at March 31, 2022 ³	
Investments									
Equities									
Private equities	\$ 11,541	\$ 238	\$ 824	\$ (1,887)	\$ 54	\$ (4,291)	\$ 6,479	\$ 45	
Public equities	45	(3)	-	(42)	-	-	-	-	
Total equities	11,586	235	824	(1,929)	54	(4,291)	6,479	45	
Fixed income									
Other debt	2,709	16	2,780	(1,534)	192	-	4,163	(58)	
Absolute return strategies									
	1,012	15	-	(218)	-	-	809	(27)	
Infrastructure	8,037	1,179	2,201	(867)	-	-	10,550	710	
Real estate	9,565	876	508	(613)	-	-	10,336	809	
Investment receivables									
Other	17	(2)	7	-	-	-	22	(2)	
Investments in investment holding subsidiaries¹									
	265,706	32,476	2,704	(1,330)	-	-	299,556	32,476	
Total investments	\$ 298,632	\$ 34,795	\$ 9,024	\$ (6,491)	\$ 246	\$ (4,291)	\$ 331,915	\$ 33,953	
Investment liabilities									
Other	228	-	40	(93)	148	(56)	267	-	
Net investments	\$ 298,404	\$ 34,795	\$ 8,984	\$ (6,398)	\$ 98	\$ (4,235)	\$ 331,648	\$ 33,953	

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.

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

⁴ 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 and 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 directly held by CPP Investments, valuation techniques used to determine their fair values, and the ranges and weighted averages of unobservable inputs.

Investment holding subsidiaries are also classified as Level 3 in the fair value hierarchy. The fair value is largely driven by Level 3 investments, for which the valuation techniques, ranges and weighted averages of unobservable inputs are included below. However, certain investments held by the investment holding subsidiaries are based on quoted prices in active markets (Level 1) or valued using observable inputs (Level 2). These amount to \$9,678 million (March 31, 2022 - \$11,104 million) and \$30,577 million (March 31, 2022 - \$29,555 million), respectively. Refer to note 2.2 for further details on Level 1 and Level 2 investments relating to investment holding subsidiaries. As each investment holding subsidiary is largely composed of Level 3 investments, the entire subsidiary is classified as Level 3.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

As at September 30, 2022

(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	\$ -	\$ 1,786	Cost with accrued interest	-	-	-
Private equities						
Direct	5,835	77,632	Earnings multiples of comparable companies	EBITDA multiple	6.7X-22.0X	15.0X
	12	19,025	Discounted cash flow	Discount rate	6.7%-20.0%	10.9%
			Net asset value provided by investment manager	-	-	-
Fund investments	2	78,524	Net asset value provided by investment manager	-	-	-
Public equities						
Direct	-	9,678	Quoted market price	-	-	-
Fund investments	-	4,733	Net asset value provided by investment manager	-	-	-
Bonds	-	3,483	Quoted market prices or discounted cash flow using observable inputs	-	-	-
Other debt						
Direct private debt	183	29,021	Discounted cash flow	Discount rate	1.4%-34.6%	12.5%
	-	3,384	Net asset value provided by investment manager	-	-	-
Asset-backed securities	5,364	523	Comparable pricing	Price	62.3%-100.0%	95.8%
Fund investments	213	4,159	Net asset value provided by investment manager	-	-	-
Absolute return strategies						
Fund investments	779	19,159	Net asset value provided by investment manager	-	-	-
Infrastructure						
Direct	11,258	36,390	Discounted cash flow	Discount rate	7.1%-13.3%	8.8%
Fund investments	-	60	Net asset value provided by investment manager	-	-	-
Real estate						
Direct	8,494	6,068	Discounted cash flow	Discount rate	5.0%-15.0%	6.9%
	1,735	27,130	Net asset value provided by investment partner	Terminal capitalization rate	4.0%-11.5%	5.5%
Fund investments	29	1,658	Net asset value provided by investment manager	-	-	-
Investment receivables						
Securities purchased under reverse repurchase agreements	-	106	Discounted cash flow	-	-	-
Derivative assets	-	55	Option model	-	-	-
Other	-	679	Cost with accrued interest	-	-	-
Investment liabilities						
Debt financing liabilities	-	5,347	Cost with accrued interest	-	-	-
			Discounted cash flow	Discount rate	5.0%-6.0%	5.6%
Loans sold under repurchase agreements	-	198	Cost with accrued interest	-	-	-
Other ¹	210	2,379	Amortized cost	-	-	-
Pending trades net receivable/(payable)	-	248	Amortized cost	-	-	-
Total	\$ 33,694	\$ 315,577				

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

	Fair value of investments held by:		As at March 31, 2022 ⁴			
	CPP Investments	Investment holding subsidiaries	Primary valuation techniques used ²	Significant unobservable inputs	Range of input values ³	Weighted average ³
<i>(CAD millions)</i>						
Cash and cash equivalents	\$ -	\$ 2,049	Cost with accrued interest	-	-	-
Private equities						
Direct	6,466	73,818	Earnings multiples of comparable companies	EBITDA multiple	8.9X-22.0X	15.4X
			Discounted cash flow	Discount rate	6.7%-16.4%	10.7%
	11	16,361	Net asset value provided by investment manager	-	-	-
Fund investments	2	75,426	Net asset value provided by investment manager	-	-	-
Public equities						
Direct	-	11,451	Quoted market price	-	-	-
Fund investments	-	5,098	Net asset value provided by investment manager	-	-	-
Bonds						
	-	3,941	Quoted market prices or discounted cash flow using observable inputs	-	-	-
Other debt						
Direct private debt	187	29,879	Discounted cash flow	Discount rate	4.0%-31.5%	8.3%
	-	1,401	Net asset value provided by investment manager	-	-	-
Asset-backed securities	3,766	538	Comparable pricing	Price	74.5%-103.4%	98.3%
Fund investments	210	4,262	Net asset value provided by investment manager	-	-	-
Absolute return strategies						
Fund investments	809	16,149	Net asset value provided by investment manager	-	-	-
Infrastructure						
Direct	10,550	35,878	Discounted cash flow	Discount rate	7.1%-13.3%	8.7%
Fund investments	-	53	Net asset value provided by investment manager	-	-	-
Real estate						
Direct	8,715	5,047	Discounted cash flow	Discount rate	4.8%-14.3%	6.7%
				Terminal capitalization rate	3.8%-11.5%	5.3%
	1,545	25,438	Net asset value provided by investment partner	-	-	-
Fund investments	76	1,515	Net asset value provided by investment manager	-	-	-
Investment receivables						
Derivative assets	-	81	Option model	-	-	-
Other	22	589	Cost with accrued interest	-	-	-
Investment liabilities						
Debt financing liabilities	-	5,341	Cost with accrued interest	-	-	-
			Discounted cash flow	Discount rate	3.1%-3.7%	3.3%
Loans sold under repurchase agreements	-	168	Cost with accrued interest	-	-	-
Other ¹	267	1,831	Amortized cost	-	-	-
Pending trades net receivable/(payable)						
	-	(2,078)	Amortized cost	-	-	-
Total	\$ 32,092	\$ 299,556				

¹ Primarily includes contingent considerations and 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 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. 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 \$9,400 million (March 31, 2022 - \$8,600 million) or an increase of \$9,300 million (March 31, 2022 - \$10,100 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 September 30, 2022		As at March 31, 2022	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Equity contracts				
Swaps	\$ 3,360	\$ (5,484)	\$ 1,722	\$ (3,741)
Options:				
Over-the-counter – purchased	11	-	19	-
Over-the-counter – written	-	(197)	-	(122)
Warrants	51	-	80	-
Total equity contracts	3,422	(5,681)	1,821	(3,863)
Foreign exchange contracts				
Forwards	1,029	(2,075)	729	(307)
Options:				
Over-the-counter – purchased	225	-	80	-
Over-the-counter – written	-	(194)	-	(44)
Total foreign exchange contracts	1,254	(2,269)	809	(351)
Interest rate contracts				
Swaps	6	(638)	43	(257)
Options:				
Over-the-counter – purchased	441	-	224	-
Over-the-counter – written	-	(271)	-	(175)
Total interest rate contracts	447	(909)	267	(432)
Credit contracts				
Credit default swaps:				
Over-the-counter – purchased	6	(2)	1	(3)
Over-the-counter – written	14	(52)	32	(6)
Options:				
Over-the-counter – purchased	9	-	3	-
Over-the-counter – written	-	(37)	-	(18)
Total credit contracts	29	(91)	36	(27)
Commodity contracts				
Options:				
Exchange-traded – written	-	(117)	-	(102)
Total commodity contracts	-	(117)	-	(102)
Total¹	\$ 5,152	\$ (9,067)	\$ 2,933	\$ (4,775)

¹ Includes \$51 million (March 31, 2022 - \$80 million) relating to warrants and \$4 million (March 31, 2022 - \$1 million) relating to interest rate swaps transacted by investment holding subsidiaries.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

4. Net gains on investment holding subsidiaries

<i>(CAD millions)</i>	For the three months ended September 30,		For the six months ended September 30,	
	2022	2021 ¹	2022	2021 ¹
Income:				
Interest, dividends, and other income	\$ 2,020	\$ 1,892	\$ 3,930	\$ 3,510
Net gains on private investments	7,054	14,671	5,718	20,484
Net gains (losses) on public and other investments	915	410	(1,068)	2,258
	9,989	16,973	8,580	26,252
Expenses:				
Transaction-related	35	29	41	66
Taxes	146	59	56	139
Financing	37	29	72	55
	218	117	169	260
Net gains before dividends paid to CPP Investments	9,771	16,856	8,411	25,992
Dividends paid to CPP Investments	2,433	1,752	2,917	2,567
Net gains on investment holding subsidiaries	\$ 7,338	\$ 15,104	\$ 5,494	\$ 23,425

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 September 30, 2022							
	Total Fund Management	Capital and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment	Total
Income (loss):	\$ (8,134)	\$ 1,789	\$ (1,064)	\$ 1,862	\$ 4,622	\$ 4,328	\$ (1,523)	\$ 1,880
Expenses¹:								
Personnel	23	34	34	32	58	66	-	247
General and administrative	25	13	17	15	21	25	-	116
Management fees ²	-	135	6	9	182	39	(366)	5
Performance fees ³	-	282	-	-	173	1	(456)	-
Transaction-related ⁴	11	5	15	6	23	19	(35)	44
Taxes ⁴	24	3	42	12	43	109	(146)	87
Financing ⁵	944	-	-	26	4	6	(520)	460
	1,027	472	114	100	504	265	(1,523)	959
Net income (loss)	\$ (9,161)	\$ 1,317	\$ (1,178)	\$ 1,762	\$ 4,118	\$ 4,063	\$ -	\$ 921

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended September 30, 2021 ⁶								
<i>(CAD millions)</i>	Capital		Active	Credit	Private	Real	Adjustment	Total
	Total	Markets						
	Fund	and Factor	Equities	Investments	Equity	Assets		
	Management	Investing						
Income (loss):	\$ 2,018	\$ 770	\$ (144)	\$ 1,962	\$ 14,103	\$ 2,839	\$ (1,136)	\$ 20,412
Expenses¹:								
Personnel	28	33	39	35	58	60	-	253
General and administrative	16	14	16	11	15	19	-	91
Management fees ²	-	123	10	8	185	46	(364)	8
Performance fees ³	-	255	(1)	2	283	40	(579)	-
Transaction-related ⁴	18	9	30	12	11	71	(29)	122
Taxes ⁴	13	-	113	8	26	23	(59)	124
Financing ⁵	144	-	-	8	14	6	(105)	67
	219	434	207	84	592	265	(1,136)	665
Net income (loss)	\$ 1,799	\$ 336	\$ (351)	\$ 1,878	\$ 13,511	\$ 2,574	\$ -	\$ 19,747

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

² Includes costs incurred within funds of \$366 million (September 30, 2021 - \$364 million).

³ Includes costs incurred within funds of \$456 million (September 30, 2021 - \$579 million).

⁴ Adjustments consist of expenses borne by investment holding subsidiaries, which are reclassified into income (loss).

⁵ Includes financing expenses borne by CPP Investments and its investment holding subsidiaries of \$497 million (September 30, 2021 - \$96 million), as well as the notional interest expense from derivatives (primarily swaps and futures) used to generate additional leverage for CPP Investments of \$483 million (September 30, 2021 - \$76 million). Together these amounts reflect the total leverage-related expenses used by Management to monitor the cost of Total Fund Leverage, as described in note 9.2.

⁶ Certain comparatives have been reclassified to conform to the current period's presentation.

For the six months ended September 30, 2022								
<i>(CAD millions)</i>	Capital		Active	Credit	Private	Real	Adjustment	Total
	Total	Markets						
	Fund	and Factor	Equities	Investments	Equity	Assets		
	Management	Investing						
Income (loss):	\$ (28,457)	\$ 4,082	\$ (1,903)	\$ 1,317	\$ 3,643	\$ 3,409	\$ (2,610)	\$ (20,519)
Expenses¹:								
Personnel	52	63	73	69	121	135	-	513
General and administrative	46	35	39	29	39	50	-	238
Management fees ²	-	267	8	39	323	72	(695)	14
Performance fees ³	-	663	-	-	413	5	(1,015)	66
Transaction-related ⁴	30	7	33	26	45	48	(41)	148
Taxes ⁴	21	3	58	27	46	(20)	(56)	79
Financing ⁵	1,054	-	-	44	16	11	(803)	322
	1,203	1,038	211	234	1,003	301	(2,610)	1,380
Net income (loss)	\$ (29,660)	\$ 3,044	\$ (2,114)	\$ 1,083	\$ 2,640	\$ 3,108	\$ -	\$ (21,899)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the six months ended September 30, 2021 ⁶								
(CAD millions)	Capital Markets		Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment	Total
	Total Fund Management	and Factor Investing						
Income (loss):	\$ 11,239	\$ 1,837	\$ (536)	\$ 2,851	\$ 20,242	\$ 5,110	\$ (2,075)	\$ 38,668
Expenses¹:								
Personnel	59	70	84	68	119	130	-	530
General and administrative	34	30	34	22	30	35	-	185
Management fees ²	-	237	16	17	310	74	(643)	11
Performance fees ³	-	533	4	2	481	42	(1,033)	29
Transaction-related ⁴	33	14	49	20	26	102	(66)	178
Taxes ⁴	23	1	146	8	17	118	(139)	174
Financing ⁵	180	-	-	15	27	11	(194)	39
	329	885	333	152	1,010	512	(2,075)	1,146
Net income (loss)	\$ 10,910	\$ 952	\$ (869)	\$ 2,699	\$ 19,232	\$ 4,598	\$ -	\$ 37,522

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

² Includes costs incurred within funds of \$695 million (September 30, 2021 - \$643 million).

³ Includes costs incurred within funds of \$1,015 million (September 30, 2021 - \$1,033 million).

⁴ Adjustments consist of expenses borne by investment holding subsidiaries, which are reclassified into income (loss).

⁵ Includes financing expenses borne by CPP Investments and its investment holding subsidiaries of \$394 million (September 30, 2021 - \$94 million), as well as the notional interest expense from derivatives (primarily swaps and futures) used to generate additional leverage for CPP Investments of \$731 million (September 30, 2021 - \$139 million). Together these amounts reflect the total leverage-related expenses used by Management to monitor the cost of Total Fund Leverage, as described in note 9.2.

⁶ Certain comparatives have been reclassified to conform to the current period's presentation.

5.2 Net investments by investment segment

Net investments ¹							
(CAD millions)	Capital Markets		Active Equities	Credit Investments	Private Equity	Real Assets	Total
	Total Fund Management	and Factor Investing					
As at:							
September 30, 2022	\$ 197,849	\$ 4,235	\$ (904)	\$ 54,446	\$ 141,544	\$ 131,758	\$ 528,928
March 31, 2022	228,176	3,413	(2,705)	53,672	134,170	122,640	539,366

¹ Net investments excludes net corporate assets of \$48 million (March 31, 2022 net corporate liabilities of \$55 million).

5.3 Geographic information

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

Net investments						
(CAD millions)	Canada	U.S.	Asia Pacific	Europe	Latin America	Total
As at:						
September 30, 2022	\$ 75,434	\$ 191,743	\$ 142,618	\$ 89,136	\$ 29,997	\$ 528,928
March 31, 2022	85,183	196,199	141,199	86,427	30,358	539,366

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

6. Risk management

CPP Investments manages 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 the key risks of CPP Investments. 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 the mandate of CPP Investments.

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. The target level of market risk, expressed in terms of an equity/debt risk equivalence ratio, 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%.

Plan adjustment risk is a central concept in CPP Investments' portfolio design and risk governance activities. It is defined as the risk of an increase to the Minimum Contribution Rate (applicable to CPP contributors) primarily due to adverse investment experience. It is an overarching risk that is impacted by any key risk that could materially impact CPP Investments' long-term returns. These key risks are denoted in the risk notes below.

Other key investment risk 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 19 times out of 20. The potential loss of the Investment Portfolios over a five-year horizon is also measured and monitored by Management.
- 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 internal risk group 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.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

			As at September 30, 2022		As at March 31, 2022	
	Limit		base CPP		base CPP	
Plan adjustment risk	n/a		16	%	16	%
Market risk	80 - 90	%	87	%	85	%
Potential investment loss:						
One-year horizon ¹	20	%	19	%	18	%
Five-year horizon ¹	n/a		24	%	19	%

			As at September 30, 2022		As at March 31, 2022	
	Limit		additional CPP		additional CPP	
Plan adjustment risk	n/a		18	%	18	%
Market risk	50 - 60	%	56	%	55	%
Potential investment loss:						
One-year horizon ¹	14	%	13	%	13	%
Five-year horizon ¹	n/a		16	%	15	%

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.

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 net 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.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

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 September 30, 2022		As at March 31, 2022 ²	
	Net exposure	% of total ¹	Net exposure	% of total ¹
U.S. dollar	\$ 269,243	51 %	\$ 296,341	55 %
Euro	33,557	6	39,127	7
Chinese renminbi	25,718	5	25,953	5
Japanese Yen	14,780	3	5,799	1
Other	76,993	14	84,956	16
Total foreign exposure	420,291	79	452,176	84
Canadian dollar	108,637	21	87,190	16
Total	\$ 528,928	100 %	\$ 539,366	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 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. Credit risk is also incorporated as a component of potential investment loss measures 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 September 30, 2022		As at March 31, 2022	
	base CPP	additional CPP	base CPP	additional CPP
Credit value-at-risk	3.7 %	2.4 %	3.4 %	2.3 %

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 September 30, 2022	As at March 31, 2022
Liquidity coverage ratio	1.0x	1.9x	2.9x

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

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 September 30, 2022 and March 31, 2022.

<i>(CAD millions)</i>	As at September 30, 2022	As at March 31, 2022
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 non-recourse measures. Recourse leverage is a notional-based measure of leverage with direct recourse to CPP Investments which represents the net amount of financing used by CPP Investments to increase its investment exposure. Non-recourse leverage generally represents the debt issued through CPP Investments' investment holding subsidiaries that limit recourse to specific investments held within these subsidiaries. Together, recourse leverage and non-recourse leverage constitute 'Total Fund Leverage'.

	Limit	As at September 30, 2022	As at March 31, 2022
Recourse leverage¹:			
Base CPP	45 %	31.4 %	22.8 %
Additional CPP	30	19.1	14.7

¹ Effective April 1, 2022 the Board approved these recourse leverage limits.

As at September 30, 2022, recourse and non-recourse leverage amounted to \$164,266 million and \$5,707 million, respectively (September 30, 2021 – \$96,688 million and \$4,491 million, respectively). Together, these balances comprise CPP Investments' Total Fund Leverage. The tables below present total leverage-related expenses incurred on Total Fund Leverage (as disclosed in note 5.1).

<i>(CAD millions)</i>	For the three months ended September 30,		For the six months ended September 30,	
	2022	2021	2022	2021
Leverage-related expenses incurred on:				
Recourse leverage	\$ 939	\$ 143	\$ 1,046	\$ 178
Non-recourse leverage	41	29	79	55
Total	\$ 980	\$ 172	\$ 1,125	\$ 233

Notes to the Condensed Interim Consolidated Financial Statements

(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, 2022	
	As at September 30, 2022							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			
Securities sold under repurchase agreements	\$ 45,832	\$ -	\$ -	\$ -	\$ 45,832	2.0 %	\$ 35,740	(0.1) %	
Cash collateral received on securities lent	7,103	-	-	-	7,103	n/a	7,714	n/a	
Debt financing liabilities	5,340	25,582	14,448	7,207	52,577	1.6	46,170	1.2	
Securities sold short ^{1,2}	22,974	-	-	-	22,974	n/a	29,003	n/a	
Short-term secured debt	1,327	-	-	-	1,327	3.2	1,196	0.6	
Total	\$ 82,576	\$ 25,582	\$ 14,448	\$ 7,207	\$ 129,813	n/a	\$ 119,823	n/a	

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.

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, 2022	
	As at September 30, 2022							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			
Loans sold under repurchase agreements	\$ -	\$ 198	\$ -	\$ -	\$ 198	5.3 %	\$ 168	2.9 %	
Debt financing liabilities	224	4,290	563	234	5,311	3.1	5,298	2.6	
Total	\$ 224	\$ 4,488	\$ 563	\$ 234	\$ 5,509	n/a	\$ 5,466	n/a	

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 six months ended September 30,	
	2022	2021
Balance, beginning of period	\$ 44,166	\$ 36,449
Proceeds	7,563	8,315
Repayments	(2,194)	(2,856)
Non-cash changes in fair value ¹	(2,558)	(210)
Balance, end of period	\$ 46,977	\$ 41,698

¹ Includes foreign exchange loss of \$1,266 million (September 30, 2021 - \$46 million).

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

11 Collateral

11.1 Collateral held and pledged directly by CPP Investments

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

<i>(CAD millions)</i>	As at September 30, 2022	As at March 31, 2022
Third-party assets held as collateral on¹:		
Reverse repurchase agreements	\$ 14,926	\$ 55,897
Derivative transactions	381	538
Securities lent ^{2,3}	7,616	8,935
Own and third-party assets pledged as collateral on:		
Repurchase agreements	(45,505)	(35,518)
Securities borrowed ^{3,4}	(25,243)	(32,298)
Short-term secured debt ⁵	(1,522)	(1,429)
Derivative transactions	(13,958)	(10,634)
Debt financing liabilities	(810)	(535)
Total	\$ (64,115)	\$ (15,044)

¹ The fair value of collateral sold or repledged as at September 30, 2022 was \$7,547 million (March 31, 2022 - \$16,233 million).

² The fair value of securities lent as at September 30, 2022 was \$7,501 million (March 31, 2022 - \$9,054 million).

³ Cash collateral payable on the Balance Sheet of \$7,103 million (March 31, 2022 - \$7,714 million) consists of collateral receivable of \$105 million and collateral payable of \$7,208 million that qualify for netting (March 31, 2022 - \$140 million and \$7,854 million, respectively).

⁴ The fair value of securities borrowed as at September 30, 2022 was \$17,368 million (March 31, 2022 - \$21,888 million) of which \$17,245 million (March 31, 2022 - \$21,752 million) was used for short selling activity.

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

11.2 Supplemental information on collateral relating to investment holding subsidiaries

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

<i>(CAD millions)</i>	As at September 30, 2022	As at March 31, 2022
Third-party assets held as collateral on¹:		
Reverse repurchase agreements	\$ 106	-
Own and third-party assets pledged as collateral on:		
Repurchase agreements	(325)	(292)
Securities borrowed ^{2,3}	(11,343)	(8,469)
Derivative transactions ³	(974)	(574)
Private equities ⁴	(10,780)	(10,156)
Debt financing liabilities	(9,554)	(10,037)
Total	\$ (32,870)	\$ (29,528)

¹ The fair value of collateral sold or repledged as at September 30, 2022 was nil (March 31, 2022 - nil).

² The fair value of securities borrowed as at September 30, 2022 was \$6,874 million (March 31, 2022 - \$4,967 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 September 30, 2022, the unfunded commitments for CPP Investments and its investment holding subsidiaries totalled \$2,070 million (March 31, 2022 - \$1,083 million) and \$59,764 million (March 31, 2022 - \$54,064 million), respectively.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

13 Guarantees

As part of certain investment transactions, CPP Investments and its investment holding subsidiaries agreed to guarantee, as at September 30, 2022, up to \$220 million (March 31, 2022 - \$228 million) and \$6,341 million (March 31, 2022 - \$7,006 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:

<i>(CAD millions)</i>	For the three months ended							
	Accumulated net transfers from CPP			Accumulated net income (loss)			Total net assets	
	base CPP	additional CPP	Total	base CPP	additional CPP	Total		
As at July 1, 2022	\$ 153,158	\$ 14,677	\$ 167,835	\$ 355,337	\$ (77)	\$ 355,260	\$ 523,095	
Total net income and comprehensive income for the period	-	-	-	883	38	921	921	
Transfers from CPP	13,091	2,311	15,402	-	-	-	15,402	
Transfers to CPP	(10,442)	-	(10,442)	-	-	-	(10,442)	
As at September 30, 2022	\$ 155,807	\$ 16,988	\$ 172,795	\$ 356,220	\$ (39)	\$ 356,181	\$ 528,976	

<i>(CAD millions)</i>	For the six months ended							
	Accumulated net transfers from CPP			Accumulated net income (loss)			Total net assets	
	base CPP	additional CPP	Total	base CPP	additional CPP	Total		
As at April 1, 2021	\$ 147,665	\$ 5,857	\$ 153,522	\$ 343,242	\$ 423	\$ 343,665	\$ 497,187	
Total net income and comprehensive income for the period	-	-	-	37,103	419	37,522	37,522	
Transfers from CPP	24,650	2,938	27,588	-	-	-	27,588	
Transfers to CPP	(20,763)	-	(20,763)	-	-	-	(20,763)	
As at September 30, 2021	\$ 151,552	\$ 8,795	\$ 160,347	\$ 380,345	\$ 842	\$ 381,187	\$ 541,534	
As at April 1, 2022	\$ 149,184	\$ 12,047	\$ 161,231	\$ 377,510	\$ 570	\$ 378,080	\$ 539,311	
Total net (loss) and comprehensive (loss) for the period	-	-	-	(21,290)	(609)	(21,899)	(21,899)	
Transfers from CPP	26,994	4,941	31,935	-	-	-	31,935	
Transfers to CPP	(20,371)	-	(20,371)	-	-	-	(20,371)	
As at September 30, 2022	\$ 155,807	\$ 16,988	\$ 172,795	\$ 356,220	\$ (39)	\$ 356,181	\$ 528,976	

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 September 30, 2022			As at March 31, 2022		
	base CPP	additional CPP	Total	base CPP	additional CPP	Total
Cash and cash equivalents held for investment purposes	\$ 18,653	\$ 614	\$ 19,267	\$ 13,123	\$ 169	\$ 13,292
Net investments other than cash and cash equivalents	493,327	16,334	509,661	513,629	12,445	526,074
Net investments	511,980	16,948	528,928	526,752	12,614	539,366
Premises and equipment	496	14	510	436	11	447
Other assets ¹	298	5	303	383	7	390
Accounts payable and accrued liabilities	747	18	765	877	15	892
Net assets	\$ 512,027	\$ 16,949	\$ 528,976	\$ 526,694	\$ 12,617	\$ 539,311

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 September 30, 2022 ¹		
	base CPP	additional CPP	Total
Cash and cash equivalents	\$ 20,402	\$ 651	\$ 21,053
Equities			
Private equities	179,328	3,807	183,135
Public equities	140,417	2,981	143,398
Total equities	319,745	6,788	326,533
Fixed income			
Bonds	107,197	8,097	115,294
Other debt	42,582	904	43,486
Money market securities	2,586	55	2,641
Total fixed income	152,365	9,056	161,421
Absolute return strategies	40,151	852	41,003
Infrastructure	46,716	992	47,708
Real estate	44,176	938	45,114
Investment receivables			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	14,949	318	15,267
Derivative assets	5,045	107	5,152
Other	7,227	193	7,420
Total investment receivables	27,221	618	27,839
Total investments	\$ 650,776	\$ 19,895	\$ 670,671
Investment liabilities			
Securities and loans sold under repurchase agreements and cash collateral received on securities lent	51,788	1,099	52,887
Debt financing liabilities	51,236	1,088	52,324
Securities sold short	22,496	478	22,974
Derivative liabilities	8,879	188	9,067
Short-term secured debt	1,299	28	1,327
Other	2,973	63	3,036
Total investment liabilities	138,671	2,944	141,615
Pending trades receivable	9,978	260	10,238
Pending trades payable	10,103	263	10,366
Net investments	\$ 511,980	\$ 16,948	\$ 528,928

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

<i>(CAD millions)</i>	As at March 31, 2022 ^{1,2}		
	base CPP	additional CPP	Total
Cash and cash equivalents	\$ 15,140	\$ 201	\$ 15,341
Equities			
Private equities	171,126	2,641	173,767
Public equities	157,138	2,426	159,564
Total equities	328,264	5,067	333,331
Fixed income			
Bonds	102,306	6,005	108,311
Other debt	40,333	623	40,956
Money market securities	1,287	81	1,368
Total fixed income	143,926	6,709	150,635
Absolute return strategies	34,154	527	34,681
Infrastructure	45,775	706	46,481
Real estate	41,693	643	42,336
Investment receivables			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	55,945	864	56,809
Derivative assets	2,888	45	2,933
Other	5,867	119	5,986
Total investment receivables	64,700	1,028	65,728
Total investments	\$ 673,652	\$ 14,881	\$ 688,533
Investment liabilities			
Securities sold under repurchase agreements and cash collateral received on securities lent	42,965	664	43,629
Debt financing liabilities	48,754	753	49,507
Securities sold short	28,562	441	29,003
Derivative liabilities	4,702	73	4,775
Short-term secured debt	1,178	18	1,196
Other	2,734	41	2,775
Total investment liabilities	128,895	1,990	130,885
Pending trades receivable	8,395	130	8,525
Pending trades payable	26,400	407	26,807
Net investments	\$ 526,752	\$ 12,614	\$ 539,366

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 Consolidated Schedule of Investment Portfolio for further details.

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

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:

(CAD millions)	For the three months ended September 30,						2021 ¹
	2022			2021			
	base CPP	additional CPP	Total	base CPP	additional CPP	Total	
Income:							
Interest, dividends, and other income	\$ 4,144	\$ 65	\$ 4,209	\$ 3,143	\$ 27	\$ 3,170	
Net gains on private investments	931	19	950	1,488	17	1,505	
Net gains (losses) on public and other investments	(10,370)	(247)	(10,617)	671	(38)	633	
Net gains on investment holding subsidiaries	7,118	220	7,338	14,909	195	15,104	
	1,823	57	1,880	20,211	201	20,412	
Expenses:							
Personnel	242	5	247	250	3	253	
General and administrative	113	3	116	89	2	91	
Management fees	5	-	5	8	-	8	
Performance fees	-	-	-	-	-	-	
Transaction-related	44	-	44	121	1	122	
Taxes	85	2	87	123	1	124	
Financing	451	9	460	66	1	67	
	940	19	959	657	8	665	
Net income and comprehensive income	\$ 883	\$ 38	\$ 921	\$ 19,554	\$ 193	\$ 19,747	

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

(CAD millions)	For the six months ended September 30,						2021 ¹
	2022			2021			
	base CPP	additional CPP	Total	base CPP	additional CPP	Total	
Income (loss):							
Interest, dividends, and other income	\$ 6,482	\$ 121	\$ 6,603	\$ 5,481	\$ 50	\$ 5,531	
Net gains on private investments	816	18	834	2,007	23	2,030	
Net gains (losses) on public and other investments	(32,521)	(929)	(33,450)	7,614	68	7,682	
Net gains on investment holding subsidiaries	5,286	208	5,494	23,134	291	23,425	
	(19,937)	(582)	(20,519)	38,236	432	38,668	
Expenses:							
Personnel	503	10	513	524	6	530	
General and administrative	232	6	238	181	4	185	
Management fees	14	-	14	11	-	11	
Performance fees	65	1	66	29	-	29	
Transaction-related	147	1	148	177	1	178	
Taxes	77	2	79	172	2	174	
Financing	315	7	322	39	-	39	
	1,353	27	1,380	1,133	13	1,146	
Net income (loss) and comprehensive income (loss)	\$ (21,290)	\$ (609)	\$ (21,899)	\$ 37,103	\$ 419	\$ 37,522	

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