

Condensed Interim Consolidated
Financial Statements of
Canada Pension Plan Investment Board

DECEMBER 31, 2022



Condensed Interim Consolidated Balance Sheet

(Unaudited)

(CAD millions)	As at December 31, 2022	As at March 31, 2022¹
Assets		
Investments (note 2)	\$ 674,109	\$ 679,115
Pending trades receivable	1,816	7,964
Premises and equipment	502	447
Other assets	321	390
Total assets	676,748	687,916
Liabilities		
Investment liabilities (note 2)	136,899	123,545
Pending trades payable	3,212	24,168
Accounts payable and accrued liabilities	872	892
Total liabilities	140,983	148,605
Net assets	\$ 535,765	\$ 539,311
Net assets, represented by:		
Share capital	\$ -	\$ -
Accumulated net income and comprehensive income	365,960	378,080
Accumulated net transfers from the Canada Pension Plan	169,805	161,231
Net assets	\$ 535,765	\$ 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 December 31,		For the nine months ended December 31,	
	2022	2021 ¹	2022	2021 ¹
Income (loss):				
Interest, dividends, and other income	\$ 2,437	\$ 2,216	\$ 9,040	\$ 7,747
Net gains (losses) on private investments	(1,845)	(1,646)	(1,011)	384
Net gains (losses) on public and other investments	8,053	6,487	(25,397)	14,169
Net gains on investment holding subsidiaries (note 4)	2,320	6,413	7,814	29,838
	10,965	13,470	(9,554)	52,138
Expenses:				
Personnel	263	212	776	742
General and administrative	107	113	345	298
Management fees	4	4	18	15
Performance fees	-	1	66	30
Transaction-related	73	66	221	244
Taxes	42	(55)	121	119
Financing	697	99	1,019	138
	1,186	440	2,566	1,586
Net income (loss) and comprehensive income (loss)	\$ 9,779	\$ 13,030	\$ (12,120)	\$ 50,552

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 October 1, 2022	10	\$ -	\$ 172,795	\$ 356,181	\$ 528,976	
Total net income and comprehensive income		-	-	9,779	9,779	
Canada Pension Plan transfers:						
Transfers from the Canada Pension Plan		-	7,913	-	7,913	
Transfers to the Canada Pension Plan		-	(10,903)	-	(10,903)	
As at December 31, 2022	10	\$ -	\$ 169,805	\$ 365,960	\$ 535,765	

	For the nine 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		-	-	50,552	50,552	
Canada Pension Plan transfers:						
Transfers from the Canada Pension Plan		-	34,432	-	34,432	
Transfers to the Canada Pension Plan		-	(31,796)	-	(31,796)	
As at December 31, 2021	10	\$ -	\$ 156,158	\$ 394,217	\$ 550,375	
As at April 1, 2022	10	\$ -	\$ 161,231	\$ 378,080	\$ 539,311	
Total net (loss) and comprehensive (loss)		-	-	(12,120)	(12,120)	
Canada Pension Plan transfers:						
Transfers from the Canada Pension Plan		-	39,848	-	39,848	
Transfers to the Canada Pension Plan		-	(31,274)	-	(31,274)	
As at December 31, 2022	10	\$ -	\$ 169,805	\$ 365,960	\$ 535,765	

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 nine months ended December 31,	
	2022	2021 ³
Cash flows from operating activities		
Net income (loss) and comprehensive income (loss)	\$ (12,120)	\$ 50,552
Adjustments for non-cash items:		
Amortization of premises and equipment	54	42
(Gains) on debt financing liabilities (note 10)	(1,870)	(729)
Adjustments for net changes in operating assets and liabilities:		
Decrease (increase) in investments	12,219	(88,313)
Decrease (increase) in pending trades receivable	6,148	(797)
Decrease in other assets	2	10
Increase in investment liabilities	9,765	26,451
(Decrease) increase in pending trades payable	(20,956)	1,203
(Decrease) in accounts payable and accrued liabilities	(20)	(108)
Net cash flows (used in) operating activities	(6,778)	(11,689)
Cash flows from financing activities		
Transfers from the Canada Pension Plan	39,848	34,432
Transfers to the Canada Pension Plan	(31,274)	(31,796)
Proceeds from debt financing liabilities (note 10)	8,198	10,038
Repayment of debt financing liabilities (note 10)	(2,739)	(2,856)
Net cash flows provided by financing activities	14,033	9,818
Cash flows from investing activities		
Acquisitions of premises and equipment	(109)	(35)
Net cash flows (used in) investing activities	(109)	(35)
Effect of exchange rate changes on cash and cash equivalents	584	(7)
Net increase in cash and cash equivalents	7,730	(1,913)
Cash and cash equivalents at the beginning of the period	13,595	13,969
Cash and cash equivalents at the end of the period	21,325	12,056
Cash and cash equivalents at the end of the period are comprised of:		
Cash and cash equivalents held for operating purposes ¹	236	226
Cash and cash equivalents held for investment purposes ²	21,089	11,830
Total	\$ 21,325	\$ 12,056

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 December 31, 2022	As at March 31, 2022 ²
Cash and cash equivalents	\$ 23,353	\$ 15,341
Equities		
Private equities	182,450	173,767
Public equities	149,792	159,564
Total equities	332,242	333,331
Fixed income		
Bonds	121,961	108,311
Other debt	44,430	40,956
Money market securities	988	1,368
Total fixed income	167,379	150,635
Absolute return strategies	41,558	34,681
Infrastructure	45,774	46,481
Real estate	46,199	42,336
Investment receivables		
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	17,237	56,809
Derivative assets	4,378	2,933
Other	4,084	5,986
Total investment receivables	25,699	65,728
Total investments¹	\$ 682,204	\$ 688,533
Investment liabilities		
Securities and loans sold under repurchase agreements and cash collateral received on securities lent	62,068	43,629
Debt financing liabilities	53,438	49,507
Securities sold short	21,082	29,003
Derivative liabilities	3,832	4,775
Short-term secured debt	990	1,196
Other	3,713	2,775
Total investment liabilities¹	145,123	130,885
Pending trades receivable ¹	1,966	8,525
Pending trades payable ¹	3,233	26,807
Net investments	\$ 535,814	\$ 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 \$8,095 million (March 31, 2022 - \$9,418 million), \$8,224 million (March 31, 2022 - \$7,340 million), \$150 million (March 31, 2022 - \$561 million) and \$21 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)

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Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

General information

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

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

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

The Interim Financial Statements for the three and nine months ended December 31, 2022 were approved by the Board of Directors and authorized for issue on February 9, 2023.

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 December 31, 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 nil 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 December 31, 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 \$10 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

(CAD millions)	As at December 31, 2022			
	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents ¹	\$ -	\$ 21,089	\$ -	\$ 21,089
Equities				
Private equities ²	-	1,958	5,525	7,483
Public equities ²	130,460	3,378	-	133,838
Total equities	130,460	5,336	5,525	141,321
Fixed income				
Bonds	81,871	36,696	-	118,567
Other debt ²	-	466	6,479	6,945
Money market securities	-	988	-	988
Total fixed income	81,871	38,150	6,479	126,500
Absolute return strategies ²	-	21,031	771	21,802
Infrastructure ²	-	-	9,988	9,988
Real estate ²	-	-	9,835	9,835
Investment receivables				
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	-	17,107	-	17,107
Derivative assets	-	4,362	-	4,362
Other ³	-	2,933	-	2,933
Total investment receivables	-	24,402	-	24,402
Investments in investment holding subsidiaries (note 2.2)	-	-	319,172	319,172
Total investments	\$ 212,331	\$ 110,008	\$ 351,770	\$ 674,109
Investment liabilities				
Securities sold under repurchase agreements and cash collateral received on securities lent	-	61,858	-	61,858
Debt financing liabilities	47,345	410	-	47,755
Securities sold short	21,082	-	-	21,082
Derivative liabilities	62	3,770	-	3,832
Short-term secured debt	-	990	-	990
Other ³	-	1,156	226	1,382
Total investment liabilities	68,489	68,184	226	136,899
Pending trades receivable ¹	-	1,816	-	1,816
Pending trades payable ¹	-	3,212	-	3,212
Net investments	\$ 143,842	\$ 40,428	\$ 351,544	\$ 535,814

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 ²	-	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 ²	-	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 strategies²	-	17,723	809	18,532
Infrastructure²	-	-	10,550	10,550
Real estate²	-	-	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 Pending trades 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 \$1,461 million (March 31, 2022 - \$4,052 million) and cash held as collateral of \$1,010 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 December 31, 2022			
	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents ¹	\$ -	\$ 2,264	\$ -	\$ 2,264
Equities				
Private equities ²	-	708	174,259	174,967
Public equities ²	11,074	4,854	26	15,954
Total equities	11,074	5,562	174,285	190,921
Fixed income				
Bonds	-	3,340	54	3,394
Other debt ²	-	6,604	30,881	37,485
Total fixed income	-	9,944	30,935	40,879
Absolute return strategies²	-	17,646	2,110	19,756
Infrastructure²	-	-	35,786	35,786
Real estate²	-	-	36,364	36,364
Investment receivables				
Securities purchased under reverse repurchase agreements	-	130	-	130
Derivative assets	-	16	-	16
Other	-	1,138	13	1,151
Total investment receivables	-	1,284	13	1,297
Total investments held by investment holding subsidiaries	\$ 11,074	\$ 36,700	\$ 279,493	\$ 327,267
Investment liabilities				
Loans sold under repurchase agreements	-	210	-	210
Debt financing liabilities	-	5,622	61	5,683
Other	-	431	1,900	2,331
Total investment liabilities held by investment holding subsidiaries	-	6,263	1,961	8,224
Pending trades receivable ¹	-	150	-	150
Pending trades payable ¹	-	21	-	21
Investments in investment holding subsidiaries	\$ 11,074	\$ 30,566	\$ 277,532	\$ 319,172

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	-	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 ²	-	7,965	28,115	36,080
Total fixed income	-	11,906	28,115	40,021
Absolute return strategies²	-	14,203	1,946	16,149
Infrastructure²	-	-	35,931	35,931
Real estate²	-	-	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 Pending trades 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 nine months ended December 31, 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 nine months ended December 31, 2022, transfers from Level 2 to Level 1 included \$238 million of investments and nil 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 nine months ended December 31, 2022									
	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 December 31, 2022	Change in unrealized gains (losses) on investments still held at December 31, 2022 ³	
(CAD millions)									
Investments									
Equities									
Private equities	\$ 6,479	\$ (842)	\$ 162	\$ -	\$ -	\$ (274)	\$ 5,525	\$ (1,084)	
Public equities	-	-	-	-	-	-	-	-	
Total equities	6,479	(842)	162	-	-	(274)	5,525	(1,084)	
Fixed income									
Other debt	4,163	231	3,148	(1,063)	-	-	6,479	216	
Absolute return strategies	809	14	-	(52)	-	-	771	2	
Infrastructure	10,550	(8)	1,996	(2,550)	-	-	9,988	(221)	
Real estate	10,336	688	275	(1,464)	-	-	9,835	645	
Investment receivables									
Other	22	7	-	-	-	(29)	-	-	
Investments in investment holding subsidiaries¹	299,556	7,814	13,242	(1,440)	-	-	319,172	7,814	
Total investments	\$ 331,915	\$ 7,904	\$ 18,823	\$ (6,569)	\$ -	\$ (303)	\$ 351,770	\$ 7,372	
Investment liabilities									
Other	267	3	-	-	-	(44)	226	3	
Net investments	\$ 331,648	\$ 7,901	\$ 18,823	\$ (6,569)	\$ -	\$ (259)	\$ 351,544	\$ 7,369	

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 \$11,074 million (March 31, 2022 - \$11,104 million) and \$30,566 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 December 31, 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	\$ -	\$ 2,264	Cost with accrued interest	-	-	-
Private equities						
Direct			Earnings multiples of comparable companies	EBITDA multiple	6.9X-26.0X	15.6X
	5,512	77,002	Discounted cash flow	Discount rate	6.7%-25.0%	11.2%
	11	20,299	Net asset value provided by investment manager	-	-	-
Fund investments	2	77,666	Net asset value provided by investment manager	-	-	-
Public equities						
Direct	-	11,074	Quoted market price	-	-	-
Fund investments	-	4,880	Net asset value provided by investment manager	-	-	-
Bonds						
	-	3,394	Quoted market prices or discounted cash flow using observable inputs	-	-	-
Other debt						
Direct private debt	524	29,776	Discounted cash flow	Discount rate	1.4%-33.7%	12.8%
	-	2,983	Net asset value provided by investment manager	-	-	-
Asset-backed securities	5,742	570	Comparable pricing	Price	64.8%-101.7%	95.8%
Fund investments	213	4,156	Net asset value provided by investment manager	-	-	-
Absolute return strategies						
Fund investments	771	19,756	Net asset value provided by investment manager	-	-	-
Infrastructure						
Direct	9,988	35,722	Discounted cash flow	Discount rate	7.4%-13.3%	9.1%
Fund investments	-	64	Net asset value provided by investment manager	-	-	-
Real estate						
Direct	7,751	5,936	Discounted cash flow	Discount rate	5.3%-15.7%	7.4%
				Terminal capitalization rate	4.3%-11.5%	5.7%
	2,063	28,674	Net asset value provided by investment partner	-	-	-
Fund investments	21	1,754	Net asset value provided by investment manager	-	-	-
Investment receivables						
Securities purchased under reverse repurchase agreements	-	130	Discounted cash flow	-	-	-
Derivative assets	-	16	Option model	-	-	-
Other	-	1,151	Cost with accrued interest	-	-	-
Investment liabilities						
Debt financing liabilities	-	5,683	Discounted cash flow	Discount rate	5.0%-6.6%	5.3%
			Cost with accrued interest			
Loans sold under repurchase agreements	-	210	Cost with accrued interest	-	-	-
Other ¹	226	2,331	Amortized cost	-	-	-
Pending trades net receivable/(payable)	-	129	Amortized cost	-	-	-
Total	\$ 32,372	\$ 319,172				

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

As at March 31, 2022⁴

(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	\$ -	\$ 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 \$7,600 million (March 31, 2022 - \$8,600 million) or an increase of \$10,400 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 December 31, 2022		As at March 31, 2022	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Equity contracts				
Swaps	\$ 2,929	\$ (1,578)	\$ 1,722	\$ (3,741)
Options:				
Over-the-counter – purchased	2	-	19	-
Over-the-counter – written	-	(89)	-	(122)
Warrants	12	-	80	-
Total equity contracts	2,943	(1,667)	1,821	(3,863)
Foreign exchange contracts				
Forwards	939	(1,221)	729	(307)
Options:				
Over-the-counter – purchased	113	-	80	-
Over-the-counter – written	-	(74)	-	(44)
Total foreign exchange contracts	1,052	(1,295)	809	(351)
Interest rate contracts				
Swaps	6	(633)	43	(257)
Options:				
Over-the-counter – purchased	349	-	224	-
Over-the-counter – written	-	(141)	-	(175)
Total interest rate contracts	355	(774)	267	(432)
Credit contracts				
Credit default swaps:				
Over-the-counter – purchased	2	(2)	1	(3)
Over-the-counter – written	24	(20)	32	(6)
Options:				
Over-the-counter – purchased	2	-	3	-
Over-the-counter – written	-	(12)	-	(18)
Total credit contracts	28	(34)	36	(27)
Commodity contracts				
Options:				
Exchange-traded – written	-	(62)	-	(102)
Total commodity contracts	-	(62)	-	(102)
Total¹	\$ 4,378	\$ (3,832)	\$ 2,933	\$ (4,775)

¹ Includes \$12 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 December 31,		For the nine months ended December 31,	
	2022	2021 ¹	2022	2021 ¹
Income:				
Interest, dividends, and other income	\$ 2,104	\$ 2,604	\$ 6,034	\$ 6,114
Net gains on private investments	103	3,204	5,821	23,688
Net gains (losses) on public and other investments	596	1,437	(472)	3,695
	2,803	7,245	11,383	33,497
Expenses:				
Transaction-related	45	72	86	138
Taxes	48	84	104	223
Financing	68	32	140	87
	161	188	330	448
Net gains before dividends paid to CPP Investments	2,642	7,057	11,053	33,049
Dividends paid to CPP Investments	322	644	3,239	3,211
Net gains on investment holding subsidiaries	\$ 2,320	\$ 6,413	\$ 7,814	\$ 29,838

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

5. Segment information

5.1 Net income (loss) by investment segment

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

<i>(CAD millions)</i>	For the three months ended December 31, 2022								Total
	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment		
Income (loss):	\$ 11,644	\$ 18	\$ (488)	\$ 870	\$ (582)	\$ 1,319	\$ (1,816)	\$	10,965
Expenses¹:									
Personnel	33	31	31	34	65	69	-		263
General and administrative	19	12	17	14	21	24	-		107
Management fees ²	-	137	-	12	195	47	(387)		4
Performance fees ³	-	312	-	-	147	-	(459)		-
Transaction-related ⁴	22	8	9	22	1	56	(45)		73
Taxes ⁴	21	4	(22)	5	(4)	86	(48)		42
Financing ⁵	1,505	-	-	42	21	6	(877)		697
	1,600	504	35	129	446	288	(1,816)		1,186
Net income (loss)	\$ 10,044	\$ (486)	\$ (523)	\$ 741	\$ (1,028)	\$ 1,031	\$ -	\$	9,779

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended December 31, 2021 ⁶								
(CAD millions)	Capital		Active	Credit	Private	Real	Adjustment	Total
	Total Fund and Management	Markets and Factor Investing						
Income (loss):	\$ 6,890	\$ 477	\$ (820)	\$ 735	\$ 3,723	\$ 3,922	\$ (1,457)	\$ 13,470
Expenses¹:								
Personnel	20	25	35	32	44	56	-	212
General and administrative	21	17	21	13	19	22	-	113
Management fees ²	-	127	1	11	159	37	(331)	4
Performance fees ³	-	261	-	-	604	2	(866)	1
Transaction-related ⁴	26	6	18	13	20	55	(72)	66
Taxes ⁴	1	5	(59)	3	37	42	(84)	(55)
Financing ⁵	172	-	-	12	14	5	(104)	99
	240	441	16	84	897	219	(1,457)	440
Net income (loss)	\$ 6,650	\$ 36	\$ (836)	\$ 651	\$ 2,826	\$ 3,703	\$ -	\$ 13,030

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 \$387 million (December 31, 2021 - \$331 million).

³ Includes costs incurred within funds of \$459 million (December 31, 2021 - \$866 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 \$765 million (December 31, 2021 - \$131 million), as well as the notional interest expense from derivatives (primarily swaps and futures) used to generate additional leverage for CPP Investments of \$809 million (December 31, 2021 - \$72 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 nine months ended December 31, 2022								
(CAD millions)	Capital		Active	Credit	Private	Real	Adjustment	Total
	Total Fund and Management	Markets and Factor Investing						
Income (loss):	\$ (16,813)	\$ 4,100	\$ (2,391)	\$ 2,187	\$ 3,061	\$ 4,728	\$ (4,426)	\$ (9,554)
Expenses¹:								
Personnel	85	94	104	103	186	204	-	776
General and administrative	65	47	56	43	60	74	-	345
Management fees ²	-	404	8	51	518	119	(1,082)	18
Performance fees ³	-	975	-	-	560	5	(1,474)	66
Transaction-related ⁴	52	15	42	48	46	104	(86)	221
Taxes ⁴	42	7	36	32	42	66	(104)	121
Financing ⁵	2,559	-	-	86	37	17	(1,680)	1,019
	2,803	1,542	246	363	1,449	589	(4,426)	2,566
Net income (loss)	\$ (19,616)	\$ 2,558	\$ (2,637)	\$ 1,824	\$ 1,612	\$ 4,139	\$ -	\$ (12,120)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine months ended December 31, 2021 ⁶								
(CAD millions)	Capital Markets		Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment	Total
	Total Fund Management	and Factor Investing						
Income (loss):	\$ 18,129	\$ 2,314	\$ (1,356)	\$ 3,586	\$ 23,965	\$ 9,032	\$ (3,532)	\$ 52,138
Expenses¹:								
Personnel	79	95	119	100	163	186	-	742
General and administrative	55	47	55	35	49	57	-	298
Management fees ²	-	364	17	28	469	111	(974)	15
Performance fees ³	-	794	4	2	1,085	44	(1,899)	30
Transaction-related ⁴	59	20	67	33	46	157	(138)	244
Taxes ⁴	24	6	87	11	54	160	(223)	119
Financing ⁵	352	-	-	27	41	16	(298)	138
	569	1,326	349	236	1,907	731	(3,532)	1,586
Net income (loss)	\$ 17,560	\$ 988	\$ (1,705)	\$ 3,350	\$ 22,058	\$ 8,301	\$ -	\$ 50,552

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 \$1,082 million (December 31, 2021 - \$974 million).

³ Includes costs incurred within funds of \$1,474 million (December 31, 2021 - \$1,899 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 \$1,159 million (December 31, 2021 - \$225 million), as well as the notional interest expense from derivatives (primarily swaps and futures) used to generate additional leverage for CPP Investments of \$1,540 million (December 31, 2021 - \$211 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:							
December 31, 2022	\$ 205,889	\$ 2,342	\$ (368)	\$ 54,028	\$ 141,615	\$ 132,308	\$ 535,814
March 31, 2022	228,176	3,413	(2,705)	53,672	134,170	122,640	539,366

¹ Net investments excludes net corporate liabilities of \$49 million (March 31, 2022 - \$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:						
December 31, 2022	\$ 76,851	\$ 187,229	\$ 144,746	\$ 95,587	\$ 31,401	\$ 535,814
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 risk and credit risk as that of the applicable Investment Portfolio.
- Potential investment losses: The 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 department 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.

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(Unaudited)

		As at December 31, 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 ^{1,2}	21 %	19	%	18 %
Five-year horizon ¹	n/a	24	%	19 %

		As at December 31, 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 ^{1,2}	15 %	13	%	13 %
Five-year horizon ¹	n/a	17	%	15 %

¹ Percentage of investment value.

² Effective November 10, 2022, the Board approved an increase to the one-year potential investment loss risk limit from 20% to 21% for the base CPP, and from 14% to 15% for the additional CPP.

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.

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7.4.1 Currency risk exposures

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

<i>(CAD millions)</i>	As at December 31, 2022		As at March 31, 2022 ¹	
	Net exposure	% of total ²	Net exposure	% of total ²
U.S. dollar	\$ 265,396	50 %	\$ 296,341	55 %
Euro	38,167	7	39,127	7
Chinese renminbi	20,131	4	25,953	5
Japanese Yen	17,783	3	5,799	1
Other	85,163	16	84,956	16
Total foreign exposure	426,640	80	452,176	84
Canadian dollar	109,174	20	87,190	16
Total	\$ 535,814	100 %	\$ 539,366	100 %

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

² May not reflect actual percentage of total due to rounding.

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 Condensed Interim Consolidated Schedule of Investment Portfolio represent the maximum direct credit risk exposure at the Condensed Interim Consolidated Balance Sheet date. Credit risk is also incorporated as a component of 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 December 31, 2022		As at March 31, 2022	
	base CPP	additional CPP	base CPP	additional CPP
Credit value-at-risk	3.6 %	2.3 %	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 December 31, 2022	As at March 31, 2022
Liquidity coverage ratio	1.0x	2.3x	2.9x

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Liquidity risk is impacted by the use of various forms of leverage which CPP Investments uses to manage certain other risks and enhance fund returns. The use of leverage is governed directly through leverage measures as outlined in note 9.2.

Liquidity risk is managed by investing certain assets in a liquid portfolio of publicly traded equities, money market securities and marketable bonds. It is supplemented by the ability to raise funds through activities such as the issuance of unsecured debt, including term debt, as well as transacting in securities sold under repurchase agreements. CPP Investments also maintains unsecured credit facilities to meet potential liquidity requirements. There were no credit facilities drawn as at December 31, 2022 and March 31, 2022.

<i>(CAD millions)</i>	As at December 31, 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 December 31, 2022	As at March 31, 2022
Recourse leverage¹:			
Base CPP	45 %	30.8 %	22.8 %
Additional CPP	30	18.5	14.7

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

As at December 31, 2022, recourse and non-recourse leverage amounted to \$162,868 million and \$6,039 million, respectively (December 31, 2021 – \$129,546 million and \$5,596 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		For the nine months ended	
	December 31, 2022	2021	December 31, 2022	2021
Leverage-related expenses incurred on:				
Recourse leverage	\$ 1,501	\$ 171	\$ 2,547	\$ 349
Non-recourse leverage	73	32	152	87
Total	\$ 1,574	\$ 203	\$ 2,699	\$ 436

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 December 31, 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	\$ 54,848	\$ -	\$ -	\$ -	\$ 54,848	2.6 %	\$ 35,740	(0.1) %
Cash collateral received on securities lent	7,407	-	-	-	7,407	n/a	7,714	n/a
Debt financing liabilities	5,139	28,542	12,404	7,710	53,795	1.7	46,170	1.2
Securities sold short ^{1,2}	21,082	-	-	-	21,082	n/a	29,003	n/a
Short-term secured debt	990	-	-	-	990	4.6	1,196	0.6
Total	\$ 89,466	\$ 28,542	\$ 12,404	\$ 7,710	\$ 138,122	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 December 31, 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	\$ -	\$ 209	\$ -	\$ -	\$ 209	6.8 %	\$ 168	2.9 %
Debt financing liabilities	149	4,697	578	207	5,631	4.2	5,298	2.6
Total	\$ 149	\$ 4,906	\$ 578	\$ 207	\$ 5,840	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 nine months ended December 31,	
	2022	2021
Balance, beginning of period	\$ 44,166	\$ 36,449
Proceeds	8,198	10,038
Repayments	(2,739)	(2,856)
Non-cash changes in fair value ¹	(1,870)	(729)
Balance, end of period	\$ 47,755	\$ 42,902

¹ Includes foreign exchange loss of \$2,158 million (December 31, 2021 - \$337 million).

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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 December 31, 2022		As at March 31, 2022	
Third-party assets held as collateral on¹:				
Reverse repurchase agreements	\$	16,921	\$	55,897
Derivative transactions		1,010		538
Securities lent ^{2,3}		10,063		8,935
Own and third-party assets pledged as collateral on:				
Repurchase agreements		(54,233)		(35,518)
Securities borrowed ^{3,4}		(25,763)		(32,298)
Short-term secured debt ⁵		(1,259)		(1,429)
Derivative transactions		(11,534)		(10,634)
Debt financing liabilities		(866)		(535)
Total	\$	(65,661)	\$	(15,044)

¹ The fair value of collateral sold or repledged as at December 31, 2022 was \$6,601 million (March 31, 2022 - \$16,233 million).

² The fair value of securities lent as at December 31, 2022 was \$10,364 million (March 31, 2022 - \$9,054 million).

³ Cash collateral payable on the Balance Sheet of \$7,407 million (March 31, 2022 - \$7,714 million) consists of collateral receivable of \$111 million and collateral payable of \$7,518 million that qualify for netting (March 31, 2022 - \$140 million and \$7,854 million, respectively).

⁴ The fair value of securities borrowed as at December 31, 2022 was \$20,047 million (March 31, 2022 - \$21,888 million) of which \$17,681 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 December 31, 2022		As at March 31, 2022	
Third-party assets held as collateral on¹:				
Reverse repurchase agreements	\$	130	\$	-
Own and third-party assets pledged as collateral on:				
Repurchase agreements		(349)		(292)
Securities borrowed ^{2,3}		(12,259)		(8,469)
Derivative transactions ³		(663)		(574)
Private equities ⁴		(10,852)		(10,156)
Debt financing liabilities		(10,111)		(10,037)
Total	\$	(34,104)	\$	(29,528)

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

² The fair value of securities borrowed as at December 31, 2022 was \$7,534 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 broker s.

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

12. Commitments

CPP Investments and its investment holding subsidiaries have entered into commitments related to the funding of investments. These commitments are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at December 31, 2022, the unfunded commitments for CPP Investments and its investment holding subsidiaries totalled \$1,323 million (March 31, 2022 - \$1,083 million) and \$58,067 million (March 31, 2022 - \$54,064 million), respectively.

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13. Guarantees

As part of certain investment transactions, CPP Investments and its investment holding subsidiaries agreed to guarantee, as at December 31, 2022, up to \$226 million (March 31, 2022 - \$228 million) and \$6,775 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 (loss) 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 October 1, 2022	\$ 155,807	\$ 16,988	\$ 172,795	\$ 356,220	\$ (39)	\$ 356,181	\$ 528,976	
Total net income and comprehensive income	-	-	-	9,570	209	9,779	9,779	
Transfers from CPP	6,552	1,361	7,913	-	-	-	7,913	
Transfers to CPP	(10,903)	-	(10,903)	-	-	-	(10,903)	
As at December 31, 2022	\$ 151,456	\$ 18,349	\$ 169,805	\$ 365,790	\$ 170	\$ 365,960	\$ 535,765	

<i>(CAD millions)</i>	For the nine 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	-	-	-	49,911	641	50,552	50,552	
Transfers from CPP	30,660	3,772	34,432	-	-	-	34,432	
Transfers to CPP	(31,796)	-	(31,796)	-	-	-	(31,796)	
As at December 31, 2021	\$ 146,529	\$ 9,629	\$ 156,158	\$ 393,153	\$ 1,064	\$ 394,217	\$ 550,375	
As at April 1, 2022	\$ 149,184	\$ 12,047	\$ 161,231	\$ 377,510	\$ 570	\$ 378,080	\$ 539,311	
Total net (loss) and comprehensive (loss)	-	-	-	(11,720)	(400)	(12,120)	(12,120)	
Transfers from CPP	33,546	6,302	39,848	-	-	-	39,848	
Transfers to CPP	(31,274)	-	(31,274)	-	-	-	(31,274)	
As at December 31, 2022	\$ 151,456	\$ 18,349	\$ 169,805	\$ 365,790	\$ 170	\$ 365,960	\$ 535,765	

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(Unaudited)

14.2 Net assets of base CPP and additional CPP

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

<i>(CAD millions)</i>	As at December 31, 2022			As at March 31, 2022		
	base CPP	additional CPP	Total	base CPP	additional CPP	Total
Cash and cash equivalents held for investment purposes	\$ 20,418	\$ 671	\$ 21,089	\$ 13,123	\$ 169	\$ 13,292
Net investments other than cash and cash equivalents	496,755	17,970	514,725	513,629	12,445	526,074
Net investments	517,173	18,641	535,814	526,752	12,614	539,366
Premises and equipment	489	13	502	436	11	447
Other assets ¹	314	7	321	383	7	390
Accounts payable and accrued liabilities	730	142	872	877	15	892
Net assets	\$ 517,246	\$ 18,519	\$ 535,765	\$ 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 December 31, 2022 ¹		
	base CPP	additional CPP	Total
Cash and cash equivalents	\$ 22,632	\$ 721	\$ 23,353
Equities			
Private equities	178,359	4,091	182,450
Public equities	146,434	3,358	149,792
Total equities	324,793	7,449	332,242
Fixed income			
Bonds	112,849	9,112	121,961
Other debt	43,434	996	44,430
Money market securities	946	42	988
Total fixed income	157,229	10,150	167,379
Absolute return strategies	40,626	932	41,558
Infrastructure	44,748	1,026	45,774
Real estate	45,163	1,036	46,199
Investment receivables			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	16,734	503	17,237
Derivative assets	4,280	98	4,378
Other	3,964	120	4,084
Total investment receivables	24,978	721	25,699
Total investments	\$ 660,169	\$ 22,035	\$ 682,204
Investment liabilities			
Securities and loans sold under repurchase agreements and cash collateral received on securities lent	60,564	1,504	62,068
Debt financing liabilities	52,240	1,198	53,438
Securities sold short	20,609	473	21,082
Derivative liabilities	3,746	86	3,832
Short-term secured debt	968	22	990
Other	3,630	83	3,713
Total investment liabilities	141,757	3,366	145,123
Pending trades receivable	1,922	44	1,966
Pending trades payable	3,161	72	3,233
Net investments	\$ 517,173	\$ 18,641	\$ 535,814

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(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 Condensed Interim 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 December 31,					
	2022			2021 ¹		
	base CPP	additional CPP	Total	base CPP	additional CPP	Total
Income:						
Interest, dividends, and other income	\$ 2,351	\$ 86	\$ 2,437	\$ 2,186	\$ 30	\$ 2,216
Net (losses) on private investments	(1,804)	(41)	(1,845)	(1,626)	(20)	(1,646)
Net gains on public and other investments	7,912	141	8,053	6,361	126	6,487
Net gains on investment holding subsidiaries	2,268	52	2,320	6,321	92	6,413
	10,727	238	10,965	13,242	228	13,470
Expenses:						
Personnel	257	6	263	209	3	212
General and administrative	104	3	107	111	2	113
Management fees	4	-	4	4	-	4
Performance fees	-	-	-	1	-	1
Transaction-related	71	2	73	65	1	66
Taxes	41	1	42	(54)	(1)	(55)
Financing	680	17	697	98	1	99
	1,157	29	1,186	434	6	440
Net income and comprehensive income	\$ 9,570	\$ 209	\$ 9,779	\$ 12,808	\$ 222	\$ 13,030

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

(CAD millions)	For the nine months ended December 31,					
	2022			2021 ¹		
	base CPP	additional CPP	Total	base CPP	additional CPP	Total
Income (loss):						
Interest, dividends, and other income	\$ 8,833	\$ 207	\$ 9,040	\$ 7,667	\$ 80	\$ 7,747
Net gains (losses) on private investments	(988)	(23)	(1,011)	381	3	384
Net gains (losses) on public and other investments	(24,609)	(788)	(25,397)	13,974	195	14,169
Net gains on investment holding subsidiaries	7,554	260	7,814	29,455	383	29,838
	(9,210)	(344)	(9,554)	51,477	661	52,138
Expenses:						
Personnel	760	16	776	733	9	742
General and administrative	336	9	345	293	5	298
Management fees	18	-	18	15	-	15
Performance fees	65	1	66	30	-	30
Transaction-related	218	3	221	242	2	244
Taxes	118	3	121	117	2	119
Financing	995	24	1,019	136	2	138
	2,510	56	2,566	1,566	20	1,586
Net income (loss) and comprehensive income (loss)	\$ (11,720)	\$ (400)	\$ (12,120)	\$ 49,911	\$ 641	\$ 50,552

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