
BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

All Weather Fund

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

**British Columbia Investment Management Corporation
All Weather Fund**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


British Columbia Investment Management Corporation (bcIMC) manages Pooled Investment Portfolios on behalf of governing fiduciaries such as pension fund trustees and other public sector clients. This report contains the financial statements for the All Weather Fund (Fund) for the year ended December 31, 2014.

The financial statements of the Fund have been prepared by management of bcIMC and approved by the Chief Investment Officer/Chief Executive Officer. The financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies used in the preparation of these statements are disclosed in note 3 to the financial statements. The statements include certain amounts that are based on management's judgement and best estimates.

bcIMC's Board has established an Audit Committee. The Committee's mandate includes making recommendations on the appointment of the external auditor for the Pooled Investment Portfolio, reviewing the external audit plan; reviewing bcIMC's Service Organization Controls Report for the Investment System of British Columbia Investment Management Corporation, and receiving the annual audited financial statements of the Fund. The Committee reviews the recommendations of the internal and external auditors with respect to internal controls and the responses of management to those recommendations, and also meets with management and the internal and external auditors to review annual audit plans.

bcIMC maintains systems of internal control and supporting processes to provide reasonable assurance that assets are safeguarded; that transactions are appropriately authorized and recorded; and that there are no material misstatements in the financial statements. bcIMC's internal control framework includes: a strong corporate governance structure; a code of conduct that includes conflict of interest guidelines; an organizational structure that provides for appropriate segregation of duties and accountability for performance; an enterprise-wide risk management framework that identifies, monitors and reports on key risks; and Board-approved Pooled Investment Portfolio Policies and client-approved investment mandates. bcIMC's system of internal control is supported by external auditors who review and evaluate internal controls and report directly to the Audit Committee.

bcIMC's external auditors, KPMG LLP, have full and unrestricted access to the Audit Committee and bcIMC management. KPMG LLP discusses with management and the Committee the results of their audit of the Fund's financial statements and related findings with respect to such audits. The Fund's financial statements are audited by KPMG LLP in accordance with Canadian generally accepted auditing standards. KPMG LLP has performed such tests and other procedures as they considered necessary to express an opinion on the Fund's financial statements.



Gordon Fyfe
Chief Executive Officer, Chief Investment Officer



David Woodward
Senior Vice President, Finance

Victoria, British Columbia
June 25, 2015



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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Unitholders of the All Weather Fund

We have audited the accompanying financial statements of the All Weather Fund, which comprise the statements of financial position as at December 31, 2014, December 31, 2013 and September 1, 2013, the statements of, comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year ended December 31, 2014 and for the period from September 1, 2013 to December 31, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the All Weather Fund as at December 31, 2014, December 31, 2013 and September 1, 2013, and its financial performance and its cash flows for the year ended December 31, 2014 and for the period from September 1, 2013 to December 31, 2013 in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, flowing style. Below the signature is a long, horizontal, slightly curved line that extends to the right.

Chartered Accountants

June 25, 2015
Vancouver, Canada

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ALL WEATHER FUND

Statement of Financial Position (all amounts in thousands except number of units)				
	Note	December 31, 2014	December 31, 2013 (note 14)	September 1, 2013 (note 14)
Assets				
Derivative assets:				
Foreign currency contracts		\$ 2,097	\$ 2,166	\$ -
Investments		<u>1,350,417</u>	<u>674,284</u>	<u>-</u>
		<u>1,352,514</u>	<u>676,450</u>	<u>-</u>
Liabilities				
bcIMC funds management fees payable	4	48	27	-
Other accounts payable		10	2	-
Derivative liabilities:				
Foreign currency contracts		<u>23,012</u>	<u>4,286</u>	<u>-</u>
		<u>23,070</u>	<u>4,315</u>	<u>-</u>
Net assets attributable to holders of redeemable units		<u>\$ 1,329,444</u>	<u>\$ 672,135</u>	<u>\$ -</u>
<i>Number of redeemable units outstanding</i>	5	<i>1,185,008</i>	<i>648,922</i>	<i>-</i>
Net assets attributable to holders of redeemable units per unit		<u>\$ 1,122</u>	<u>\$ 1,036</u>	<u>\$ -</u>
<i>Operations</i>	1			
<i>Contingent Liability</i>	6			
<i>Subsequent Event</i>	7			

Statement of Comprehensive Income (all amounts in thousands)			
	Note	Year Ended December 31, 2014	Period Ended December 31, 2013 (note 14)
Revenue:			
Interest income		\$ 1	\$ 6
Foreign exchange gain (loss)		(422)	162
Change in fair value of investments and derivatives:	8		
Net realized loss		(67,666)	(6,513)
Net change in unrealized appreciation		<u>123,217</u>	<u>6,849</u>
Total Revenue		<u>55,130</u>	<u>504</u>
Expenses:			
bcIMC funds management fees	4	402	69
Administrative and professional fees		<u>27</u>	<u>9</u>
Total operating expenses		<u>429</u>	<u>78</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>54,701</u>	<u>426</u>
Distributions to holders of redeemable units:			
From net investment income		<u>-</u>	<u>-</u>
Increase in net assets attributable to holders of redeemable units		<u>\$ 54,701</u>	<u>\$ 426</u>

Gordon Fyle
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ALL WEATHER FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

	Year Ended December 31, 2014	Period Ended December 31, 2013 <i>(note 14)</i>
Balance, beginning of period	\$ 672,135	\$ -
Increase in net assets attributable to holders of redeemable units	54,701	426
Redeemable unit transactions:		
Proceeds from units issued	641,408	671,709
Amounts paid for units redeemed	(38,800)	-
Net increase from redeemable unit transactions	602,608	671,709
Balance, end of period	\$ 1,329,444	\$ 672,135

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2014	Period Ended December 31, 2013 <i>(note 14)</i>
Operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 54,701	\$ 426
Adjustments for:		
Interest income	(1)	(6)
Net realized loss from investments and derivatives	67,666	6,513
Net change in unrealized appreciation from investments and derivatives	(123,217)	(6,849)
Proceeds from sale of investments	13,440	5,192
Amounts paid for purchase of investments	(547,561)	(670,507)
Settlement of foreign currency contracts	(67,666)	(6,513)
bcIMC funds management fees payable	21	27
Other accounts payable	8	2
Interest received	1	6
	<u>(602,608)</u>	<u>(671,709)</u>
Financing activities:		
Proceeds from issue of redeemable units	641,408	671,709
Payments on redemption of redeemable units	(38,800)	-
	<u>602,608</u>	<u>671,709</u>
Net increase (decrease) in cash	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ALL WEATHER FUND

Schedule of Investments
as at December 31
(all amounts in thousands)

	2014		2013	
	Fair Value	Cost	Fair Value	Cost
Investment Fund Investments:	\$ 1,350,350	\$ 1,199,369	\$ 674,136	\$ 665,167
Money Market Investments:				
Units in bclMC Pooled Investment Portfolio Fund ST1	67	67	148	148
Total Investments	<u><u>\$ 1,350,417</u></u>	<u><u>\$ 1,199,436</u></u>	<u><u>\$ 674,284</u></u>	<u><u>\$ 665,315</u></u>

Schedule of Foreign Currency Contracts
as at December 31
(all amounts reported in thousands of Canadian dollars)

Date	Number of Contracts	Expiry Date	Currency Code	Amount Sold	Currency Code	Amount Bought	Unrealized Gain (Loss)
2014	6	Jan 2015	USD	\$ (1,378,570)	CAD	\$ 1,357,685	\$ (20,885)
2014	5	Jan 2015	CAD	(1,380,697)	USD	1,378,570	(2,127)
				(2,759,267)		2,736,255	(23,012)
2014	5	Feb 2015	CAD	(1,379,467)	USD	1,381,564	2,097
				<u><u>\$(4,138,734)</u></u>		<u><u>\$4,117,819</u></u>	<u><u>\$(20,915)</u></u>

Date	Number of Contracts	Expiry Date	Currency Code	Amount Sold	Currency Code	Amount Bought	Unrealized Gain (Loss)
2013	3	Jan 2014	USD	\$ (685,035)	CAD	\$ 682,984	\$ (2,051)
2013	4	Jan 2014	CAD	(687,270)	USD	685,035	(2,235)
				(1,372,305)		1,368,019	(4,286)
2013	3	Feb 2014	USD	(678,503)	CAD	680,669	2,166
				<u><u>\$(2,050,808)</u></u>		<u><u>\$2,048,688</u></u>	<u><u>\$(2,120)</u></u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ALL WEATHER FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. The Portfolio

British Columbia Investment Management Corporation ("bcIMC") was established under the *Public Sector Pension Plans Act* as a trust company authorized to carry on trust business and investment management services. These financial statements have been prepared by bcIMC and are the responsibility of bcIMC management.

Under the *Public Sector Pension Plans Act* and the *Pooled Investment Portfolios Regulation*, B.C. Reg. 447/99, bcIMC may establish and operate pooled investment portfolios "... in which money from trust funds, special funds or other funds, other public money and the money of government bodies and designated institutions may be combined in common for the purpose of investment by means of investment units of participation in a pooled investment portfolio." In addition, pooled investment portfolios (the Funds) previously established under the *Financial Administration Act* and the *Pooled Investment Portfolios Regulation*, B.C. Reg. 84/86, were continued under the *Pooled Investment Portfolios Regulation*, B.C. Reg. 447/99, to be held in trust by bcIMC and invested by the Chief Investment Officer of bcIMC.

The All Weather Fund was established on September 1, 2013. The Fund provides investment in a long term strategic allocation fund that attempts to balance its risk exposure across fundamental economic environments. The Fund holds shares of All Weather Portfolio Limited, whose assets are externally managed by Bridgewater Associates, LLC with oversight from bcIMC. Investments made by All Weather Portfolio Limited are made based on their risk profile to create a risk balanced portfolio weighted between various fundamental economic environments, in order to provide higher long term risk adjusted returns regardless of economic conditions. The external manager passively manages the assets, utilizing risk parity and diversifying assets by asset type, geographic location, investment size, and investment risk.

The benchmark of the Fund is a nominal rate of return of 6.5% in Canadian dollar terms. The objective of the Fund is to meet or exceed the benchmark return, net of all investment expenses incurred over the longer term.

The Fund can hold the following securities:

- Class B non-voting participating shares of All Weather Limited or other similar assets managed by Bridgewater or its affiliates,
- units of bcIMC's Pooled Investment Portfolios Canadian Money Market Fund ST1, Canadian Money Market Fund ST2 and U.S. Dollar Money Market Fund ST3, and
- forward contracts for currency conversions and/or currency hedging.

2. Basis of preparation

a) Statement of compliance

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards ("IFRS"). This is the first time that the Fund has prepared the financial statements in accordance with IFRS, and IFRS 1 (*First – Time Adoption of International Financial Reporting Standards*) has been applied. Previously, the Fund prepared the financial statements in accordance with Canadian Generally Accepted Accounting Principles as defined in Part V of the CPA of Canada Handbook (Canadian GAAP). The Fund has consistently applied the accounting policies used in the preparation of the opening IFRS statement of financial position at September 1, 2013, and throughout all periods presented, as if these policies had always been in effect. Details of transition from Canadian GAAP to IFRS are provided in note 14. The financial statements were authorized for issue by the Chief Executive Officer / Chief Investment Officer on June XXX, 2015.

b) Basis of measurement

The financial statements have been prepared on a historical cost basis except for investments and derivatives, which are measured at fair value.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2. Basis of preparation (continued)

c) Functional and presentation currency

These financial statements are presented in Canadian dollars which is the Fund's functional currency.

d) Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Financial results as determined by actual events could differ from those estimates and assumptions, and the difference could be material.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

(i) Recognition and measurement

Financial instruments are required to be classified into one of the following categories: held-for-trading, designated at fair value through profit or loss ("FVTPL"), available-for-sale, loans and receivables, assets held-to-maturity, and other financial liabilities. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as held-for-trading or fair value through profit or loss in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities held for trading or at fair value through profit or loss are recognized initially on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. The Fund derecognize a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of net assets only when the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Fund has not classified any of its financial instruments as available-for-sale or assets held to maturity.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

3. Significant accounting policies (continued)

(ii) Held-for-trading and fair value through profit and loss

Financial instruments classified as held-for-trading or FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the period in which they occur. The Funds' derivative financial assets and derivative financial liabilities are classified as held-for-trading. The Funds' investments in securities are designated as FVTPL.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of bcIMC, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

(iii) Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of receivables is at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate. The Fund classifies cash, accounts receivable, receivable from sale of investments, and receivable from issue of units as receivables.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(iv) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Fund's other financial liabilities are comprised of accounts payable, custodial fees payable, payable for purchase of investments, payable for redemption of units, and bcIMC funds management fees payable.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ALL WEATHER FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

3. Significant accounting policies (continued)

(b) Redeemable units

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. In accordance with the Regulations, each Fund is required to distribute, to unitholders of the respective Fund's redeemable units, the taxable income and taxable capital gains of the Fund at least annually. Accordingly, such units are classified as financial liabilities at FVTPL and measured at redemption amount. Distributions to holders of redeemable units are recognized in comprehensive income when they are authorized and no longer at the discretion of bcIMC.

(c) Issue and redemption of units

Participation in each Fund is expressed in units. The initial value of a unit of a Fund on inception is \$1 million. For each subsequent unit issuance and redemption, the unit value is determined by dividing the fair value of the net assets of the portfolio by the total number of units outstanding. Where one Fund invests in another Fund, the unit issuances and redemptions are transacted on the same basis as client transactions. All unit transactions are recorded on a trade date basis. All of the Funds were open-ended Funds throughout the year where the number of units available for issue was unlimited and the proportion of units issued or redeemed by each client on a particular valuation date depended on changes to their desired asset allocation.

(d) Foreign exchange

The financial statements of the Fund are denominated in Canadian dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the statement of comprehensive income.

(e) Income recognition

Interest income is recognized on an accrual basis using the effective interest method. Dividend income is recognized on the date that the right to receive payment is established. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments. Commissions, stock exchange fees and other identifiable transaction costs that are directly attributable to the acquisition or disposal of an investment are expensed as incurred.

(f) Income taxes

The Fund qualifies as an inter-vivos trust under section 108(1) of the Income Tax Act (Canada). All of the Funds's net income for tax purposes and net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Income taxes associated with any of the Fund's underlying investments are accounted for in determining the fair value of the respective investments.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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3. Significant accounting policies (continued)

(i) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2014, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statements of the Funds, with the possible exception of IFRS 9 *Financial Instruments*. IFRS 9 deals with recognition, de-recognition, classification and measurement of financial statements and its requirements and represent a significant change from the existing requirements in IAS 39, *Financial Instruments: Recognition and Measurement*, in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

In 2014, the IASB tentatively decided to require an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018, but early adoption is permitted. Management is currently in the process of evaluating the potential effect of this standard. bcIMC has not yet completed its determination of the potential impact of IFRS 9 on the financial statements of the Fund.

4. Related party transactions

Third party costs that are attributable to the Fund are charged to the Fund. Other costs initially borne by bcIMC are recovered from the Fund by bcIMC charging management fees, which are calculated on a cost recovery basis. bcIMC funds management fees and corresponding payable are disclosed in the Fund's statement of comprehensive income and statement of financial position, respectively.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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5. Redeemable units

The Fund is authorized to issue an unlimited number of units. Units issued and outstanding represent the capital of the Fund. The Fund is not subject to any internally or externally imposed restrictions on its capital. bcIMC manages the capital of the Fund in accordance with the Fund's investment objectives, including managing the redeemable units to ensure a stable base to maximize returns to all investors, and managing liquidity in order to meet redemptions. The following is a summary of the changes in redeemable units outstanding during the period ended:

ALL WEATHER FUND	
	2014 2013
	(note 1)
Outstanding, beginning of period	648.922 -
Issued for cash	570.762 648.922
Issued on reinvestment of distributions	- 7.088
Consolidation of units	- (7.088)
Redeemed	(34.676) -
Outstanding, end of period	1,185.008 648.922

6. Contingent Liability

As a crown agent and pursuant to its enabling legislation, bcIMC is immune from taxation, including in respect of assets it holds in pooled investment portfolios. In 2009, bcIMC was advised that Canada was in discussions with the Province of British Columbia regarding the application of goods and services tax and/or harmonized sales tax ("GST") to costs recovered by bcIMC from assets held by bcIMC in pooled investment portfolios. That discussion has been ongoing for the past six years with minimal progress. As a consequence, in December 2013 bcIMC filed a petition in the Supreme Court of British Columbia seeking a declaration confirming its crown immunity in respect of GST relating to costs recovered from assets held in pooled investment portfolios. Management is of the opinion that the Court will not deny bcIMC the ability to rely on its statutory crown immunity and has therefore not accrued any liability for tax. However, if the Court determines that GST applies to bcIMC in respect of costs recovered by it from assets held in pooled investment portfolios, management estimates the maximum cumulative GST owing at less than 1 basis point for the Fund.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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7. Subsequent Event

In April 2015 the benchmark for the Fund changed to a nominal rate of return of 6.5% in U.S. dollar terms, and all outstanding foreign currency hedging contracts were wound-up.

8. Net gain (loss) from financial instruments at fair value through profit or loss

Pooled Investment Portfolios (in \$000s)	Net Gain (Loss) from Financial instruments Held for Trading – Derivative Financial Instruments	Net Gain (Loss) from Financial Assets Designated at Fair Value Through Profit or Loss – Investments	Total Net Gain (Loss) from Financial Assets	Net Gain (Loss) from Financial Assets		
				Realized	Unrealized	Total
All Weather Fund - 2014	(86,460)	142,011	55,551	(67,666)	123,217	55,551
All Weather Fund - 2013	(8,633)	8,969	336	(6,513)	6,849	336

9. Withholding tax expense

The Fund is not subject to withholding tax on its investments, and did not pay any withholding taxes in 2013 or 2014.

10. Financial risk management

(a) Risk management framework

The Fund has its own investment objectives. The Fund's overall risk management program seeks to minimize the potentially adverse effect of risk on the Fund's financial performance in a manner consistent with the Fund's investment objectives. In the normal course of business, the Fund is exposed to financial risks including credit risk, liquidity risk, and market risk (including interest rate risk, currency risk and other price risk).

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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10. Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from debt securities held, and also from derivative financial assets, cash and other receivables due to the Fund. The carrying value of these financial instruments as recorded in the statements of financial position reflects the Fund's maximum exposure to credit risk.

To avoid undue credit risk, the Fund has established specific investment criteria, such as minimum credit ratings for investees and counterparties. Counterparty risk represents the credit risk from current and potential future exposure related to transactions involving derivative contracts and securities lending. In order to minimize counterparty risk, counterparties are required to provide adequate collateral and meet minimum credit rating requirements. bcIMC management frequently monitors the credit rating of its counterparties as determined by recognized credit rating agencies.

The Fund's activities may also give rise to settlement risk. Settlement risk is the risk of loss due to failure of an entity to honour its obligations to deliver cash, securities, or other assets prior to the settlement of the transaction as contractually agreed. All investment transactions are settled or paid upon delivery with approved brokers. The risk of default is mitigated since the delivery of securities sold is made simultaneously with the broker receiving payment. Payment is made on a purchase once the securities have been received by the broker. The trade fails if either party fails to meet its obligations.

The Fund invests in foreign currency contracts which inherently have counterparty risk. Established minimum credit ratings for counterparties mitigate the counterparty risk. The Fund also has indirect exposure to credit risk through its investment in shares of All Weather Portfolio Limited, whose underlying investments are susceptible to credit risk. Such indirect exposure is managed by the external manager in conjunction with investment level decisions.

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. bcIMC's approach to managing liquidity risk is to ensure, as far as possible, that each Fund has sufficient liquidity to meet its liabilities when due. Each Fund is exposed to the liquidity risk associated with the requirement to redeem units. Units of a Fund may only be acquired by eligible clients or client groups in accordance with the respective Fund's purchasing limits that may be established by the Chief Investment Officer (CIO). In order to protect the interest of all clients, the CIO may also establish redemption limits for each Fund. The purchase and redemption limits may vary depending on market circumstances, client demand, and the liquidity of the underlying investments.

The Fund's cash position is monitored on a daily basis. In general, investments in cash and bcIMC Money Market Funds are expected to be highly liquid. bcIMC management utilizes appropriate measures and controls to monitor liquidity risk in order to ensure that there is sufficient liquidity to meet financial obligations as they come due. The Fund's liquidity position is monitored daily by taking into consideration future forecasted cash flows. This ensures that sufficient cash reserves are available to meet forecasted cash outflows.

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund. The following were the contractual maturities of derivative financial liabilities as at December 31, 2014 and 2013. The amounts are gross and undiscounted:

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10. Financial risk management (continued)

(c) Liquidity risk

DERIVATIVE LIABILITIES (in 000s)	December 31, 2014		
	Carrying amount	Gross nominal in (out) flow	Less than 1 month
Outflows	\$ (2,759,267)	\$ (2,759,267)	\$ (2,759,267)
Inflows	2,736,255	2,736,255	2,736,255
	<u>\$ (23,012)</u>	<u>\$ (23,012)</u>	<u>\$ (23,012)</u>

DERIVATIVE LIABILITIES (in 000s)	December 31, 2013		
	Carrying amount	Gross nominal in (out) flow	Less than 1 month
Outflows	\$ (1,372,305)	\$ (1,372,305)	\$ (1,372,305)
Inflows	1,368,019	1,368,019	1,368,019
	<u>\$ (4,286)</u>	<u>\$ (4,286)</u>	<u>\$ (4,286)</u>

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Fund's income or the fair value of its holdings of financial instruments. Each Fund's strategy for the management of market risk is driven by the Fund's investment objective.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates. The Fund had indirect exposure to interest rate risk through its investment in shares of All Weather Portfolio Limited, whose underlying investments are susceptible to interest rate risk. Such indirect exposure is managed by the external manager in conjunction with their investment level decisions.

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10. Financial risk management (continued)

(ii) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the Fund will fluctuate due to changes in foreign exchange rates.

The Fund is exposed to currency risk through holding of investments, investment receivables and investment liabilities in various currencies. The Fund uses foreign currency contracts to hedge foreign currency exposure on the investment in All Weather shares through the buying and selling of currencies through the spot market, forward contracts, futures contracts, and/or options in order to achieve the desired currency exposure.

The Fund holds net assets, including foreign currency contracts, denominated in U.S. currency totalling negative \$29,118,000 CAD (2013: \$4,367,000), which represents 2.2 percent (2013 - 0.6 percent) of the net asset value of the Fund. As at December 31, 2014, if the Canadian dollar had strengthened/ weakened by 1 percent in relation to the U.S. currency, holding all other variables constant, net assets would have decreased/increased, respectively, by \$291,000 (2013 - \$44,000). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material. The Fund also has indirect exposure to currency risk through its investment in shares of All Weather Portfolio Limited, whose underlying investments are susceptible to currency risk. Such indirect exposure is managed by the external manager in conjunction with their investment level decisions.

(iii) Other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

All financial instruments are subject to other price risk and a potential loss of capital. The maximum risk is determined by the market value of the financial instruments. The Fund may not sell short, borrow securities, or purchase securities on margin, which limits the potential loss of capital. bcIMC management monitors active price risk on a monthly basis. Tracking error and beta statistics for all equity Funds are compiled to review that the level of risk is consistent with each Fund's objective.

The Fund is subject to other price risk through its investment in shares of All Weather Portfolio Limited. The external manager utilizes risk parity and asset diversification to moderate this risk. The expected impact on the net assets of the Fund of a 10.0 percent increase/decrease in the value of the All Weather Portfolio Limited over the next year, would be an increase/decrease, respectively, of \$135,035,000 (2013 - \$67,414,000), representing 10.2 percent (2013 - 10.0 percent) of the Fund's Net Assets. This forecast is based on the Fund's actual holdings, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

The Shares of All Weather Portfolio Limited are exposed to the U.S. market. The Fund has indirect exposure to other regions through the underlying investments of All Weather Portfolio Limited.

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11. Fair value of financial instruments

(a) Fair value hierarchy

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1 inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2 inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 inputs that are unobservable.

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position.

All fair value measurements noted in the tables below are recurring.

(in 000s)	December 31, 2014		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money Market Investments	\$ 67	\$ -	\$ 67
Investment Fund Investment	1,350,350	-	1,350,350
Total Investments	\$ 1,350,417	\$ -	\$ 1,350,417
Foreign Currency Contracts, Net	-	(20,915)	(20,915)
Total	\$ 1,350,417	\$ (20,915)	\$ 1,329,502

(in 000s)	December 31, 2013		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money Market Investments	\$ 148	\$ -	\$ 148
Investment Fund Investment	674,136	-	674,136
Total Investments	\$ 674,284	\$ -	\$ 674,284
Foreign Currency Contracts, Net	-	(2,120)	(2,120)
Total	\$ 674,284	\$ (2,120)	\$ 672,164

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and would be classified as Level 2 in the fair value hierarchy. During 2014 and 2013, there were no significant transfers between the three levels in the hierarchy.

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11. Fair value of financial instruments (continued)

(b) Valuation models

The objective of valuation techniques is to arrive at a fair value measurement that reasonably reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Fund uses widely recognized valuation methods for determining the fair value of common and more simple financial instruments such as foreign currency contracts and money market instruments that use only observable market data which requires little management judgment and estimation. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other factors used in estimating discount rates, money market prices, and foreign currency exchange rates in estimating valuations of foreign currency contracts.

Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(c) Valuation framework

When third party information, such as broker quotes or pricing services, is used to measure fair value, management assesses and documents the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Funds for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

(d) Financial instruments not measured at fair value

The carrying value of bcIMC funds management fees payable and other accounts approximates their fair value given their short-term nature.

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12. Structured Entities

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. The tables below sets out the interests held by the Fund in these structured entities:

December 31, 2014			
Entity	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying amount included in Investments in the Statement of Financial Position (in 000s)
Investee funds administered by bcIMC	1	\$ 3,979,048	\$ 67
Investee funds administered by Bridgewater Associates	1	35,542,379	1,350,350
	2	\$ 39,521,427	\$ 1,350,417

December 31, 2013			
Entity	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying amount included in Investments in the Statement of Financial Position (in 000s)
Investee funds administered by bcIMC	1	\$ 1,472,414	\$ 148
Investee funds administered by Bridgewater Associates	1	29,846,814	674,136
	2	\$ 31,319,228	\$ 674,284

13. Income taxes

Net capital losses and non-capital losses for the Fund are as follows:

Pooled Investment Portfolios (in \$000s)	As of December 31, 2014			As of December 31, 2013	
	Net Capital Losses	Non-capital Losses		Net Capital Losses	Non-capital Losses
All Weather Fund	-	(498)		-	(71)

Net capital losses are available to be carried forward indefinitely and applied against future net realized capital gains. Non-capital losses may be carried forward up to 20 years to reduce future taxable income. The Funds' non-capital losses expire in 2033 (\$71,000) and 2034 (\$427,000).

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14. Transition to IFRS

The nature and the effect of the Fund's transition to IFRS is summarized below.

(a) Transition elections

The only voluntary exemption adopted by the Fund upon transition was the ability to designate a financial asset or financial liability at Fair Value Through Profit and Loss (FVTPL) upon transition to IFRS. All financial assets designated at FVTPL upon transition were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18, *Investment Companies*.

(b) Reconciliation of equity as previously reported under Canadian GAAP to IFRS

Under Canadian GAAP, the Fund measured the fair values of investments in accordance with Section 3855, *Financial Instruments – Recognition and Measurement*, which required the use of bid prices for long positions, to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, *Fair Value Measurement*, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread.

The following reconciliation of equity as previously reported under Canadian GAAP to IFRS shows the adjustment that was recognized to increase the carrying amount of the Funds' investments:

Pooled Investment Portfolios (in \$000s)	December 31, 2013				September 1, 2013		
	Equity as reported under Canadian GAAP	Revaluation of investments at FVTPL	Net assets attributable to holders of redeemable units		Equity as reported under Canadian GAAP	Revaluation of investments at FVTPL	Net assets attributable to holders of redeemable units
All Weather Fund	672,135	-	672,135		-	-	-

(c) Classification of redeemable units issued by the Fund

On transition to IFRS, bcIMC has reassessed whether the Fund's units meet the criteria in IAS 32 for classification as equity. Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

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14. Transition to IFRS (continued)

(d) Reconciliation of comprehensive income as previously reported under Canadian GAAP to IFRS

Pooled Investment Portfolios (in \$000s)	Period Ended December 31, 2013			
	Comprehensive income as reported under Canadian GAAP	Reclassification of distribution to holders of redeemable units to comprehensive income (refer to note (c) above)	Revaluation of investments at FVTPL (refer to note (b) above)	Increase (decrease) in net assets attributable to holders of redeemable units
All Weather Fund	426	671,709	-	672,135