

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Pooled Fund Financial Statements

DECEMBER 2015



INVESTING RESPONSIBLY FOR RESULTS



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
GROUP OF FUNDS

Canadian Money Market Fund ST1
Canadian Money Market Fund ST2
U.S. Dollar Money Market Fund ST3
Short Term Bond Fund
Canadian Universe Bond Fund
Canadian Real Return Bond Fund
Global Government Bond Fund
Fixed Term Mortgage Fund
Construction Mortgage Fund
Active Canadian Equity Fund
Active Canadian Small Cap Equity Fund
Enhanced Indexed Canadian Equity Fund
Indexed Canadian Equity Fund
Active U.S. Equity Fund
Active U.S. Small Cap Equity Fund
Enhanced Indexed U.S. Equity Fund
Indexed U.S. Equity Fund
Active Asian Equity Fund
Indexed Asian Equity Fund
Active European Equity Fund
Indexed European Equity Fund
Active Global Equity Fund
Enhanced Indexed Global Equity Fund
Indexed Global Equity Fund
Indexed Global ESG Equity Fund
Active Emerging Markets Equity Fund
Indexed Emerging Markets Equity Fund
Thematic Public Equity Fund

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

**British Columbia Investment Management Corporation
Pooled Investment Portfolios**

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 following Pooled Investment Portfolios for the year ended December 31, 2015:

| | | |
|-----------------------------------|---------------------------------------|--------------------------------------|
| Canadian Money Market Fund ST1 | Active Canadian Small Cap Equity Fund | Indexed European Equity Fund |
| Canadian Money Market Fund ST2 | Enhanced Indexed Canadian Equity Fund | Active Global Equity Fund |
| U.S. Dollar Money Market Fund ST3 | Indexed Canadian Equity Fund | Enhanced Indexed Global Equity Fund |
| Short Term Bond Fund | Active U.S. Equity Fund | Indexed Global Equity Fund |
| Canadian Universe Bond Fund | Active U.S. Small Cap Equity Fund | Indexed Global ESG Equity Fund |
| Canadian Real Return Bond Fund | Enhanced Indexed U.S. Equity Fund | Active Emerging Markets Equity Fund |
| Global Government Bond Fund | Indexed U.S. Equity Fund | Indexed Emerging Markets Equity Fund |
| Fixed Term Mortgage Fund | Active Asian Equity Fund | Thematic Public Equity Fund |
| Construction Mortgage Fund | Indexed Asian Equity Fund | |
| Active Canadian Equity Fund | Active European Equity Fund | |

The financial statements of the Pooled Investment Portfolios have been prepared by management of bcIMC and approved by the Chief Investment Officer/Chief Executive Officer. All of 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 Portfolios, 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 Pooled Investment Portfolios. 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 Pooled Investment Portfolios' financial statements and related findings with respect to such audits. Each of the Pooled Investment Portfolio financial statements is 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 Pooled Investment Portfolio financial statements.

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer / Chief Investment Officer

[S] Gordon Cummings

Gordon Cummings
Acting Senior Vice President, Finance

Victoria, British Columbia
April 7, 2016



KPMG LLP
Chartered Professional Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone 604-691-3000
Fax 604-691-3031
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

**To the Unitholders of the following funds managed by
British Columbia Investment Management Corporation (the Manager):**

| | |
|---------------------------------------|--------------------------------------|
| Canadian Money Market Fund ST1 | Active U.S. Small Cap Equity Fund |
| Canadian Money Market Fund ST2 | Enhanced Indexed U.S. Equity Fund |
| U.S. Dollar Money Market Fund ST3 | Indexed U.S. Equity Fund |
| Short Term Bond Fund | Active Asian Equity Fund |
| Canadian Universe Bond Fund | Indexed Asian Equity Fund |
| Canadian Real Return Bond Fund | Active European Equity Fund |
| Global Government Bond Fund | Indexed European Equity Fund |
| Fixed Term Mortgage Fund | Active Global Equity Fund |
| Construction Mortgage Fund | Enhanced Indexed Global Equity Fund |
| Active Canadian Equity Fund | Indexed Global Equity Fund |
| Active Canadian Small Cap Equity Fund | Indexed Global ESG Equity Fund |
| Enhanced Indexed Canadian Equity Fund | Active Emerging Markets Equity Fund |
| Indexed Canadian Equity Fund | Indexed Emerging Markets Equity Fund |
| Active U.S. Equity Fund | Thematic Public Equity Fund |

(collectively, the Funds).

We have audited the accompanying financial statements of the Funds, which comprise the statements of financial position of the Funds as at December 31, 2015, and their statements of comprehensive income, changes in net assets attributable to holders of redeemable units, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Funds' Manager 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 the Manager 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 an audit to obtain reasonable assurance about whether the financial statements are free of 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 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as, evaluating the overall financial statement presentation.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2015, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.



Chartered Professional Accountants

April 7, 2016
Vancouver, Canada

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN MONEY MARKET FUND ST1

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 1 | \$ - |
| Interest receivable | | - | 665 |
| Investments | | 2,913,078 | 3,978,505 |
| | | <u>2,913,079</u> | <u>3,979,170</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 162,902 | - |
| bcIMC funds management fees payable | 4 | 125 | 108 |
| Other accounts payable | | 15 | 14 |
| | | <u>163,042</u> | <u>122</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 2,750,037</u></u> | <u><u>\$ 3,979,048</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 733.327 | 1,067.678 |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 3,750</u></u> | <u><u>\$ 3,727</u></u> |
| <i>Contingent Liability</i> | 6 | | |

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 23,743 | \$ 21,864 |
| Securities lending income | | 21 | 44 |
| Change in fair value of investments: | 7 | | |
| Net realized gain | | 84 | 14 |
| Net change in unrealized appreciation (depreciation) | | 76 | (62) |
| Total Revenue | | <u>23,924</u> | <u>21,860</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 1,962 | 1,002 |
| Administrative fees | | 59 | 39 |
| Total operating expenses | | <u>2,021</u> | <u>1,041</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>21,903</u> | <u>20,819</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (21,741) | (20,867) |
| From net realized gains on investments | | (84) | - |
| | | <u>(21,825)</u> | <u>(20,867)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u><u>\$ 78</u></u> | <u><u>\$ (48)</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN MONEY MARKET FUND ST1

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

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|------------------------------------|------------------------------------|
| Balance, beginning of year | \$ 3,979,048 | \$ 1,472,414 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 78 | (48) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 38,742,573 | 60,015,810 |
| Reinvestment of distributions | 21,825 | 20,867 |
| Amounts paid for units redeemed | (39,993,487) | (57,529,995) |
| Net increase (decrease) from redeemable unit transactions | (1,229,089) | 2,506,682 |
| Balance, end of year | \$ 2,750,037 | \$ 3,979,048 |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ 78 | \$ (48) |
| Adjustments for: | | |
| Interest income | (23,743) | (21,864) |
| Net realized gain from investments | (84) | (14) |
| Net change in unrealized (appreciation) depreciation from investments | (76) | 62 |
| Amortization of premiums and discounts | (19,703) | (14,370) |
| Non cash distributions | 21,825 | 20,867 |
| Proceeds from sale of investments | 356,203,018 | 235,518,392 |
| Amounts paid for purchase of investments | (355,117,728) | (238,010,062) |
| Payable for purchase of investments | 162,902 | - |
| bcIMC funds management fees payable | 17 | 25 |
| Other accounts payable | 1 | (2) |
| Interest received | 24,408 | 21,199 |
| | <u>1,250,915</u> | <u>(2,485,815)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 38,742,573 | 60,015,810 |
| Payments on redemption of redeemable units | (39,993,487) | (57,529,995) |
| | <u>(1,250,914)</u> | <u>2,485,815</u> |
| Net increase in cash | 1 | - |
| Cash, beginning of year | - | - |
| Cash, end of year | \$ 1 | \$ - |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN MONEY MARKET FUND ST1

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Bonds: | \$ - | \$ - | \$ 30,419 | \$ 30,440 |
| Provincial Government | | | | |
| Money Market Investments: | | | | |
| Provincial Government | 2,154,810 | 2,154,833 | 2,265,666 | 2,265,685 |
| Municipal Government | 484,875 | 484,858 | 339,854 | 339,863 |
| Repurchase Agreements | 273,393 | 273,397 | 1,342,566 | 1,342,603 |
| | 2,913,078 | 2,913,088 | 3,948,086 | 3,948,151 |
| Total Investments | \$ 2,913,078 | \$ 2,913,088 | \$ 3,978,505 | \$ 3,978,591 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN MONEY MARKET FUND ST1

**Financial Risk Management Discussion
as at December 31**

The Canadian Money Market Fund ST1 (the Fund) invests in very short term debt securities that are issued, insured, or guaranteed, by a Canadian government and repurchase agreements secured by Canadian government debt securities. The Fund assumes minimal risk. The investment objective of the Fund is to exceed the returns of the benchmark, the FTSE TMX Canada 30 Day T-Bill Index, by 5 basis points per annum net of all expenses incurred. The primary goals are to minimize market risk and maximize liquidity.

The Fund can hold the following securities:

- fixed income securities that are issued, insured or guaranteed by the Government of Canada or a provincial or municipal government,
- repurchase agreement investments secured by fixed income securities which are issued, insured or guaranteed by the Government of Canada or a provincial or municipal government, and
- swapped deposits (fully hedged US pay securities of Canadian issuers that meet investment guideline criteria).

The maximum term to maturity of the securities is 45 days.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

As at December 31, the Fund invested in debt instruments with the following credit ratings:

INVESTMENTS
BY CREDIT RATING
(in 000s)

| | 2015 | | 2014 | |
|--|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| AAA/AA | \$ 910,472 | 31.3 % | \$ - | - % |
| A | 1,729,213 | 59.4 % | 2,635,939 | 66.3 % |
| Repurchase agreements (not rated) | 273,393 | 9.4 % | 1,342,566 | 33.7 % |
| Total Money Market Investments and Bonds | \$ 2,913,078 | 100.0 % | \$ 3,978,505 | 100.0 % |

Liquidity Risk

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

As at December 31, 2015 and December 31, 2014, the Fund invested in fixed income instruments with terms to maturity within 45 days, and a weighted average effective yield of 0.64% (2014 - 1.39%).

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,515,000 (2014 - \$1,631,000), representing 0.06% of the Fund's net assets (2014 - 0.04%). Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN MONEY MARKET FUND ST1

Financial Risk Management Discussion (continued)
as at December 31

Currency Risk

The Fund is not exposed to significant currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Investments by Geographic Region

All of the Fund's money market investments are exposed to the Canadian market.

Fair Value Measurement Discussion
as at December 31

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below analyzes 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.

| | | December 31, 2015 | | |
|--------------------------|--|--|--|--------------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | | |
| Money Market Investments | | \$ - | \$ 2,913,078 | \$ 2,913,078 |
| Total Investments | | \$ - | \$ 2,913,078 | \$ 2,913,078 |

| | | December 31, 2014 | | |
|--------------------------|--|--|--|--------------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | | |
| Money Market Investments | | \$ - | \$ 3,948,086 | \$ 3,948,086 |
| Bonds | | - | 30,419 | 30,419 |
| Total Investments | | \$ - | \$ 3,978,505 | \$ 3,978,505 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN MONEY MARKET FUND ST2

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Interest receivable | | 8,199 | 5,877 |
| Investments | | <u>5,406,021</u> | <u>4,427,028</u> |
| | | <u>5,414,220</u> | <u>4,432,905</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 265 | 154 |
| Other accounts payable | | <u>13</u> | <u>12</u> |
| | | <u>278</u> | <u>166</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 5,413,942</u></u> | <u><u>\$ 4,432,739</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>1,358.113</i> | <i>1,122.340</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 3,986</u></u> | <u><u>\$ 3,950</u></u> |
| <i>Contingent liability</i> | 6 | | |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 41,847 | \$ 26,795 |
| Securities lending income | | 301 | 165 |
| Change in fair value of investments: | 7 | | |
| Net realized gain (loss) | | 1,418 | (59) |
| Net change in unrealized appreciation (depreciation) | | <u>2,658</u> | <u>(1,507)</u> |
| Total Revenue | | <u>46,224</u> | <u>25,394</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 2,511 | 1,015 |
| Administrative fees | | <u>67</u> | <u>33</u> |
| Total operating expenses | | <u>2,578</u> | <u>1,048</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>43,646</u> | <u>24,346</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (39,569) | (25,912) |
| From net realized gains on investments | | <u>(1,389)</u> | <u>-</u> |
| | | <u>(40,958)</u> | <u>(25,912)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u><u>\$ 2,688</u></u> | <u><u>\$ (1,566)</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN MONEY MARKET FUND ST2

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

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|------------------------------------|------------------------------------|
| Balance, beginning of year | \$ 4,432,739 | \$ 1,675,538 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 2,688 | (1,566) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 11,351,479 | 11,031,921 |
| Reinvestment of distributions | 40,958 | 25,912 |
| Amounts paid for units redeemed | <u>(10,413,922)</u> | <u>(8,299,066)</u> |
| Net increase from redeemable unit transactions | <u>978,515</u> | <u>2,758,767</u> |
| Balance, end of year | <u>\$ 5,413,942</u> | <u>\$ 4,432,739</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ 2,688 | \$ (1,566) |
| Adjustments for: | | |
| Interest income | (41,847) | (26,795) |
| Net realized (gain) loss from investments | (1,418) | 59 |
| Net change in unrealized (appreciation) depreciation from investments | (2,658) | 1,507 |
| Amortization of premiums and discounts | (11,881) | (10,206) |
| Non cash distributions | 40,958 | 25,912 |
| Proceeds from sale of investments | 142,413,275 | 116,048,893 |
| Amounts paid for purchase of investments | (143,376,311) | (118,246,314) |
| Payable for purchase of investments | - | (547,634) |
| bcIMC funds management fees payable | 111 | 62 |
| Other accounts payable | 1 | - |
| Interest received | 39,525 | 23,227 |
| | <u>(937,557)</u> | <u>(2,732,855)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 11,351,479 | 11,031,921 |
| Payments on redemption of redeemable units | <u>(10,413,922)</u> | <u>(8,299,066)</u> |
| | <u>937,557</u> | <u>2,732,855</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of year | <u>-</u> | <u>-</u> |
| Cash, end of year | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN MONEY MARKET FUND ST2

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Bonds: | | | | |
| Federal Government | \$ - | \$ - | \$ 50,146 | \$ 50,146 |
| Municipal Government | 136,433 | 136,473 | - | - |
| Corporate | <u>1,105,867</u> | <u>1,105,864</u> | <u>916,844</u> | <u>919,408</u> |
| | 1,242,300 | 1,242,337 | 966,990 | 969,554 |
| Money Market Investments: | | | | |
| Federal Government | 2,520,890 | 2,520,956 | 2,296,408 | 2,296,304 |
| Provincial Government | 578,236 | 578,199 | 54,985 | 54,988 |
| Municipal Government | - | - | 19,994 | 19,993 |
| Repurchase Agreements | <u>1,064,595</u> | <u>1,064,330</u> | <u>1,088,651</u> | <u>1,088,648</u> |
| | 4,163,721 | 4,163,485 | 3,460,038 | 3,459,933 |
| Total Investments | <u><u>\$ 5,406,021</u></u> | <u><u>\$ 5,405,822</u></u> | <u><u>\$ 4,427,028</u></u> | <u><u>\$ 4,429,487</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN MONEY MARKET FUND ST2

**Financial Risk Management Discussion
as at December 31**

The Canadian Money Market Fund ST2 (the Fund) invests in government and corporate debt securities, including commercial paper. The investment objective of the Fund is to exceed the returns of the benchmark, the FTSE TMX Canada 91 Day T-Bill Index, by 25 basis points per annum net of all expenses incurred.

The Fund can hold the following securities:

- fixed income securities that are issued, insured or guaranteed by the Government of Canada or a provincial or municipal government,
- Canadian dollar denominated fixed income securities issued or guaranteed by a sovereign government,
- Canadian dollar denominated fixed income securities issued or guaranteed by supranational entities including, but not limited to, the World Bank, the International Bank for Reconstruction and Development, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank and Inter-American Development bank,
- corporate bonds, issued in Canadian dollars,
- corporate commercial paper, issued in Canadian dollars,
- asset-backed securities, issued in Canadian dollars,
- unrated Canadian dollar denominated corporate paper (i.e. debt issued by credit unions) up to one percent of the Fund's assets,
- repurchase agreement investments secured by fixed income securities which are issued, insured or guaranteed by the Government of Canada or a provincial government, and
- swapped deposits (fully hedged US pay securities of Canadian issuers that meet investment guideline criteria).

The following restrictions apply to the Fund:

- Not more than 10 percent of the money market investments can be invested in one corporation with the exception that the Fund may hold up to 15 percent of the Fund's assets in any one Schedule One bank.
- Corporate and government short term debt securities issued by non-Canadian entities held by the Fund shall be rated A-1 (low) or better by Standard & Poor's or have an equivalent rating from another credit rating agency. Longer term corporate and foreign government issued debt investments must be rated "A-" or better by Standard & Poor's or have an equivalent rating from another credit rating agency
- The maximum term to maturity of the securities is 15 months.
- Not more than 25% of the total Fund can be invested in corporate commercial paper rated A-1 (low).

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

As at December 31, the Fund invested in debt instruments with the following credit ratings:

**INVESTMENTS
BY CREDIT RATING
(in 000s)**

| | 2015 | | 2014 | |
|--|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| AAA/AA | \$ 3,406,383 | 63.0 % | \$ - | - % |
| A | 1,873,103 | 34.6 % | 3,852,418 | 87.0 % |
| BBB | 124,972 | 2.3 % | - | - % |
| Unrated | - | - % | 92,187 | 2.1 % |
| Repurchase agreements (not rated) | 1,563 | - % | 482,423 | 10.9 % |
| Total Money Market Investments and Bonds | \$ 5,406,021 | 100.0 % | \$ 4,427,028 | 100.0 % |

Liquidity Risk

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

As at December 31, 2015 and December 31, 2014, the Fund invested in fixed income instruments with terms to maturity within 365 days, and a weighted average effective yield of 0.77% (2014 - 1.40%).

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$24,920,483 (2014 - \$20,186,000), representing 0.46% of the Fund's net assets (2014 - 0.46%). Actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN MONEY MARKET FUND ST2

Financial Risk Management Discussion (continued)
as at December 31

Currency Risk

The Fund is not exposed to significant currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Investments by Geographic Region

All of the Fund's money market investments are exposed to the Canadian market.

Fair Value Measurement Discussion
as at December 31

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| December 31, 2015 | | | |
|--------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Investments | \$ - | \$ 4,163,721 | \$ 4,163,721 |
| Bonds | - | 1,242,300 | 1,242,300 |
| Total Investments | \$ - | \$ 5,406,021 | \$ 5,406,021 |

| December 31, 2014 | | | |
|--------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Investments | \$ - | \$ 3,460,038 | \$ 3,460,038 |
| Bonds | - | 966,990 | 966,990 |
| Total Investments | \$ - | \$ 4,427,028 | \$ 4,427,028 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

U.S. DOLLAR MONEY MARKET FUND ST3

Statement of Financial Position

(all amounts in thousands of U.S. dollars *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|--------------------------|--------------------------|
| Assets | | | |
| Cash | | \$ 133,705 | \$ - |
| Interest receivable | | 9 | - |
| Investments | | - | 183,846 |
| | | <u>133,714</u> | <u>183,846</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 2 | 16 |
| Other accounts payable | | 4 | 5 |
| | | <u>6</u> | <u>21</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 133,708</u> | <u>\$ 183,825</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>61.367</i> | <i>84.235</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 2,179</u> | <u>\$ 2,182</u> |
| <i>Contingent liability</i> | 6 | | |

Statement of Comprehensive Income

(all amounts in thousands of U.S. dollars)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 92 | \$ 94 |
| Change in fair value of investments: | 7 | | |
| Net realized gain (loss) | | (2) | 1 |
| Net change in unrealized depreciation | | - | (1) |
| Total Revenue | | <u>90</u> | <u>94</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 184 | 118 |
| Administrative fees | | 10 | 12 |
| Total operating expenses | | <u>194</u> | <u>130</u> |
| Decrease in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>(104)</u> | <u>(36)</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| Decrease in net assets attributable to holders of redeemable units | | <u>\$ (104)</u> | <u>\$ (36)</u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

U.S. DOLLAR MONEY MARKET FUND ST3

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

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------------------------------------|------------------------------------|
| Balance, beginning of year | \$ 183,825 | \$ 110,696 |
| Decrease in net assets attributable to holders of redeemable units | (104) | (36) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 1,105,658 | 1,343,181 |
| Amounts paid for units redeemed | <u>(1,155,671)</u> | <u>(1,270,016)</u> |
| Net increase (decrease) from redeemable unit transactions | <u>(50,013)</u> | <u>73,165</u> |
| Balance, end of year | <u>\$ 133,708</u> | <u>\$ 183,825</u> |

Statement of Cash Flows
(all amounts in thousands of U.S. dollars)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------------------------------------|------------------------------------|
| Operating activities: | | |
| Decrease in net assets attributable to holders of redeemable units | \$ (104) | \$ (36) |
| Adjustments for: | | |
| Interest income | (92) | (94) |
| Net realized (gain) loss from investments | 2 | (1) |
| Net change in unrealized depreciation from investments | - | 1 |
| Amortization of premiums and discounts | (92) | (94) |
| Proceeds from sale of investments | 2,147,873 | 2,830,354 |
| Amounts paid for purchase of investments | (1,963,937) | (2,903,397) |
| bcIMC funds management fees payable | (14) | 7 |
| Other accounts payable | (1) | 1 |
| Interest received | 83 | 94 |
| | <u>183,718</u> | <u>(73,165)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 1,105,658 | 1,343,181 |
| Payments on redemption of redeemable units | <u>(1,155,671)</u> | <u>(1,270,016)</u> |
| | <u>(50,013)</u> | <u>73,165</u> |
| Net increase in cash | 133,705 | - |
| Cash, beginning of year | <u>-</u> | <u>-</u> |
| Cash, end of year | <u>\$ 133,705</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

U.S. DOLLAR MONEY MARKET FUND ST3

Schedule of Investments

as at December 31

(all amounts in thousand of U.S. dollars)

| | 2015 | | 2014 | |
|----------------------------------|--------------------|--------------------|--------------------------|--------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Money Market Investments: | | | | |
| Federal Government | \$ - | \$ - | \$ 143,594 | \$ 143,594 |
| Repurchase Agreements | <u>-</u> | <u>-</u> | <u>40,252</u> | <u>40,252</u> |
| | - | - | 183,846 | 183,846 |
| Total Investments | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 183,846</u></u> | <u><u>\$ 183,846</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

U.S. DOLLAR MONEY MARKET FUND ST3

**Financial Risk Management Discussion
as at December 31**

The U.S. Dollar Money Market Fund ST3 (the Fund) invests in short term government and corporate debt securities, including commercial paper. The investment objective of the Fund is to exceed the returns of the benchmark, the Citigroup 30 Day Treasury Bill Index, by 5 basis points per annum net of all expenses incurred.

The Fund can hold the following securities:

- US dollar denominated securities which are issued, insured or guaranteed by the Government of Canada or a provincial or municipal government,
- United States Treasury Bills,
- US dollar denominated corporate commercial paper, issued by a Canadian corporation, that is rated A-1 (low) or better by Standard & Poor's or has an equivalent rating from another credit rating agency,
- US dollar denominated asset-backed securities, issued by a Canadian corporation, that is rated A-1 (low) or better by Standard and Poor's or has an equivalent rating from another credit rating agency,
- unrated Canadian corporate paper (i.e., debt issued by credit unions) up to one percent of the Fund's assets'
- swapped deposits (fully hedged Canadian-pay securities of U.S. issuers that meet investment guideline criteria), and
- forward contracts for the purposes of currency conversions.

The following restrictions apply to the Fund:

- Not more than 10 percent of the market value of the Fund shall be invested in one corporation with the exception that the Fund can hold up to 15 percent of fund assets in any one Schedule One bank.
- Not more than 25 percent of the total portfolio can be invested in corporate commercial paper rated A-1 (low).
- The maximum term to maturity of the securities is 45 days.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

As at December 31, the Fund invested in debt instruments with the following credit ratings:

INVESTMENTS
BY CREDIT RATING
(in 000s of U.S. dollars)

| | 2015 | | 2014 | |
|-----------------------------------|-------|------------|------------|------------|
| | Total | % of Total | Total | % of Total |
| A - or better | \$ - | - % | \$ 143,594 | 78.1 % |
| Repurchase agreements (not rated) | - | - % | 40,252 | 21.9 % |
| Total Bonds | \$ - | - % | \$ 183,846 | 100.0 % |

Liquidity Risk

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

As at December 31, 2014, the Fund invested in fixed income instruments with terms to maturity within 21 days, and a weighted average effective yield of 0.11%.

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$64,350 (2014), representing 0.04% of the Fund's net assets. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

U.S. DOLLAR MONEY MARKET FUND ST3

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk

The Fund is not exposed to significant currency risk since the Fund's assets and liabilities are denominated in U.S. dollars and the functional currency of the Fund is U.S. dollars.

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Investments by Geographic Region

The Fund's money market investments are exposed to the Canadian market, as all of the investments are U.S. dollar denominated instruments issued by Canadian governments and corporations.

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | | December 31, 2015 | | |
|---------------------------|--|--|--|-------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s of U.S. dollars) | | | | |
| Total Investments | | \$ - | \$ - | \$ - |

| | | December 31, 2014 | | |
|---------------------------|--|--|--|------------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s of U.S. dollars) | | | | |
| Money Market Investments | | \$ - | \$ 183,846 | \$ 183,846 |
| Total Investments | | \$ - | \$ 183,846 | \$ 183,846 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

SHORT TERM BOND FUND

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Receivable from sale of investments | | \$ - | \$ 35,883 |
| Receivable from issue of units | | 20,000 | - |
| Interest receivable | | 6,268 | 8,339 |
| Investments | | <u>1,638,870</u> | <u>2,179,710</u> |
| | | <u>1,665,138</u> | <u>2,223,932</u> |
| Liabilities | | | |
| Payable for purchase of investments | | - | 416,711 |
| Payable for redemption of units | | 20,000 | - |
| bcIMC funds management fees payable | 4 | 106 | 81 |
| Other accounts payable | | <u>10</u> | <u>10</u> |
| | | <u>20,116</u> | <u>416,802</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 1,645,022</u> | <u>\$ 1,807,130</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>630.906</i> | <i>710.596</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 2,607</u> | <u>\$ 2,543</u> |
| <i>Contingent liability</i> | 6 | | |

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 24,235 | \$ 63,357 |
| Securities lending income | | 180 | 655 |
| Change in fair value of investments: | 7 | | |
| Net realized gain | | 15,120 | 36,939 |
| Net change in unrealized appreciation | | <u>6,694</u> | <u>3,998</u> |
| Total Revenue | | <u>46,229</u> | <u>104,949</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 1,308 | 1,781 |
| Administrative fees | | <u>33</u> | <u>57</u> |
| Total operating expenses | | <u>1,341</u> | <u>1,838</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>44,888</u> | <u>103,111</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (23,074) | (62,043) |
| From net realized gains on investments | | <u>(15,120)</u> | <u>(36,939)</u> |
| | | <u>(38,194)</u> | <u>(98,982)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u>\$ 6,694</u> | <u>\$ 4,129</u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

SHORT TERM BOND FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 1,807,130 | \$ 2,931,840 |
| Increase in net assets attributable to holders of redeemable units | 6,694 | 4,129 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 436,560 | 3,800,292 |
| Reinvestment of distributions | 38,194 | 98,982 |
| Amounts paid for units redeemed | <u>(643,556)</u> | <u>(5,028,113)</u> |
| Net decrease from redeemable unit transactions | <u>(168,802)</u> | <u>(1,128,839)</u> |
| Balance, end of year | <u>\$ 1,645,022</u> | <u>\$ 1,807,130</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|--|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 6,694 | \$ 4,129 |
| Adjustments for: | | |
| Interest income | (24,235) | (63,357) |
| Net realized gain from investments | (15,120) | (36,939) |
| Net change in unrealized appreciation from investments | (6,694) | (3,998) |
| Amortization of premiums and discounts | 24,168 | 37,983 |
| Non cash distributions | 38,194 | 98,982 |
| Proceeds from sale of investments | 10,461,919 | 17,347,898 |
| Amounts paid for purchase of investments | (9,923,433) | (26,602,707) |
| Receivable from sale of investments | 35,883 | (35,883) |
| Receivable from issue of units | (20,000) | 20,000 |
| Payable for purchase of investments | (416,711) | 416,711 |
| Payable for redemption of units | 20,000 | (20,000) |
| bcIMC funds management fees payable | 25 | (20) |
| Interest received | <u>26,306</u> | <u>65,022</u> |
| | <u>206,996</u> | <u>1,227,821</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 436,560 | 3,800,292 |
| Payments on redemption of redeemable units | <u>(643,556)</u> | <u>(5,028,113)</u> |
| | <u>(206,996)</u> | <u>(1,227,821)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of year | <u>-</u> | <u>-</u> |
| Cash, end of year | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

SHORT TERM BOND FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Bonds: | | | | |
| Federal Government | \$ 983,899 | \$ 978,098 | \$ 854,447 | \$ 852,195 |
| Provincial Government | 283,122 | 280,018 | 849,886 | 845,627 |
| Municipal Government | <u>359,028</u> | <u>353,780</u> | <u>89,408</u> | <u>88,456</u> |
| | 1,626,049 | 1,611,896 | 1,793,741 | 1,786,278 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio Fund ST1 | <u>12,821</u> | <u>12,824</u> | <u>385,969</u> | <u>385,976</u> |
| Total Investments | <u>\$ 1,638,870</u> | <u>\$ 1,624,720</u> | <u>\$ 2,179,710</u> | <u>\$ 2,172,254</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

SHORT TERM BOND FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Short Term Bond Fund (the Fund) is to exceed the benchmark return, the FTS TMX Canada Short Term Government Bond Index, by 20 basis points per annum, net of all investment expenses. The Fund is actively managed. The portfolio manager attempts to increase the returns relative to the Fund's benchmark by employing the following strategies:

- anticipating yield curve changes,
- anticipating credit spread changes,
- quality swaps, and
- yield pickups.

The Fund invests in the following securities:

- Canadian dollar denominated debt securities issued, insured or guaranteed by, the Government of Canada, provincial governments, municipal governments, sovereign governments or supranational entities,
- swapped deposits, defined as fully hedged US-pay securities of Canadian issuers that meet investment guideline criteria, and
- units in Canadian Money Market Fund ST1 for cash management purposes.

The following restrictions apply to the holding of securities in the Fund:

- the Fund may not invest in derivatives with exception of the securities noted above.
- Debt securities issued by non-Canadian entities must be rated BBB- or better by Standard & Poor's or have an equivalent rating from another credit rating agency.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

As at December 31, the Fund invested in debt instruments with the following credit ratings:

BONDS
BY CREDIT RATING
(in 000s)

| | 2015 | | 2014 | |
|-------------|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| AAA/AA | \$ 1,395,986 | 85.9 % | \$ 1,272,190 | 70.9 % |
| A | 230,063 | 14.1 % | 521,551 | 29.1 % |
| Total Bonds | \$ 1,626,049 | 100.0 % | \$ 1,793,741 | 100.0 % |

Liquidity Risk

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

As at December 31, the Fund invested in debt instruments with the following terms to maturity and average effective yield:

BONDS
BY MATURITY DATE
(in 000s)

| | 2015 | | 2014 | |
|---------------|--------------|---------------------|--------------|---------------------|
| | Total | Avg Effective Yield | Total | Avg Effective Yield |
| Within 1 year | \$ 61,657 | 0.69 % | \$ - | - % |
| 1 to 5 years | 1,564,392 | 0.99 % | 1,793,741 | 1.47 % |
| Total Bonds | \$ 1,626,049 | 0.98 % | \$ 1,793,741 | 1.47 % |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

SHORT TERM BOND FUND

**Financial Risk Management Discussion (continued)
as at December 31**

The duration is to be managed within ± 20 percent of the benchmark duration, which was 3 years as at December 31, 2015. As at December 31, 2015, the Fund had a duration of 3 years (2014 - 3 years). The maximum term to maturity is 4 years (2014 - 4 years).

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$45,952,000 (2014 - \$58,479,000), representing 2.8% of the Fund's net assets (2014 - 3.2%). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Currency Risk

The Fund is not exposed to significant currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Management monitors the concentration of risk for debt securities based on counterparties, sector and geographic location. The Fund's debt investments are all issued or guaranteed by the Government of Canada, provincial or municipal governments.

Bonds by Geographic Region

All of the Fund's bond investments are exposed to the Canadian market.

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | |
|--------------------|---------------------------------------|---------------------------------------|---------------------|
| | Level 1 | Level 2 | Total |
| | (Quoted Price in Active Market) | (Significant Observable Inputs) | |
| (in 000s) | | | |
| Money Market Funds | \$ 12,821 | \$ - | \$ 12,821 |
| Bonds | - | 1,626,049 | 1,626,049 |
| Total Investments | <u>\$ 12,821</u> | <u>\$ 1,626,049</u> | <u>\$ 1,638,870</u> |

| | December 31, 2014 | | |
|--------------------|---------------------------------------|---------------------------------------|---------------------|
| | Level 1 | Level 2 | Total |
| | (Quoted Price in Active Market) | (Significant Observable Inputs) | |
| (in 000s) | | | |
| Money Market Funds | \$ 385,969 | \$ - | \$ 385,969 |
| Bonds | - | 1,793,741 | 1,793,741 |
| Total Investments | <u>\$ 385,969</u> | <u>\$ 1,793,741</u> | <u>\$ 2,179,710</u> |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

SHORT TERM BOND FUND

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 12,821 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 3,978,048 | \$ 385,969 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN UNIVERSE BOND FUND

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31 2014 |
|--|------|-----------------------------|-----------------------------|
| Assets | | | |
| Receivable from sale of investments | | \$ 338,725 | \$ 498,987 |
| Interest receivable | | 55,863 | 60,095 |
| Investments | | <u>13,018,682</u> | <u>13,103,020</u> |
| | | <u>13,413,270</u> | <u>13,662,102</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 334,296 | 388,463 |
| bcIMC funds management fees payable | 4 | 639 | 453 |
| Other accounts payable | | <u>44</u> | <u>37</u> |
| | | <u>334,979</u> | <u>388,953</u> |
| Net assets attributable to holders of redeemable units | | | |
| | | <u>\$ 13,078,291</u> | <u>\$ 13,273,149</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>7,659.537</i> | <i>8,036.607</i> |
| Net assets attributable to holders of redeemable units per unit | | | |
| | | <u>\$ 1,707</u> | <u>\$ 1,652</u> |
| <i>Contingent liability</i> | 6 | | |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 332,916 | \$ 364,681 |
| Securities lending income | | 1,503 | 1,195 |
| Change in fair value of investments: | 7 | | |
| Net realized gain | | 284,834 | 393,038 |
| Net change in unrealized appreciation (depreciation) | | <u>(181,923)</u> | <u>451,825</u> |
| Total Revenue | | <u>437,330</u> | <u>1,210,739</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 7,927 | 6,045 |
| Administrative fees | | <u>170</u> | <u>149</u> |
| Total operating expenses | | <u>8,097</u> | <u>6,194</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>429,233</u> | <u>1,204,545</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (326,322) | (359,234) |
| From net realized gains on investments | | <u>(284,318)</u> | <u>(385,836)</u> |
| | | <u>(610,640)</u> | <u>(745,070)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ (181,407)</u> | <u>\$ 459,475</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN UNIVERSE BOND FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 13,273,149 | \$ 12,219,829 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (181,407) | 459,475 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 961,410 | 358,352 |
| Reinvestment of distributions | 610,640 | 745,070 |
| Amounts paid for units redeemed | <u>(1,585,501)</u> | <u>(509,577)</u> |
| Net increase (decrease) from redeemable unit transactions | <u>(13,451)</u> | <u>593,845</u> |
| Balance, end of year | <u>\$ 13,078,291</u> | <u>\$ 13,273,149</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ (181,407) | \$ 459,475 |
| Adjustments for: | | |
| Interest income | (332,916) | (364,681) |
| Net realized gain from investments | (284,834) | (393,038) |
| Net change in unrealized (appreciation) depreciation from investments | 181,923 | (451,825) |
| Amortization of premiums and discounts | (26,649) | (44,669) |
| Non cash distributions | 610,640 | 745,070 |
| Proceeds from sale of investments | 112,457,627 | 76,993,248 |
| Amounts paid for purchase of investments | (112,243,729) | (77,057,354) |
| Receivable from sale of investments | 160,262 | (498,987) |
| Receivable from issue of units | - | 31 |
| Payable for purchase of investments | (54,167) | 388,463 |
| bcIMC funds management fees payable | 186 | 4 |
| Other accounts payable | 7 | - |
| Interest received | <u>337,148</u> | <u>375,488</u> |
| | <u>624,091</u> | <u>151,225</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 961,410 | 358,352 |
| Payments on redemption of redeemable units | <u>(1,585,501)</u> | <u>(509,577)</u> |
| | <u>(624,091)</u> | <u>(151,225)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of year | <u>-</u> | <u>-</u> |
| Cash, end of year | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN UNIVERSE BOND FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Bonds: | | | | |
| Federal Government | \$ 3,959,259 | \$ 3,932,803 | \$ 3,576,329 | \$ 3,523,711 |
| Provincial Government | 4,347,842 | 4,188,087 | 2,918,813 | 2,703,342 |
| Municipal Government | 51,695 | 43,659 | 46,532 | 38,378 |
| Corporate | 4,579,495 | 4,407,840 | 4,780,469 | 4,509,647 |
| Supranational and Sovereign | <u>66,051</u> | <u>66,103</u> | <u>66,929</u> | <u>66,203</u> |
| | 13,004,342 | 12,638,492 | 11,389,072 | 10,841,281 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio Fund ST1 | <u>14,340</u> | <u>14,356</u> | <u>1,713,948</u> | <u>1,713,982</u> |
| Total Investments | <u>\$ 13,018,682</u> | <u>\$ 12,652,848</u> | <u>\$ 13,103,020</u> | <u>\$ 12,555,263</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN UNIVERSE BOND FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Canadian Universe Bond Fund (the Fund) is to exceed the return of the Fund's benchmark, the FTSE TMX Canada Universe Bond Index, by 50 basis points per annum net of all investment expenses. The Fund is actively managed. The portfolio manager attempts to increase the returns relative to the Fund's benchmark by employing the following strategies:

- anticipating yield curve changes,
- anticipating credit spread changes,
- quality swaps,
- yield pickups, and
- sector strategies.

The Fund invests in the following securities:

- fixed income securities that are issued, insured or guaranteed by the Government of Canada or a provincial or municipal government,
- Canadian dollar denominated fixed income securities issued or guaranteed by a sovereign government or supranational entity,
- Canadian dollar denominated fixed income securities issued by corporations, trusts, income trusts, limited partnerships and non-profit entities such as airports, universities and pension funds,
- private placement fixed income securities with prior CIO approval, and
- units in Canadian Money Market Fund ST1 and Canadian Money Market Fund ST2.

The following restrictions apply to the holding of securities in the Fund:

- Corporate, and government debt securities issued by non-Canadian entities held by the Fund shall be rated BBB- or better by Standard & Poor's or have an equivalent rating from another credit rating agency.
- Not more than 10 percent of the market value of the Fund shall be invested in the debt of any one company.
- The Fund's allocation to corporate bonds shall not exceed 10 percentage points above the weighting of corporate bonds within the Index.
- The Fund's weighting of BBB bonds shall not exceed 2 percentage points above the weighting of BBB bonds within the Index.
- The Fund may not invest in derivatives.

If any issue is downgraded below the approved credit standard, bcIMC has the discretion to determine the appropriate timing of any sale so as to maximize sale proceeds.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

As at December 31, the Fund invested in debt instruments with the following credit ratings:

BONDS
BY CREDIT RATING
(in 000s)

| | 2015 | | 2014 | |
|-------------|----------------------|----------------|----------------------|----------------|
| | Total | % of Total | Total | % of Total |
| AAA/AA | \$ 5,787,105 | 44.5 % | \$ 6,930,298 | 60.9 % |
| A | 5,745,066 | 44.2 % | 2,781,907 | 24.4 % |
| BBB | 1,472,171 | 11.3 % | 1,676,867 | 14.7 % |
| Total Bonds | <u>\$ 13,004,342</u> | <u>100.0 %</u> | <u>\$ 11,389,072</u> | <u>100.0 %</u> |

Liquidity Risk

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN UNIVERSE BOND FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

As at December 31, the Fund invested in debt instruments with the following terms to maturity and average effective yield:

BONDS

BY MATURITY DATE
(in 000s)

| | 2015 | | 2014 | |
|---------------|---------------|---------------------|---------------|---------------------|
| | Total | Avg Effective Yield | Total | Avg Effective Yield |
| Within 1 year | \$ 31,572 | 1.20 % | \$ 1,332,039 | 0.99 % |
| 1 to 5 years | 3,583,990 | 1.59 % | 2,050,764 | 2.13 % |
| 5 to 10 years | 5,638,052 | 2.22 % | 3,573,241 | 2.71 % |
| Over 10 years | 3,750,728 | 2.89 % | 4,433,028 | 2.85 % |
| Total Bonds | \$ 13,004,342 | 2.24 % | \$ 11,389,072 | 2.46 % |

The duration is to be managed within ± 20 percent of the benchmark duration, which was 7 years as at December 31, 2015. As at December 31, 2015, the Fund had a duration of 8 years (2014 - 7 years). The maximum term to maturity is 29 years (2014 -23 years). If prevailing interest rates increased or decreased by 1% (100 bps), with all others variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,036,056,000 (2014 - \$1,008,958,000), representing 7.9% of the Fund's net assets (2014 - 7.6%). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Currency Risk

The Fund is not exposed to significant currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Management monitors the concentration of risk for debt securities based on counterparties, sector and geographic location. The Fund's debt investments are issued or guaranteed by the Government of Canada, provincial governments, municipal governments, sovereign governments, and corporate entities.

Bonds by Geographic Region

All of the Fund's bond investments are exposed to the Canadian market.

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | |
|--------------------|--|--|---------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 14,340 | \$ - | \$14,340 |
| Bonds | - | 13,004,342 | 13,004,342 |
| Total Investments | \$14,340 | \$13,004,342 | \$ 13,018,682 |

| | December 31, 2014 | | |
|--------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 1,713,948 | \$ - | \$1,713,948 |
| Bonds | - | 11,389,072 | 11,389,072 |
| Total Investments | \$1,713,948 | \$11,389,072 | \$13,103,020 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN UNIVERSE BOND FUND

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 14,340 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 3,979,048 | \$ 1,713,948 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN REAL RETURN BOND FUND

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Interest receivable | | \$ 5,064 | \$ 6,238 |
| Investments | | <u>3,314,690</u> | <u>3,500,468</u> |
| | | <u>3,319,754</u> | <u>3,506,706</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 152 | 125 |
| Other accounts payable | | <u>14</u> | <u>12</u> |
| | | <u>166</u> | <u>137</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 3,319,588</u></u> | <u><u>\$ 3,506,569</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 2,532.376 | 2,751.307 |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 1,311</u></u> | <u><u>\$ 1,275</u></u> |
| <i>Contingent liability</i> | 6 | | |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 65,650 | \$ 117,679 |
| Securities lending income | | 10 | 1 |
| Change in fair value of investments: | 7 | | |
| Net realized gain | | 94,094 | 8,581 |
| Net change in unrealized appreciation (depreciation) | | <u>(44,190)</u> | <u>272,530</u> |
| Total Revenue | | <u>115,564</u> | <u>398,791</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 1,998 | 1,403 |
| Administrative fees | | <u>47</u> | <u>42</u> |
| Total operating expenses | | <u>2,045</u> | <u>1,445</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>113,519</u> | <u>397,346</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (63,615) | (116,235) |
| From net realized gains on investments | | <u>(93,200)</u> | <u>(8,581)</u> |
| | | <u>(156,815)</u> | <u>(124,816)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u><u>\$ (43,296)</u></u> | <u><u>\$ 272,530</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN REAL RETURN BOND FUND

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

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|------------------------------------|------------------------------------|
| Balance, beginning of year | \$ 3,506,569 | \$ 3,109,223 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (43,296) | 272,530 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | - | - |
| Reinvestment of distributions | 156,815 | 124,816 |
| Amounts paid for units redeemed | (300,500) | - |
| Net increase (decrease) from redeemable unit transactions | (143,685) | 124,816 |
| Balance, end of year | \$ 3,319,588 | \$ 3,506,569 |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ (43,296) | \$ 272,530 |
| Adjustments for: | | |
| Interest income | (65,650) | (117,679) |
| Net realized gain from investments | (94,094) | (8,581) |
| Net change in unrealized (appreciation) depreciation from investments | 44,190 | (272,530) |
| Amortization of premiums and discounts | 26,581 | 32,085 |
| Non cash distributions | 156,815 | 124,816 |
| Proceeds from sale of investments | 4,241,319 | 448,171 |
| Amounts paid for purchase of investments | (4,032,218) | (596,417) |
| bcIMC funds management fees payable | 27 | 13 |
| Other accounts payable | 2 | 2 |
| Interest received | 66,824 | 117,590 |
| | <u>300,500</u> | <u>-</u> |
| Financing activities: | | |
| Payments on redemption of redeemable units | (300,500) | - |
| | <u>(300,500)</u> | <u>-</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of year | - | - |
| Cash, end of year | \$ - | \$ - |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN REAL RETURN BOND FUND

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

| | 2015 | | 2014 | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Bonds: | | | | |
| Federal Government | \$ 2,514,667 | \$ 2,398,212 | \$ 2,825,533 | \$ 2,660,826 |
| Provincial Government | <u>604,744</u> | <u>559,211</u> | <u>651,012</u> | <u>609,541</u> |
| | 3,119,411 | 2,957,423 | 3,476,545 | 3,270,367 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio Fund ST1 | <u>195,279</u> | <u>195,280</u> | <u>23,923</u> | <u>23,924</u> |
| Total Investments | <u>\$ 3,314,690</u> | <u>\$ 3,152,703</u> | <u>\$ 3,500,468</u> | <u>\$ 3,294,291</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN REAL RETURN BOND FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Canadian Real Return Bond Fund (the Fund) is to meet the returns of the Fund's benchmark, the FTSE TMX Canada Real Return Bond Index, net of all investment expenses incurred, with federal/provincial relative weightings managed close to those of the benchmark. The portfolio manager ensures that the Pool's characteristics are close to those of the benchmark, including modified duration, convexity, yield curve exposures, liquidity and sector composition.

The Fund invests in the following securities:

- real return debt securities issued, insured or guaranteed by the Government of Canada, a provincial or municipal government,
- nominal bonds issued, insured or guaranteed by the Government of Canada,
- derivative instruments with CIO approval,
- private placement fixed income securities may be purchased with prior CIO approval provided that they are issued or guaranteed by the Government of Canada, a provincial or municipal government, and
- units of Canadian Money Market Fund ST1.

The following restrictions apply to the holding of securities in the Fund:

- nominal bonds may only be held for cash and liquidity management purposes and may not exceed 10% of the market value of the pool.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

As at December 31, the Fund invested in debt instruments with the following credit ratings:

BONDS
BY CREDIT RATING
(in 000s)

| | 2015 | | 2014 | |
|-------------|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| AAA/AA | \$ 2,596,173 | 83.2 % | \$ 3,436,378 | 98.8 % |
| A | 523,238 | 16.8 % | 40,167 | 1.2 % |
| Total Bonds | \$ 3,119,411 | 100.0 % | \$ 3,476,545 | 100.0 % |

Liquidity Risk

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN REAL RETURN BOND FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

As at December 31, the Fund invested in debt instruments with the following terms to maturity and average effective yield:

BONDS

BY MATURITY DATE

(in 000s)

| | 2015 | | 2014 | |
|---------------|---------------------|---------------------|---------------------|---------------------|
| | Total | Avg Effective Yield | Total | Avg Effective Yield |
| 1 to 5 years | \$ 13,513 | 0.10 % | \$ 13,332 | 0.59 % |
| 5 to 10 years | 735,594 | 0.50 % | 1,025,244 | 0.27 % |
| Over 10 years | 2,370,304 | 0.74 % | 2,437,969 | 0.79 % |
| Total Bonds | <u>\$ 3,119,411</u> | <u>0.68 %</u> | <u>\$ 3,476,545</u> | <u>0.64 %</u> |

The duration is to be managed within ± 20 percent of the benchmark duration, which was 16 years as at December 31, 2015. As at December 31, 2015, the Fund had a duration of 17 years (2014 - 16 years). The maximum term to maturity is 29 years (2014 - 27 years).

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$514,796,000 (2014 - \$555,362,000), representing 15.5% of the Fund's net assets (2014 - 15.8%). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Currency Risk

The Fund is not exposed to significant currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Management monitors the concentration of risk for debt securities based on counterparties and geographic location. The Fund's debt investments are issued by the Government of Canada and provincial governments.

Bonds by Geographic Region

All of the Fund's bond investments are exposed to the Canadian market.

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | |
|--------------------|--|--|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 195,279 | \$ - | \$ 195,279 |
| Bonds | - | 3,119,411 | 3,119,411 |
| Total Investments | <u>\$ 195,279</u> | <u>\$ 3,119,411</u> | <u>\$ 3,314,690</u> |

| | December 31, 2014 | | |
|--------------------|--|--|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 23,923 | \$ - | \$ 23,923 |
| Bonds | - | 3,476,545 | 3,476,545 |
| Total Investments | <u>\$ 23,923</u> | <u>\$ 3,476,545</u> | <u>\$ 3,500,468</u> |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN REAL RETURN BOND FUND

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 195,279 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 3,979,048 | \$ 23,923 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

GLOBAL GOVERNMENT BOND FUND

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|--------------------------|--------------------------|
| Assets | | | |
| Cash | | \$ 14,810 | \$ 1,996 |
| Receivable from sale of investments | | 46,888 | - |
| Interest receivable | | 5,382 | 5,294 |
| Derivative assets: | | | |
| Futures | | 51 | - |
| Foreign currency contracts | | 1,753 | 10,121 |
| Investments | | <u>708,276</u> | <u>706,605</u> |
| | | <u>777,160</u> | <u>724,016</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 106 | 71 |
| Other accounts payable | | 14 | 10 |
| Derivative liabilities: | | | |
| Foreign currency contracts | | <u>40,819</u> | <u>-</u> |
| | | <u>40,939</u> | <u>81</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 736,221</u></u> | <u><u>\$ 723,935</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 574,555 | 574,555 |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 1,281</u></u> | <u><u>\$ 1,260</u></u> |
| <i>Contingent liability</i> | 6 | | |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 11,547 | \$ 11,458 |
| Securities lending income | | 24 | 19 |
| Futures income | | 1,051 | - |
| Foreign exchange loss | | (643) | (170) |
| Change in fair value of investments and derivatives: | 7 | | |
| Net realized gain (loss) | | (8,419) | 9,381 |
| Net change in unrealized appreciation | | <u>10,052</u> | <u>41,445</u> |
| Total Revenue | | <u>13,612</u> | <u>62,133</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 1,242 | 874 |
| Administrative fees | | <u>84</u> | <u>44</u> |
| Total operating expenses | | <u>1,326</u> | <u>918</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>12,286</u> | <u>61,215</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (10,653) | (10,388) |
| From net realized gains on investments and derivatives | | <u>-</u> | <u>(9,381)</u> |
| | | <u>(10,653)</u> | <u>(19,769)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 1,633</u></u> | <u><u>\$ 41,446</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

GLOBAL GOVERNMENT BOND FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 723,935 | \$ 662,720 |
| Increase in net assets attributable to holders of redeemable units | 1,633 | 41,446 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | - | - |
| Reinvestment of distributions | 10,653 | 19,769 |
| Amounts paid for units redeemed | - | - |
| Net increase from redeemable unit transactions | 10,653 | 19,769 |
| Balance, end of year | \$ 736,221 | \$ 723,935 |

| Statement of Cash Flows (all amounts in thousands) | | |
|--|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 1,633 | \$ 41,446 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | 643 | 170 |
| Interest income | (11,547) | (11,458) |
| Net realized (gain) loss from investments and derivatives | 8,419 | (9,381) |
| Net change in unrealized appreciation from investments and derivatives | (10,052) | (41,445) |
| Amortization of premiums and discounts | 6,221 | 6,694 |
| Non cash distributions | 10,653 | 19,769 |
| Proceeds from sale of investments | 724,443 | 636,058 |
| Amounts paid for purchase of investments | (681,515) | (653,182) |
| Receivable from sale of investments | (46,888) | - |
| Net receivable for variation on futures | (51) | - |
| bcIMC funds management fees payable | 35 | - |
| Other accounts payable | 4 | - |
| Interest received | 11,459 | 11,640 |
| | <u>13,457</u> | <u>311</u> |
| Financing activities: | | |
| | <u>-</u> | <u>-</u> |
| Net increase in cash | 13,457 | 311 |
| Effect of exchange rate changes on cash | (643) | (170) |
| Cash, beginning of year | 1,996 | 1,855 |
| Cash, end of year | \$ 14,810 | \$ 1,996 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

GLOBAL GOVERNMENT BOND FUND

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

| | 2015 | | 2014 | |
|----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Bonds: | | | | |
| Federal Government | \$ - | \$ - | \$ 18,334 | \$ 17,889 |
| Supranational and Sovereign | 425,284 | 386,002 | 433,704 | 434,670 |
| U.S. Federal Government | 255,112 | 206,700 | 252,694 | 223,691 |
| | <u>680,396</u> | <u>592,702</u> | <u>704,732</u> | <u>676,250</u> |
| Money Market Investments: | | | | |
| Federal Government | 2,998 | 2,999 | - | - |
| Units in bcIMC Pooled | | | | |
| Investment Portfolio | | | | |
| Fund ST1 | 22,645 | 22,644 | 105 | 105 |
| Fund ST3 | 2,237 | 2,168 | 1,768 | 1,726 |
| | <u>27,880</u> | <u>27,811</u> | <u>1,873</u> | <u>1,831</u> |
| Total Investments | <u>\$ 708,276</u> | <u>\$ 620,513</u> | <u>\$ 706,605</u> | <u>\$ 678,081</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) |
|------|------------------------|----------------|------------------|----------------------|------------------|--------------------|------------------------------|
| 2015 | 1 | Jan 2016 | CAD | \$ (310,203) | USD | \$ 310,275 | \$ 72 |
| 2015 | 1 | Jan 2016 | CAD | (162,363) | JPY | 162,773 | 410 |
| 2015 | 1 | Jan 2016 | GBP | (2,918) | CAD | 2,936 | 18 |
| 2015 | 1 | Jan 2016 | EUR | (14,450) | CAD | 14,513 | 63 |
| 2015 | 1 | Feb 2016 | EUR | (188,711) | CAD | 189,510 | 799 |
| 2015 | 1 | Feb 2016 | GBP | (58,539) | CAD | 58,895 | 356 |
| 2015 | 1 | Feb 2016 | SEK | (3,309) | CAD | 3,309 | - |
| 2015 | 1 | Feb 2016 | AUD | (3,667) | CAD | 3,675 | 8 |
| 2015 | 1 | Feb 2016 | DKK | (6,385) | CAD | 6,412 | 27 |
| | | | | (750,545) | | 752,298 | 1,753 |
| 2015 | 1 | Jan 2016 | SEK | (3,369) | CAD | 3,126 | (243) |
| 2015 | 1 | Jan 2016 | AUD | (3,623) | CAD | 3,453 | (170) |
| 2015 | 1 | Jan 2016 | USD | (310,275) | CAD | 297,457 | (12,818) |
| 2015 | 1 | Jan 2016 | DKK | (6,487) | CAD | 6,058 | (429) |
| 2015 | 1 | Jan 2016 | EUR | (204,919) | CAD | 191,198 | (13,721) |
| 2015 | 1 | Jan 2016 | GBP | (62,405) | CAD | 61,104 | (1,301) |
| 2015 | 1 | Jan 2016 | JPY | (162,773) | CAD | 152,460 | (10,313) |
| 2015 | 1 | Jan 2016 | CAD | (205,812) | EUR | 204,919 | (893) |
| 2015 | 1 | Jan 2016 | CAD | (62,787) | GBP | 62,405 | (382) |
| 2015 | 1 | Jan 2016 | CAD | (3,369) | SEK | 3,369 | - |
| 2015 | 1 | Jan 2016 | CAD | (3,631) | AUD | 3,623 | (8) |
| 2015 | 1 | Jan 2016 | CAD | (6,517) | DKK | 6,488 | (29) |
| 2015 | 1 | Jan 2016 | USD | (37,203) | CAD | 37,191 | (12) |
| 2015 | 1 | Jan 2016 | JPY | (9,368) | CAD | 9,344 | (24) |
| 2015 | 1 | Feb 2016 | USD | (271,546) | CAD | 271,481 | (65) |
| 2015 | 1 | Feb 2016 | JPY | (154,843) | CAD | 154,432 | (411) |
| | | | | <u>\$(1,508,927)</u> | | <u>\$1,468,108</u> | <u>\$(40,819)</u> |
| | | | | <u>\$(2,259,472)</u> | | <u>\$2,220,406</u> | <u>\$(39,066)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

GLOBAL GOVERNMENT BOND FUND

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 | 1 | Feb 2015 | AUD | \$ (3,283) | CAD | \$ 3,302 | \$ 19 |
| 2014 | 1 | Feb 2015 | USD | (283,743) | CAD | 284,851 | 1,108 |
| 2014 | 1 | Feb 2015 | EUR | (186,796) | CAD | 192,516 | 5,720 |
| 2014 | 1 | Feb 2015 | SEK | (3,182) | CAD | 3,275 | 93 |
| 2014 | 1 | Feb 2015 | DKK | (5,941) | CAD | 6,129 | 188 |
| 2014 | 1 | Feb 2015 | JPY | (157,781) | CAD | 160,478 | 2,697 |
| 2014 | 1 | Feb 2015 | GBP | (55,564) | CAD | 55,860 | 296 |
| | | | | <u>\$ (696,290)</u> | | <u>\$ 706,411</u> | <u>\$ 10,121</u> |

Schedule of Futures Contracts

as at December 31

(all amounts reported in thousands of Canadian dollars)

| Date | Number of Contracts | Expiry Date | Notional Value | Net Receivable (Payable) |
|------|------------------------|-------------|------------------|--------------------------|
| 2015 | 290 | Mar 2016 | <u>\$ 40,835</u> | <u>\$ 51</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

GLOBAL GOVERNMENT BOND FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Global Government Bond Fund (the Fund) is to exceed the returns relative to the Fund's benchmark, the JP Morgan Government Bond Index (GBI) Global (Hedged CAD), by 20 basis points per annum, net of all investment expenses incurred. The Fund is actively managed. The portfolio manager attempts to increase the returns relative to the Fund's benchmark by employing the following strategies:

- anticipating yield curve changes,
- anticipating yield level changes,
- quality swaps,
- yield pickups,
- market diversification, and
- foreign currency management.

The Fund invests in the following securities:

- fixed income securities, including money market instruments, that are issued or guaranteed by sovereign governments of benchmark member countries,
- fixed income securities that are issued or guaranteed by supranational entities including, but not limited to, the World Bank, the International Bank for Reconstruction and Development, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank or the Inter-American Development Bank.
- spot currencies, unleveraged debt securities futures, and foreign exchange forward contracts for currency conversions and/or currency hedging,
- derivative instruments (other than those noted above) with CIO approval,
- private placement fixed income securities may be purchased with prior CIO approval provided that they are issued or guaranteed by sovereign governments of benchmark member countries or supranational entities, and are rated BBB- or better by Standard & Poor's or have an equivalent rating from another credit rating agency, and
- units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3.

**Financial Risk Management Discussion (continued)
as at December 31**

The following restrictions apply to the holding of securities in the Fund:

- Debt securities held by the Fund must be rated BBB- or better by Standard & Poor's or have an equivalent rating from another credit rating agency.
- Foreign exchange forward contract counterparties are restricted to financial institutions that are rated A- or better by Standard & Poor's or have an equivalent rating from another credit rating agency.
- The Fund must be not less than 80% hedged to the Canadian dollar.

If any issue is downgraded below the approved credit standard, bcIMC has the discretion to determine the appropriate timing of any sale so as to maximize sale proceeds.

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

As at December 31, the Fund invested in debt instruments with the following credit ratings:

BONDS
BY CREDIT RATING
(in 000s)

| | 2015 | | 2014 | |
|-------------|------------|------------|------------|------------|
| | Total | % of Total | Total | % of Total |
| AAA/AA | \$ 449,896 | 66.1 % | \$ 638,599 | 90.6 % |
| A | 154,232 | 22.7 % | - | - % |
| BBB | 76,268 | 11.2 % | 66,133 | 9.4 % |
| Total Bonds | \$ 680,396 | 100.0 % | \$ 704,732 | 100.0 % |

The Fund invests in foreign currency contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Foreign exchange forward contract counterparties are restricted to financial institutions that are rated A- or better by Standard & Poor's, or have an equivalent rating from another credit rating agency.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

GLOBAL GOVERNMENT BOND FUND

Financial Risk Management Discussion (continued)
as at December 31

Liquidity Risk

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. The amounts are gross and undiscounted:

| DERIVATIVE LIABILITIES (in 000s) | 2015 | | | |
|--|--------------------|--------------------------------|--------------------|-----------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month | 1 to 3 months |
| Outflows | \$ (1,508,927) | \$ (1,508,927) | \$ (1,082,538) | \$ (426,389) |
| Inflows | 1,468,108 | 1,468,108 | 1,042,195 | 425,913 |
| | <u>\$ (40,819)</u> | <u>\$ (40,819)</u> | <u>\$ (40,343)</u> | <u>\$ (476)</u> |

Financial Risk Management Discussion (continued)
as at December 31

Interest Rate Risk

As at December 31, the Fund invested in debt instruments with the following terms to maturity and average effective yield:

BONDS

BY MATURITY DATE
(in 000s)

| | 2015 | | 2014 | |
|---------------|-------------------|---------------------------|-------------------|---------------------------|
| | Total | Avg Effective Yield | Total | Avg Effective Yield |
| Within 1 year | \$ 25,675 | (0.16)% | \$ 29,672 | 0.80 % |
| 1 to 5 years | 252,288 | 0.66 % | 359,372 | 0.59 % |
| 5 to 10 years | 218,882 | 1.46 % | 127,387 | 1.37 % |
| Over 10 years | 183,551 | 2.13 % | 188,301 | 2.03 % |
| Total Bonds | <u>\$ 680,396</u> | <u>1.28 %</u> | <u>\$ 704,732</u> | <u>1.12 %</u> |

The duration is to be managed within ± 20 percent of the benchmark duration, which was 7 years as at December 31, 2015. As at December 31, 2015, the Fund had a duration of 7 years (2014, - 7 years). The maximum term to maturity is 23 years (2014, - 32 years).

If prevailing interest rates increased or decreased by 1% (100 bps), with all others variables held constant, net assets would have decreased or increased, respectively, by approximately \$50,445,000 (2014 - \$51,375,000), representing 6.9% of the Fund's net assets (2014 - 7.1%). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

GLOBAL GOVERNMENT BOND FUND

Financial Risk Management Discussion (continued)
as at December 31

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

| CURRENCY (in 000s) | 2015 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 3,631 | \$ (3,667) | \$ (36) | - % |
| British Pound Sterling | 61,399 | (61,457) | (58) | - % |
| Danish Krone | 6,365 | (6,385) | (20) | - % |
| Euro | 202,637 | (203,162) | (525) | (0.1)% |
| Japanese Yen | 163,931 | (164,211) | (280) | - % |
| Swedish Krona | 3,294 | (3,309) | (15) | - % |
| United States Dollar | 308,457 | (308,748) | (291) | - % |
| Net Foreign Exchange Exposure | \$ 749,714 | \$ (750,939) | \$ (1,225) | (0.2)% |

| CURRENCY (in 000s) | 2014 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 3,286 | \$ (3,282) | \$ 4 | - % |
| British Pound Sterling | 55,675 | (55,564) | 111 | - % |
| Danish Krone | 5,953 | (5,941) | 12 | - % |
| Euro | 186,891 | (186,796) | 95 | - % |
| Japanese Yen | 158,554 | (157,782) | 772 | 0.1 % |
| Swedish Krona | 3,166 | (3,182) | (16) | - % |
| United States Dollar | 281,875 | (283,743) | (1,868) | (0.3)% |
| Net Foreign Exchange Exposure | \$ 695,400 | \$ (696,290) | \$ (890) | (0.1)% |

Financial Risk Management Discussion (continued)
as at December 31

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$12,000 (2014 - \$9,000), representing 0.002% of the Fund's net assets (2014 - 0.001%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Management monitors the concentration of risk for debt securities based on counterparties and geographic location. The Fund's debt investments are all issued or guaranteed by sovereign governments or supranational entities.

Bonds by Geographic Region

The Fund's debt securities are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|--------------------------------|------------|------------|------------|------------|
| | Total | % of Total | Total | % of Total |
| Australia | \$ 3,563 | 0.5 % | \$ 3,098 | 0.4 % |
| Belgium | 11,261 | 1.7 % | 8,074 | 1.1 % |
| Denmark | 6,168 | 0.9 % | 5,933 | 0.8 % |
| France | 50,510 | 7.4 % | 49,630 | 7.0 % |
| Germany | 37,707 | 5.5 % | 52,542 | 7.5 % |
| Italy | 50,230 | 7.4 % | 36,293 | 5.1 % |
| Japan | 154,232 | 22.6 % | 157,150 | 22.4 % |
| Netherlands | 10,849 | 1.6 % | 7,995 | 1.1 % |
| Spain | 26,037 | 3.8 % | 29,840 | 4.2 % |
| Sweden | 3,095 | 0.5 % | 3,076 | 0.4 % |
| United Kingdom | 55,517 | 8.2 % | 52,388 | 7.4 % |
| United States | 255,112 | 37.5 % | 252,694 | 36.1 % |
| Supranational | 16,115 | 2.4 % | 27,685 | 3.9 % |
| Canada | - | - % | 18,334 | 2.6 % |
| Total Bonds | \$ 680,396 | 100.0 % | \$ 704,732 | 100.0 % |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

GLOBAL GOVERNMENT BOND FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | |
|---------------------------------|--|--|------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 24,882 | \$ - | \$ 24,882 |
| Money Market Investments | - | 2,998 | 2,998 |
| Bonds | - | 680,396 | 680,396 |
| Total Investments | \$ 24,882 | \$ 683,394 | \$ 708,276 |
| Futures Contracts, Net | 51 | - | 51 |
| Foreign Currency Contracts, Net | - | (39,066) | (39,066) |
| Total | \$ 24,933 | \$ 644,328 | \$ 669,261 |

| | December 31, 2014 | | |
|---------------------------------|--|--|------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 1,873 | \$ - | \$ 1,873 |
| Bonds | - | 704,732 | 704,732 |
| Total Investments | \$ 1,873 | \$ 704,732 | \$ 706,605 |
| Foreign Currency Contracts, Net | - | 10,121 | 10,121 |
| Total | \$ 1,873 | \$ 714,853 | \$ 716,726 |

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 are classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 27,880 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 2 | \$ 3,563,473 | \$ 1,873 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

FIXED TERM MORTGAGE FUND

| Statement of Financial Position | | | |
|--|------|----------------------------|----------------------------|
| (all amounts in thousands <i>except number of units</i>) | | | |
| | Note | December 31, 2015 | December 31, 2014 |
| Assets | | | |
| Investments | | \$ 1,690,074 | \$ 1,863,864 |
| Liabilities | | | |
| Payable for redemption of units | | 43,000 | 75,000 |
| bcIMC funds management fees payable | 4 | 209 | 209 |
| Other accounts payable | | 11 | 10 |
| | | <u>43,220</u> | <u>75,219</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 1,646,854</u> | <u>\$ 1,788,645</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>411.475</i> | <i>461.335</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 4,002</u> | <u>\$ 3,877</u> |
| <i>Contingent liability</i> | 6 | | |

| Statement of Comprehensive Income | | | |
|--|------|------------------------------------|------------------------------------|
| (all amounts in thousands) | | | |
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Interest income | | \$ 85,119 | \$ 134,026 |
| Change in fair value of investments: | 7 | | |
| Net realized gain | | 13 | 6 |
| Net change in unrealized depreciation | | <u>(24,845)</u> | <u>(25,023)</u> |
| Total Revenue | | <u>60,287</u> | <u>109,009</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 3,436 | 2,451 |
| Administrative fees | | <u>42</u> | <u>9</u> |
| Total operating expenses | | <u>3,478</u> | <u>2,460</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>56,809</u> | <u>106,549</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | <u>(81,642)</u> | <u>(122,164)</u> |
| | | <u>(81,642)</u> | <u>(122,164)</u> |
| Decrease in net assets attributable to holders of redeemable units | | <u>\$ (24,833)</u> | <u>\$ (15,615)</u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

FIXED TERM MORTGAGE FUND

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

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------------------------------------|------------------------------------|
| Balance, beginning of year | \$ 1,788,645 | \$ 2,237,096 |
| Decrease in net assets attributable to holders of redeemable units | (24,833) | (15,615) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 65,500 | 22,055 |
| Reinvestment of distributions | 81,642 | 122,164 |
| Amounts paid for units redeemed | (264,100) | (577,055) |
| Net decrease from redeemable unit transactions | (116,958) | (432,836) |
| Balance, end of year | \$ 1,646,854 | \$ 1,788,645 |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------------------------------------|------------------------------------|
| Operating activities: | | |
| Decrease in net assets attributable to holders of redeemable units | \$ (24,833) | \$ (15,615) |
| Adjustments for: | | |
| Interest income | (85,119) | (134,026) |
| Net realized gain from investments | (13) | (6) |
| Net change in unrealized depreciation from investments | 24,845 | 25,023 |
| Non cash distributions | 81,642 | 122,164 |
| Proceeds from sale of investments | 548,000 | 951,582 |
| Amounts paid for purchase of investments | (399,042) | (590,160) |
| Payable for redemption of units | (32,000) | 62,000 |
| bcIMC funds management fees payable | - | 34 |
| Other accounts payable | 1 | (22) |
| Interest received | 85,119 | 134,026 |
| | <u>198,600</u> | <u>555,000</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 65,500 | 22,055 |
| Payments on redemption of redeemable units | (264,100) | (577,055) |
| | <u>(198,600)</u> | <u>(555,000)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of year | - | - |
| Cash, end of year | \$ - | \$ - |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

FIXED TERM MORTGAGE FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Mortgage Investments ¹ | \$ 1,646,186 | \$ 1,576,049 | \$ 1,787,471 | \$ 1,692,487 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled | | | | |
| Investment Portfolio | | | | |
| Fund ST1 | <u>43,888</u> | <u>43,886</u> | <u>76,393</u> | <u>76,393</u> |
| Total Investments | <u>\$ 1,690,074</u> | <u>\$ 1,619,935</u> | <u>\$ 1,863,864</u> | <u>\$ 1,768,880</u> |

¹ The mortgage investments are held through a limited partnership.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

FIXED TERM MORTGAGE FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Fixed Term Mortgage Fund (the Fund) is to increase returns relative to the Fund's benchmark, the FTSE TMX Canada Short Term Overall Bond Index plus 100 basis points (to compensate for illiquidity and credit risk relative to the bond index).

The Fund is actively managed. Portfolio managers utilize a multi-factor risk rating model to assess risk levels of individual investment opportunities. The risk factors that are evaluated include location, structure quality, tenant quality, borrower and covenantor's financial strength, loan to value levels, debt servicing ability, and borrower's experience. This information is used to determine the risk premium for each mortgage investment. The Fund maintains a prudent level of diversification by property type, geographic location, investment size, and risk.

The Fund invests in the following securities:

- Canadian fixed term first mortgages,
- Canadian fixed term second and third mortgages and first mortgage bonds, with CIO approval,
- Canadian fixed term first, second and third mortgages on properties classified as hotel, motel or recreational, with CIO approval,
- government debt securities with a maximum term to maturity of 5 years, and
- units of bcIMC's Pooled Investment Portfolios ST1 and ST2
- units in the Floating Rate Funds.

The following restrictions apply to the Fund:

- Mortgages must be eligible investments under the Pensions Benefits Standards Act.
- No mortgages will be made without a site inspection, current market appraisal and a current environmental audit.
- No mortgages will be made on raw land.
- The Fund may not invest in derivatives.
- The maximum duration of the Fund is 5 years.

**Financial Risk Management Discussion (continued)
as at December 31**

The Fund holds most of its investments through a limited partnership. The limited partnership holds the following investments and other net receivables:

| | 2015 | | 2014 | |
|---|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| Fixed-Rate Mortgages | \$ 1,414,349 | 85.9 % | \$ 1,774,336 | 99.3 % |
| Floating-Rate Mortgage | 64,881 | 3.9 % | - | - % |
| Money Market Investments | 161,506 | 9.8 % | 5,974 | 0.3 % |
| Other Net Receivables | 5,450 | 0.3 % | 7,161 | 0.4 % |
| Total Net Assets of Limited Partnership | \$ 1,646,186 | 100.0 % | \$ 1,787,471 | 100.0 % |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the investments held by the limited partnership have been considered.

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The majority of the Fund's holdings are in uninsured first mortgages where the possibility of a borrower defaulting on payment obligations exists. To reduce default risk, the Fund invests in uninsured mortgages with conservative loan to value ratios. No uninsured mortgages will be entered into if they exceed a 75% loan-to-value ratio at inception and no insured mortgages will be entered into if they exceed a 95% loan-to-value ratio at inception. Also, all mortgages will include additional collateral and guarantees from borrowers. The fair value of the Fund's mortgage and money market investments represents the Fund's maximum exposure to credit risk.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

FIXED TERM MORTGAGE FUND

Financial Risk Management Discussion (continued)
as at December 31

Mortgages by Industry Sector

Investments in the Fund are diversified across industry sectors. Sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR
(in 000s)

| | 2015 | | 2014 | |
|-----------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Retail | \$ 489,299 | 33.1 % | \$ 554,195 | 31.2 % |
| Office | 492,045 | 33.3 % | 519,216 | 29.3 % |
| Industrial | 265,997 | 18.0 % | 497,033 | 28.0 % |
| Residential | 183,711 | 12.4 % | 154,985 | 8.7 % |
| Other | 48,178 | 3.3 % | 48,907 | 2.8 % |
| Total Mortgages | <u>\$ 1,479,230</u> | <u>100.0 %</u> | <u>\$ 1,774,336</u> | <u>100.0 %</u> |

INDUSTRY SECTOR
(Number of Mortgages)

| | 2015 | | 2014 | |
|-----------------|-----------|----------------|-----------|----------------|
| | Total | % of Total | Total | % of Total |
| Retail | 19 | 26.8 % | 24 | 28.2 % |
| Office | 26 | 36.6 % | 29 | 34.1 % |
| Industrial | 11 | 15.5 % | 16 | 18.8 % |
| Residential | 12 | 16.9 % | 13 | 15.3 % |
| Other | 3 | 4.2 % | 3 | 3.5 % |
| Total Mortgages | <u>71</u> | <u>100.0 %</u> | <u>85</u> | <u>100.0 %</u> |

Liquidity Risk

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Financial Risk Management Discussion (continued)
as at December 31

Interest Rate Risk

The Fund invests in fixed term mortgages with maturities typically ranging from 1 to 5 years. The duration of the Fund is 2.1 years. Lending rates for mortgages are determined based on the current yield of Government of Canada debt securities with a similar term to maturity plus a risk and liquidity premium.

As at December 31, the Fund invested in mortgages with the following terms to maturity:

MORTGAGES
BY MATURITY DATE
(in 000s)

| | 2015 | | 2014 | |
|--|---------------------|-----------------------|---------------------|-----------------------|
| | Total | Avg Effective Yield % | Total | Avg Effective Yield % |
| Floating-Rate Mortgage 1 to 5 years | \$ 64,881 | n/a | \$ - | n/a |
| Fixed-Rate Mortgages | | | | |
| Within 1 year | 421,192 | 2.48 % | 342,148 | 2.59 % |
| 1 to 5 years | 802,081 | 2.38 % | \$ 1,349,352 | 2.87 % |
| 5 to 10 years | 191,076 | 3.17 % | \$ 82,836 | 3.26 % |
| Total Mortgages | <u>\$ 1,479,230</u> | <u>2.52 %</u> | <u>\$ 1,774,336</u> | <u>2.83 %</u> |

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$29,784,000 and \$29,784,000 (2014 - \$39,699,000 and \$40,914,000), representing 1.8% and 1.8% of the Fund's net assets (2014 - 2.2% and 2.3%)

Currency Risk

The Fund is not exposed to significant currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

FIXED TERM MORTGAGE FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

Management monitors the concentration of risk for mortgage securities based on counterparties and industries and geographic location. The Fund's industry sector exposure is presented in the Credit Risk section.

The Fund is not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Investments by Geographic Region

All of the Fund's mortgage investments are exposed to the Canadian market.

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | | December 31, 2015 | | |
|----------------------|------|-------------------|--------------|-------|
| | | Level 1 | Level 2 | |
| | | (Quoted Price | (Significant | |
| | | in Active | Observable | |
| | | Market) | Inputs) | Total |
| (in 000s) | | | | |
| Money Market Funds | \$ - | \$ 43,888 | \$ 43,888 | |
| Mortgage Investments | - | 1,646,186 | 1,646,186 | |
| Total Investments | \$ - | \$ 1,690,074 | \$ 1,690,074 | |

| | | December 31, 2014 | | |
|----------------------|------|-------------------|--------------|-------|
| | | Level 1 | Level 2 | |
| | | (Quoted Price | (Significant | |
| | | in Active | Observable | |
| | | Market) | Inputs) | Total |
| (in 000s) | | | | |
| Money Market Funds | \$ - | \$ 76,393 | \$ 76,393 | |
| Mortgage Investments | - | 1,787,471 | 1,787,471 | |
| Total Investments | \$ - | \$ 1,863,864 | \$ 1,863,864 | |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

FIXED TERM MORTGAGE FUND

**Fair Value Measurement Discussion
as at December 31**

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 43,888 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 3,978,383 | \$ 76,393 |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CONSTRUCTION MORTGAGE FUND

| Statement of Financial Position | | | |
|--|------|--------------------------|--------------------------|
| (all amounts in thousands <i>except number of units</i>) | | | |
| | Note | December 31, 2015 | December 31, 2014 |
| Assets | | | |
| Receivable from issue of units | | \$ 25,000 | \$ 100,000 |
| Investments | | <u>816,181</u> | <u>537,869</u> |
| | | <u>841,181</u> | <u>637,869</u> |
| Liabilities | | | |
| Other accounts payable | | <u>138</u> | <u>107</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 841,043</u></u> | <u><u>\$ 637,762</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>247,140</i> | <i>196,460</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 3,403</u></u> | <u><u>\$ 3,246</u></u> |

Contingent liability 6

| Statement of Comprehensive Income | | | |
|--|------|------------------------------------|------------------------------------|
| (all amounts in thousands) | | | |
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Interest income | | \$ 26 | \$ 31 |
| Change in fair value of investments: | 7 | | |
| Net realized gain | | 10,150 | 26,287 |
| Net change in unrealized appreciation (depreciation) | | <u>22,651</u> | <u>(343)</u> |
| Total Revenue | | <u>32,827</u> | <u>25,975</u> |
| Expenses: | | | |
| bcIMC funds management fees | | 1,827 | 1,188 |
| Administrative fees | | <u>19</u> | <u>(8)</u> |
| Total operating expenses | | <u>1,846</u> | <u>1,180</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>30,981</u> | <u>24,795</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | <u>(8,328)</u> | <u>(24,735)</u> |
| | | <u>(8,328)</u> | <u>(24,735)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 22,653</u></u> | <u><u>\$ 60</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CONSTRUCTION MORTGAGE FUND

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

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------------------------------------|------------------------------------|
| Balance, beginning of year | \$ 637,762 | \$ 479,967 |
| Increase in net assets attributable to holders of redeemable units | 22,653 | 60 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 235,100 | 269,000 |
| Reinvestment of distributions | 8,328 | 24,735 |
| Amounts paid for units redeemed | <u>(62,800)</u> | <u>(136,000)</u> |
| Net increase from redeemable unit transactions | <u>180,628</u> | <u>157,735</u> |
| Balance, end of year | <u>\$ 841,043</u> | <u>\$ 637,762</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 22,653 | \$ 60 |
| Adjustments for: | | |
| Interest income | (26) | (31) |
| Net realized gain from investments | (10,150) | (26,287) |
| Net change in unrealized (appreciation) depreciation from investments | (22,651) | 343 |
| Non cash distributions | 8,328 | 24,735 |
| Proceeds from sale of investments | 152,513 | 454,089 |
| Amounts paid for purchase of investments | (398,024) | (498,928) |
| Receivable from issue of units | 75,000 | (87,000) |
| Other accounts payable | 31 | (12) |
| Interest received | 26 | 31 |
| | <u>(172,300)</u> | <u>(133,000)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 235,100 | 269,000 |
| Payments on redemption of redeemable units | <u>(62,800)</u> | <u>(136,000)</u> |
| | <u>172,300</u> | <u>133,000</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of year | <u>-</u> | <u>-</u> |
| Cash, end of year | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CONSTRUCTION MORTGAGE FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Mortgage Investments ¹ | \$ 815,343 | \$ 694,584 | \$ 537,244 | \$ 439,136 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled | | | | |
| Investment Portfolio | | | | |
| Fund ST1 | <u>838</u> | <u>838</u> | <u>625</u> | <u>625</u> |
| Total Investments | <u>\$ 816,181</u> | <u>\$ 695,422</u> | <u>\$ 537,869</u> | <u>\$ 439,761</u> |

¹ The mortgage investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CONSTRUCTION MORTGAGE FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Construction Mortgage Fund (the Fund) is to increase returns relative to the Fund's benchmark, the FTSE TMX Canada 365-Day T-Bill Index plus 100 basis points (to compensate for illiquidity and credit risk relative to the index). Portfolio managers utilize a multi-factor risk rating model to assess risk levels of individual investment opportunities. The risk factors that are evaluated include location, structure quality, tenant quality, green building features, borrower and covenantor's financial strength, loan to value levels, loan to cost levels, debt servicing ability, and developer's experience. This information is used to determine the risk premium for each mortgage investment.

The risks associated with construction projects are mitigated by requiring the involvement of only experienced developers, obtaining construction engineer evaluations, requiring specified pre-sales/pre-leasing levels and sufficient profit margin levels, as well as obtaining additional security provisions from borrowers.

The Fund invests in the following securities:

- Canadian construction first mortgages,
- Canadian construction second, and third mortgages with CIO approval,
- Canadian first, second and third mortgages on raw land provided they have CIO approval,
- Canadian construction first, second and third mortgages on properties classified as hotel, motel or recreational, with CIO approval, and
- units in bcIMC's Pooled Investment Portfolios ST1 and ST2
- units in Floating Rate Funds.

The following restrictions apply to the Fund:

- Mortgages must be eligible investments under the Pensions Benefits Standards Act.
- No mortgages will be made without a site inspection, current market appraisal and a current environmental audit.
- The Fund may not invest in derivatives.
- The maximum duration of the Fund is 1.5 years.

**Financial Risk Management Discussion (continued)
as at December 31**

The Fund holds most of its investments through a corporation. The corporation holds the following investments and other net receivables:

| | 2015 | | 2014 | |
|--|------------|------------|------------|------------|
| | Total | % of Total | Total | % of Total |
| (in 000s) | | | | |
| Variable-Rate Mortgages | \$ 796,968 | 97.7 % | \$ 515,202 | 95.9 % |
| Money Market Investments | 18,502 | 2.3 % | 20,624 | 3.8 % |
| Other Net Receivables / (Payables) | (127) | - % | 1,418 | 0.3 % |
| Total Net Assets of Mortgage Corporation | \$ 815,343 | 100.0 % | \$ 537,244 | 100.0 % |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the investments held by the corporation have been considered.

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The majority of the Fund's holdings are in uninsured first mortgages where the possibility of a borrower defaulting on payment obligations exists. To reduce default risk, the Fund invests in uninsured mortgages with conservative loan to value ratios. No uninsured mortgages will be entered into if they exceed a 75% loan-to-value ratio at inception and no insured mortgages will be entered into if they exceed a 95% loan-to-value ratio at inception. Also, all mortgages will include additional collateral and guarantees from borrowers. The fair value of the Fund's mortgage and money market investments represents the Fund's maximum exposure to credit risk.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CONSTRUCTION MORTGAGE FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Mortgages by Industry Sector

Investments in the Fund are diversified across industry sectors. Sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR
(in 000s)

| | 2015 | | 2014 | |
|------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Retail | \$ 43,977 | 5.5 % | \$ 8,672 | 1.7 % |
| Office | 100,177 | 12.6 % | 69,790 | 13.5 % |
| Residential | 481,480 | 60.4 % | 370,590 | 71.9 % |
| Land lease communities | 171,334 | 21.5 % | 66,150 | 12.8 % |
| Total Mortgages | <u>\$ 796,968</u> | <u>100.0 %</u> | <u>\$ 515,202</u> | <u>100.0 %</u> |

INDUSTRY SECTOR
(Number of Mortgages)

| | 2015 | | 2014 | |
|------------------------|-----------|----------------|-----------|----------------|
| | Total | % of Total | Total | % of Total |
| Retail | 1 | 6.7 % | 1 | 7.7 % |
| Office | 1 | 6.7 % | 1 | 7.7 % |
| Residential | 10 | 66.7 % | 9 | 69.2 % |
| Land lease communities | 3 | 20.0 % | 2 | 15.4 % |
| Total Mortgages | <u>15</u> | <u>100.0 %</u> | <u>13</u> | <u>100.0 %</u> |

Liquidity Risk

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

The Fund invests in construction mortgages with terms ranging from 1 to 5 years. The duration of the Fund is 0.9 years. As at December 31, the Fund invested in mortgages with the following terms to maturity:

MORTGAGES

BY MATURITY DATE
(in 000s)

| | 2015 | | 2014 | |
|-----------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Within 1 year | \$ 427,535 | 53.6 % | \$ 279,579 | 54.3 % |
| 1 to 5 years | 369,433 | 46.4 % | 235,623 | 45.7 % |
| Total Mortgages | <u>\$ 796,968</u> | <u>100.0 %</u> | <u>\$ 515,202</u> | <u>100.0 %</u> |

Construction mortgages are usually extended with floating interest rates based on bank prime lending rates plus a risk and liquidity premium. Therefore, the Fund does not have significant exposure to interest rate risk.

Currency Risk

The Fund is not exposed to significant currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CONSTRUCTION MORTGAGE FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The Fund is not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Management monitors the concentration of risk for mortgage securities based on counterparties and industries and geographic location. The Fund's industry sector exposure is presented in the Credit Risk section.

Investments by Geographic Region

All of the Fund's mortgage investments are exposed to the Canadian market.

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | | |
|----------------------|---------------------------------------|---------------------------------------|-------|---------|
| | Level 1 | Level 2 | | |
| | (Quoted Price in Active Market) | (Significant Observable Inputs) | Total | |
| (in 000s) | | | | |
| Money Market Funds | \$ 838 | \$ - | \$ | 838 |
| Mortgage Investments | - | 815,343 | | 815,343 |
| Total Investments | \$ 838 | \$ 815,343 | \$ | 816,181 |

| | December 31, 2014 | | | |
|----------------------|---------------------------------------|---------------------------------------|-------|---------|
| | Level 1 | Level 2 | | |
| | (Quoted Price in Active Market) | (Significant Observable Inputs) | Total | |
| (in 000s) | | | | |
| Money Market Funds | \$ 625 | \$ - | \$ | 625 |
| Mortgage Investments | - | 537,244 | | 537,244 |
| Total Investments | \$ 625 | \$ 537,244 | \$ | 537,869 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CONSTRUCTION MORTGAGE FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 838 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 3,978,383 | \$ 625 |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE CANADIAN EQUITY FUND

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 14,565 | \$ 12,167 |
| Receivable from sale of investments | | 1,810 | 9,780 |
| Receivable from issue of units | | 943 | 818 |
| Dividends receivable | | 6,855 | 3,711 |
| Security lending revenue receivable | | 55 | 14 |
| Receivable from reinvestment of distributions | | 6,201 | - |
| Investments | | <u>2,909,366</u> | <u>2,264,145</u> |
| | | <u>2,939,795</u> | <u>2,290,635</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 8,393 | 8,352 |
| External management fees payable | | 1,026 | 847 |
| bcIMC funds management fees payable | 4 | 366 | 270 |
| Other accounts payable | | 18 | 14 |
| Distributions payable | | <u>6,201</u> | <u>-</u> |
| | | <u>16,004</u> | <u>9,483</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 2,923,791</u></u> | <u><u>\$ 2,281,152</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>305.552</i> | <i>231.636</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 9,569</u></u> | <u><u>\$ 9,848</u></u> |
| <i>Contingent liability</i> | 6 | | |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 590 | \$ 523 |
| Dividend income | | 70,957 | 49,890 |
| Securities lending income | | 295 | 171 |
| Foreign exchange gain (loss) | | 9 | (20) |
| Change in fair value of investments: | 7 | | |
| Net realized gain | | 53,117 | 106,208 |
| Net change in unrealized appreciation (depreciation) | | (190,140) | 90,955 |
| Total Revenue | | <u>(65,172)</u> | <u>247,727</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 3,844 | 3,059 |
| External management fees | | 3,800 | 3,308 |
| Administrative fees | | 69 | 53 |
| Commissions and stock exchange fees | | <u>1,840</u> | <u>1,459</u> |
| Total operating expenses | | <u>9,553</u> | <u>7,879</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>(74,725)</u> | <u>239,848</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (57,283) | (44,146) |
| From net realized gains on investments | | <u>(57,937)</u> | <u>(104,872)</u> |
| | | <u>(115,220)</u> | <u>(149,018)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u><u>\$ (189,945)</u></u> | <u><u>\$ 90,830</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE CANADIAN EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 2,281,152 | \$ 1,887,022 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (189,945) | 90,830 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 732,364 | 191,432 |
| Reinvestment of distributions | 115,220 | 149,018 |
| Amounts paid for units redeemed | <u>(15,000)</u> | <u>(37,150)</u> |
| Net increase from redeemable unit transactions | <u>832,584</u> | <u>303,300</u> |
| Balance, end of year | <u>\$ 2,923,791</u> | <u>\$ 2,281,152</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ (189,945) | \$ 90,830 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | (9) | 20 |
| Interest income | (590) | (523) |
| Dividend income | (70,957) | (49,890) |
| Net realized gain from investments | (53,117) | (106,208) |
| Net change in unrealized (appreciation) depreciation from investments | 190,140 | (90,955) |
| Non cash distributions | 115,220 | 149,018 |
| Proceeds from sale of investments | 934,648 | 848,084 |
| Amounts paid for purchase of investments | (1,716,892) | (1,032,267) |
| Receivable from sale of investments | 7,970 | (8,793) |
| Receivable from issue of units | (125) | (818) |
| Security lending revenue receivable | (41) | 13 |
| Payable for purchase of investments | 41 | 3,737 |
| External management fees payable | 179 | 122 |
| bcIMC funds management fees payable | 96 | 48 |
| Other accounts payable | 4 | 1 |
| Interest received | 590 | 523 |
| Dividends received | 67,813 | 49,221 |
| | <u>(714,975)</u> | <u>(147,837)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 732,364 | 191,432 |
| Payments on redemption of redeemable units | <u>(15,000)</u> | <u>(37,150)</u> |
| | <u>717,364</u> | <u>154,282</u> |
| Net increase in cash | 2,389 | 6,445 |
| Effect of exchange rate changes on cash | 9 | (20) |
| Cash, beginning of year | <u>12,167</u> | <u>5,742</u> |
| Cash, end of year | <u>\$ 14,565</u> | <u>\$ 12,167</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE CANADIAN EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 2,877,714 | \$ 2,626,789 | \$ 2,235,730 | \$ 1,794,665 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio Fund ST1 | <u>31,652</u> | <u>31,652</u> | <u>28,415</u> | <u>28,415</u> |
| Total Investments | <u>\$ 2,909,366</u> | <u>\$ 2,658,441</u> | <u>\$ 2,264,145</u> | <u>\$ 1,823,080</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE CANADIAN EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The Active Canadian Equity Fund (the Fund) provides clients with a diversity of active management investment styles (e.g., value, growth, and market oriented), exposure to a variety of market outlooks, and exposure to the various segments of the Canadian equity market (large, medium and small cap). Active managers operate independently of each other and are given specific value added targets, consistent with their expected risk profile.

The investment objective of the Active Canadian Equity Fund is to exceed the Fund's benchmark return, the S&P/TSX Capped Composite Index by 150 basis points per annum, net of investment expenses over a four year rolling average.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of Canadian companies including preferred shares, instalment receipts, convertible securities, rights and warrants,
- publicly traded income trust units,
- exchange traded funds based on the Fund's Index,
- units in Managers' pooled funds provided such holdings are permissible investments for the Fund,
- private placements (defined as off-exchange purchase of securities that have limited transferability) with CIO approval,
- other derivative instruments with CIO approval, and
- money market securities rated A-1 (low) or better, and units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3.

The following restrictions apply to the Fund:

- Up to 15% of the Fund's assets over any 3 month period or up to 10% over any 12 month period may be invested in money market securities rated A-1 (low) or better, units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

Liquidity Risk

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

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.

Currency Risk

The Fund is not exposed to significant currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE CANADIAN EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 147,224 | 5.1 % | \$ 114,016 | 5.1 % |
| Consumer Staple | 155,185 | 5.4 % | 113,099 | 5.1 % |
| Energy | 561,753 | 19.5 % | 503,935 | 22.5 % |
| Financial Services | 1,096,550 | 38.2 % | 818,211 | 36.6 % |
| Health Care | 46,079 | 1.6 % | 80,247 | 3.6 % |
| Industrial Products | 162,145 | 5.6 % | 163,082 | 7.3 % |
| Information Technology | 204,979 | 7.1 % | 119,613 | 5.4 % |
| Materials and Processing | 282,567 | 9.8 % | 199,971 | 8.9 % |
| Telecommunication Services | 181,806 | 6.3 % | 104,838 | 4.7 % |
| Utilities | 39,426 | 1.4 % | 18,718 | 0.8 % |
| Total Equities | <u>\$ 2,877,714</u> | <u>100.0 %</u> | <u>\$ 2,235,730</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$270,401,000 (2014 - \$214,834,000) or 9.2% (2014 - 9.4%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Equity by Geographic Region

All of the Fund's equity investments are exposed to the Canadian market.

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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, 2015 | | |
|--------------------|--|--|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| Money Market Funds | \$ 31,652 | \$ - | \$ 31,652 |
| Public Equities | 2,877,714 | - | 2,877,714 |
| Total Investments | <u>\$ 2,909,366</u> | <u>\$ -</u> | <u>\$ 2,909,366</u> |

| (in 000s) | December 31, 2014 | | |
|--------------------|--|--|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| Money Market Funds | \$ 28,415 | \$ - | \$ 28,415 |
| Public Equities | 2,235,730 | - | 2,235,730 |
| Total Investments | <u>\$ 2,264,145</u> | <u>\$ -</u> | <u>\$ 2,264,145</u> |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE CANADIAN EQUITY FUND

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 31,652 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 3,379,048 | \$ 28,415 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE CANADIAN SMALL CAP EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2015 | December 31 2014 |
|--|------|--------------------------|--------------------------|
| Assets | | | |
| Cash | | \$ 5,556 | \$ 6,392 |
| Receivable from sale of investments | | 2,001 | 1,311 |
| Dividends receivable | | 1,052 | 1,528 |
| Security lending revenue receivable | | 12 | 8 |
| Receivable from reinvestment of distributions | | 1,491 | - |
| Investments | | 504,124 | 649,712 |
| | | <u>514,236</u> | <u>658,951</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 2,108 | 2,628 |
| External management fees payable | | 406 | 638 |
| bcIMC funds management fees payable | 4 | 38 | 36 |
| Other accounts payable | | 12 | 11 |
| Distributions payable | | 1,491 | - |
| | | <u>4,055</u> | <u>3,313</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 510,181</u></u> | <u><u>\$ 655,638</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 293.395 | 385.557 |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 1,739</u></u> | <u><u>\$ 1,700</u></u> |
| <i>Contingent liability</i> | 6 | | |

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 158 | \$ 181 |
| Dividend income | | 11,995 | 15,699 |
| Securities lending income | | 104 | 66 |
| Change in fair value of investments: | 7 | | |
| Net realized gain | | 19,535 | 75,167 |
| Net change in unrealized depreciation | | (6,593) | (38,849) |
| Total Revenue | | <u>25,199</u> | <u>52,264</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 480 | 443 |
| External management fees | | 2,364 | 2,787 |
| Administrative fees | | 37 | 36 |
| Commissions and stock exchange fees | | 1,588 | 932 |
| Total operating expenses | | <u>4,469</u> | <u>4,198</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>20,730</u> | <u>48,066</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (8,324) | (12,679) |
| From net realized gains on investments | | (18,730) | (74,255) |
| | | <u>(27,054)</u> | <u>(86,934)</u> |
| Decrease in net assets attributable to holders of redeemable units | | <u><u>\$ (6,324)</u></u> | <u><u>\$ (38,868)</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE CANADIAN SMALL CAP EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 655,638 | \$ 707,091 |
| Decrease in net assets attributable to holders of redeemable units | (6,324) | (38,868) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 50,313 | 481 |
| Reinvestment of distributions | 27,054 | 86,934 |
| Amounts paid for units redeemed | <u>(216,500)</u> | <u>(100,000)</u> |
| Net decrease from redeemable unit transactions | <u>(139,133)</u> | <u>(12,585)</u> |
| Balance, end of year | <u>\$ 510,181</u> | <u>\$ 655,638</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|--|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Decrease in net assets attributable to holders of redeemable units | \$ (6,324) | \$ (38,868) |
| Adjustments for: | | |
| Interest income | (158) | (181) |
| Dividend income | (11,995) | (15,699) |
| Net realized gain from investments | (19,535) | (75,167) |
| Net change in unrealized depreciation from investments | 6,593 | 38,849 |
| Amortization of premiums and discounts | (120) | (130) |
| Non cash distributions | 27,054 | 86,934 |
| Proceeds from sale of investments | 751,646 | 634,779 |
| Amounts paid for purchase of investments | (592,996) | (546,157) |
| Receivable from sale of investments | (690) | (1,031) |
| Security lending revenue receivable | (4) | 15 |
| Payable for purchase of investments | (520) | 2,398 |
| External management fees payable | (232) | 41 |
| bcIMC funds management fees payable | 2 | 4 |
| Other accounts payable | 1 | (3) |
| Interest received | 158 | 181 |
| Dividends received | 12,471 | 15,687 |
| | <u>165,351</u> | <u>101,652</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 50,313 | 481 |
| Payments on redemption of redeemable units | <u>(216,500)</u> | <u>(100,000)</u> |
| | <u>(166,187)</u> | <u>(99,519)</u> |
| Net increase (decrease) in cash | (836) | 2,133 |
| Cash, beginning of year | <u>6,392</u> | <u>4,259</u> |
| Cash, end of year | <u>\$ 5,556</u> | <u>\$ 6,392</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE CANADIAN SMALL CAP EQUITY FUND

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

| | 2015 | | 2014 | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 485,586 | \$ 319,526 | \$ 632,975 | \$ 460,321 |
| Money Market Investments: | | | | |
| Repurchase Agreements | 18,385 | 18,385 | 16,596 | 16,597 |
| Units in bcIMC Pooled Investment Portfolio Fund ST1 | <u>153</u> | <u>153</u> | <u>141</u> | <u>141</u> |
| | <u>18,538</u> | <u>18,538</u> | <u>16,737</u> | <u>16,738</u> |
| Total Investments | <u>\$ 504,124</u> | <u>\$ 338,064</u> | <u>\$ 649,712</u> | <u>\$ 477,059</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE CANADIAN SMALL CAP EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Active Canadian Small Cap Equity Fund (the Fund) is to exceed the return of the Fund's benchmark, the S&P/TSX Small Cap Equity Index, by 200 basis points per annum, net of all investment expenses over a four year rolling average. The Fund provides clients with a diversity of active management investment styles (e.g., value, growth, and market oriented), exposure to a variety of market outlooks, and exposure to the various segments of Canadian small cap equity markets. Active managers within the Fund are selected to add value over full market cycles. The managers operate independently of each other and are given specific value added targets, consistent with their expected risk profile. Each manager may have a different approach to risk. The Fund is diversified on an industry sector basis, reducing exposure to risks.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of Canadian equities with a small to mid-level range of capitalization including preferred shares, installment receipts, convertible securities, rights and warrants,
- publicly traded income trust units,
- exchange traded funds based on the Fund's Index or a similar index,
- units in Manager's pooled funds provided such holdings are permissible investments for the Fund,
- private placements (defined as off-exchange purchase of securities that have limited transferability) with CIO approval,
- other derivative instruments with CIO approval, and
- money market securities rated A-1 (low) or better, and units of Canadian Money Market Fund ST1 and Canadian Money Market Fund ST2.

The following restrictions apply to the Fund:

- Up to 20% of the Fund's assets over any 3 month period or up to 15% of the Fund's assets over any 12 month period may be invested in money market securities rated A-1 (low) or better, or in units of Canadian Money Market Fund ST1 and/or Canadian Money Market Fund ST2.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

Liquidity Risk

The Fund invests in publicly traded small cap securities which are typically less liquid than large cap securities. Cash and money market investments provide the Fund with additional liquidity.

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

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.

Currency Risk

The Fund is not exposed to significant currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE CANADIAN SMALL CAP EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 30,890 | 6.5 % | \$ 60,825 | 9.6 % |
| Consumer Staple | 32,942 | 6.8 % | 46,053 | 7.3 % |
| Energy | 65,617 | 13.5 % | 97,495 | 15.4 % |
| Financial Services | 66,364 | 13.7 % | 68,370 | 10.8 % |
| Health Care | 4,028 | 0.8 % | 11,287 | 1.8 % |
| Industrial Products | 122,824 | 25.2 % | 143,648 | 22.6 % |
| Information Technology | 65,142 | 13.4 % | 69,492 | 11.0 % |
| Materials and Processing | 97,779 | 20.1 % | 127,663 | 20.2 % |
| Utilities | - | - % | 8,142 | 1.3 % |
| Total Equities | <u>\$ 485,586</u> | <u>100.0 %</u> | <u>\$ 632,975</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$27,812,000 (2014 - \$42,696,000) or 5.5% (2014 - 6.5%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Equity by Geographic Region

All of the Fund's equity investments are exposed to the Canadian market.

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | |
|--------------------------|--|--|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 153 | \$ - | \$ 153 |
| Money Market Investments | - | 18,385 | 18,385 |
| Public Equities | 485,586 | - | 485,586 |
| Total Investments | <u>\$ 485,739</u> | <u>\$ 18,385</u> | <u>\$ 504,124</u> |

| | December 31, 2014 | | |
|--------------------------|--|--|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 141 | \$ - | \$ 141 |
| Money Market Investments | - | 16,596 | 16,596 |
| Public Equities | 632,328 | - | 632,328 |
| Warrants | 647 | - | 647 |
| Total Investments | <u>\$ 633,116</u> | <u>\$ 16,596</u> | <u>\$ 649,712</u> |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE CANADIAN SMALL CAP EQUITY FUND

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 153 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 3,979,048 | \$ 141 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ENHANCED INDEXED CANADIAN EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 8,602 | \$ 7,015 |
| Receivable from sale of investments | | 6,746 | 10,826 |
| Receivable from issue of units | | - | - |
| Dividends receivable | | 7,481 | 11,233 |
| Security lending revenue receivable | | 68 | 58 |
| Receivable from reinvestment of distributions | | 85,118 | - |
| Investments | | 3,380,982 | 5,244,001 |
| | | <u>3,488,997</u> | <u>5,273,133</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 10,134 | 17,946 |
| External management fees payable | | 1,644 | 1,356 |
| bcIMC funds management fees payable | 4 | 304 | 50 |
| Other accounts payable | | 63 | 254 |
| Distributions payable | | 85,118 | - |
| Derivative liabilities: | | | |
| Futures | | 61 | 82 |
| | | <u>97,324</u> | <u>19,688</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 3,391,673</u> | <u>\$ 5,253,445</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>1,123.225</i> | <i>1,613.648</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 3,020</u> | <u>\$ 3,256</u> |
| <i>Contingent liability</i> | 6 | | |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 647 | \$ 964 |
| Dividend income | | 125,060 | 145,100 |
| Securities lending income | | 572 | 622 |
| Futures income (loss) | | (1,875) | 2,984 |
| Foreign exchange loss | | (71) | (53) |
| Change in fair value of investments and derivatives: | 7 | | |
| Net realized gain | | 356,944 | 326,819 |
| Net change in unrealized appreciation (depreciation) | | (725,204) | 56,983 |
| Total Revenue (Loss) | | <u>(243,927)</u> | <u>533,419</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 3,801 | 2,765 |
| External management fees | | 5,873 | 5,509 |
| Administrative fees | | 288 | 215 |
| Commissions and stock exchange fees | | 4,334 | 5,402 |
| Total operating expenses | | <u>14,296</u> | <u>13,891</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>(258,223)</u> | <u>519,528</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (106,861) | (141,122) |
| From net realized gains on investments and derivatives | | (436,895) | (321,261) |
| | | <u>(543,756)</u> | <u>(462,383)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ (801,979)</u> | <u>\$ 57,145</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ENHANCED INDEXED CANADIAN EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 5,253,445 | \$ 5,256,569 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (801,979) | 57,145 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 2,682 | 26,777 |
| Reinvestment of distributions | 543,756 | 462,383 |
| Amounts paid for units redeemed | <u>(1,606,231)</u> | <u>(549,429)</u> |
| Net decrease from redeemable unit transactions | <u>(1,059,793)</u> | <u>(60,269)</u> |
| Balance, end of year | <u>\$ 3,391,673</u> | <u>\$ 5,253,445</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ (801,979) | \$ 57,145 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | 71 | 53 |
| Interest income | (647) | (964) |
| Dividend income | (125,060) | (145,100) |
| Net realized gain from investments and derivatives | (356,944) | (326,819) |
| Net change in unrealized (appreciation) depreciation from investments and derivatives | 725,204 | (56,983) |
| Amortization of premiums and discounts | (46) | (48) |
| Non cash distributions | 543,756 | 462,383 |
| Proceeds from sale of investments | 5,156,840 | 3,792,917 |
| Amounts paid for purchase of investments | (3,662,035) | (3,415,523) |
| Receivable from sale of investments | 4,080 | (10,826) |
| Receivable from issue of units | - | 929 |
| Net receivable for variation on futures | - | 48 |
| Net payable for variation on futures | (21) | 82 |
| Security lending revenue receivable | (10) | 37 |
| Payable for purchase of investments | (7,812) | 17,946 |
| External management fees payable | 288 | 107 |
| bcIMC funds management fees payable | 254 | (154) |
| Other accounts payable | (191) | 208 |
| Interest received | 647 | 964 |
| Dividends received | 128,812 | 145,535 |
| | <u>1,605,207</u> | <u>521,937</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 2,682 | 26,777 |
| Payments on redemption of redeemable units | <u>(1,606,231)</u> | <u>(549,429)</u> |
| | <u>(1,603,549)</u> | <u>(522,652)</u> |
| Net increase (decrease) in cash | 1,658 | (715) |
| Effect of exchange rate changes on cash | (71) | (53) |
| Cash, beginning of year | 7,015 | 7,783 |
| Cash, end of year | <u>\$ 8,602</u> | <u>\$ 7,015</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ENHANCED INDEXED CANADIAN EQUITY FUND

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

| | 2015 | | 2014 | |
|----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 3,368,771 | \$ 3,109,896 | \$ 5,211,663 | \$ 4,227,584 |
| Money Market Investments: | | | | |
| Federal Government | 8,141 | 8,142 | 3,045 | 3,045 |
| Units in bcIMC Pooled | | | | |
| Investment Portfolio | | | | |
| Fund ST1 | <u>4,070</u> | <u>4,071</u> | <u>29,293</u> | <u>29,295</u> |
| | <u>12,211</u> | <u>12,213</u> | <u>32,338</u> | <u>32,340</u> |
| Total Investments | <u>\$ 3,380,982</u> | <u>\$ 3,122,109</u> | <u>\$ 5,244,001</u> | <u>\$ 4,259,924</u> |

Schedule of Futures Contracts

as at December 31
(all amounts reported in thousands of Canadian dollars)

| <u>Date</u> | <u>Number of Contracts</u> | <u>Expiry Date</u> | <u>Notional Value</u> | <u>Net Receivable (Payable)</u> |
|-------------|--------------------------------|--------------------|-----------------------|---------------------------------|
| 2015 | 40 | March 2016 | <u>\$ 6,148</u> | <u>\$ (61)</u> |
| 2014 | 170 | March 2014 | <u>\$ 28,954</u> | <u>\$ (82)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ENHANCED INDEXED CANADIAN EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The Enhanced Indexed Canadian Equity Fund (the Fund) differs from the Active Canadian Equity Fund in that it takes a lower level of active management risk and will more closely reflect the sector and financial characteristics of the benchmark, the S&P/TSX Capped Composite Index. The Fund's objective is to exceed the return of the benchmark by 100 basis points per annum, net of investment expenses, over a four year moving average.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of Canadian companies including preferred shares, instalment receipts, convertible securities, rights and warrants,
- publicly traded income trust units,
- exchange traded funds,
- units in Managers' pooled funds provided such holdings are permissible investments for the Fund,
- unleveraged futures contracts and swaps,
- private placements (defined as off-exchange purchase of securities that have limited transferability) with CIO approval,
- other derivative instruments with CIO approval , and
- money market securities rated A-1 (low) or better, and units of Canadian Money Market Fund ST1 and Canadian Money Market Fund ST2.

The following restrictions apply to the Fund:

- Up to 10% of the Fund's assets over any 3 month period or up to 5% over any 12 month period may be invested in money market securities rated A-1 (low) or better, and in units of Canadian Money Market Fund ST1 and/or Canadian Money Market Fund ST2. This constraint does not apply to money market securities or units used for the management of futures contracts.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

Liquidity Risk

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. The amounts are gross and undiscounted:

| | 2015 | | |
|----------------------------------|-----------------|--------------------------------|----------------|
| | Carrying amount | Gross nominal in (out) flow | 1 to 3 months |
| DERIVATIVE LIABILITIES (in 000s) | | | |
| Outflows | \$ (61) | \$ (61) | \$ (61) |
| Inflows | - | - | - |
| | <u>\$ (61)</u> | <u>\$ (61)</u> | <u>\$ (61)</u> |

| | 2014 | | |
|----------------------------------|-----------------|--------------------------------|----------------|
| | Carrying amount | Gross nominal in (out) flow | 1 to 3 months |
| DERIVATIVE LIABILITIES (in 000s) | | | |
| Outflows | \$ (82) | \$ (82) | \$ (82) |
| Inflows | - | - | - |
| | <u>\$ (82)</u> | <u>\$ (82)</u> | <u>\$ (82)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ENHANCED INDEXED CANADIAN EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Interest Rate Risk

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.

Currency Risk

The Fund is not exposed to significant currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 312,891 | 9.3 % | \$ 378,417 | 7.2 % |
| Consumer Staple | 222,271 | 6.6 % | 207,817 | 4.0 % |
| Energy | 520,773 | 15.5 % | 1,089,234 | 20.9 % |
| Financial Services | 1,195,190 | 35.3 % | 1,801,669 | 34.6 % |
| Health Care | 121,998 | 3.6 % | 181,599 | 3.5 % |
| Industrial Products | 295,787 | 8.8 % | 509,921 | 9.8 % |
| Information Technology | 215,120 | 6.4 % | 198,500 | 3.8 % |
| Materials and Processing | 329,399 | 9.8 % | 527,244 | 10.1 % |
| Telecommunication Services | 109,740 | 3.3 % | 234,661 | 4.5 % |
| Utilities | 45,602 | 1.4 % | 82,601 | 1.6 % |
| Total Equities | <u>\$ 3,368,771</u> | <u>100.0 %</u> | <u>\$ 5,211,663</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$321,757,000 (2014 - \$515,538,000) or 9.5% (2014 – 9.8%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Equity by Geographic Region

All of the Fund's equity investments are exposed to the Canadian market.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ENHANCED INDEXED CANADIAN EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | |
|--------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 4,070 | \$ - | \$ 4,070 |
| Money Market Investments | - | 8,141 | 8,141 |
| Public Equities | 3,368,771 | - | 3,368,771 |
| Total Investments | \$ 3,372,841 | \$ 8,141 | \$ 3,380,982 |
| Futures Contracts, Net | (61) | - | (61) |
| Total | \$ 3,372,780 | \$ 8,141 | \$ 3,380,921 |

| | December 31, 2014 | | |
|--------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 29,293 | \$ - | \$ 29,293 |
| Money Market Investments | - | 3,045 | 3,045 |
| Public Equities | 5,211,663 | - | 5,211,663 |
| Total Investments | \$ 5,240,956 | \$ 3,045 | \$ 5,244,001 |
| Futures contract, Net | (82) | - | (82) |
| Total | \$ 5,240,874 | \$ 3,045 | \$ 5,243,919 |

**Fair Value Measurement Discussion (continued)
as at December 31**

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ENHANCED INDEXED CANADIAN EQUITY FUND

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 2,570,037 | \$ 4,070 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 3,979,048 | \$ 29,293 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED CANADIAN EQUITY FUND

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 569 | \$ 410 |
| Receivable from sale of investments | | - | 273 |
| Dividends receivable | | 19,068 | 13,862 |
| Interest receivable | | 37 | - |
| Security lending revenue receivable | | 201 | 107 |
| Investments | | <u>6,714,664</u> | <u>6,164,820</u> |
| | | <u>6,734,539</u> | <u>6,179,472</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 7,372 | 14,271 |
| bcIMC funds management fees payable | 4 | 467 | 265 |
| Accounts payable | | 29 | 25 |
| Derivative liabilities: | | | |
| Futures | | <u>882</u> | <u>226</u> |
| | | <u>8,750</u> | <u>14,787</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 6,725,789</u> | <u>\$ 6,164,685</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>1,071.829</i> | <i>903.591</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 6,275</u> | <u>\$ 6,822</u> |
| <i>Contingent liability</i> | 6 | | |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 1,045 | \$ 1,148 |
| Dividend income | | 199,772 | 176,378 |
| Securities lending income | | 1,409 | 1,207 |
| Futures income (loss) | | (7,606) | 8,771 |
| Foreign exchange gain (loss) | | 658 | (64) |
| Change in fair value of investments and derivatives: | 7 | | |
| Net realized gain (loss) | | (22,888) | 415,987 |
| Net change in unrealized appreciation (depreciation) | | (778,068) | 68,275 |
| Total Revenue (Loss) | | <u>(605,678)</u> | <u>671,702</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 5,044 | 3,378 |
| Administrative fees | | 123 | 121 |
| Commissions and stock exchange fees | | 1,919 | 2,037 |
| Total operating expenses | | <u>7,086</u> | <u>5,536</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>(612,764)</u> | <u>666,166</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (171,034) | (182,375) |
| From net realized gains on investments and derivatives | | - | (413,829) |
| | | <u>(171,034)</u> | <u>(596,204)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ (783,798)</u> | <u>\$ 69,962</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED CANADIAN EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 6,164,685 | \$ 6,442,719 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (783,798) | 69,962 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 1,452,771 | 426,325 |
| Reinvestment of distributions | 171,034 | 596,204 |
| Amounts paid for units redeemed | <u>(278,903)</u> | <u>(1,370,525)</u> |
| Net increase (decrease) from redeemable unit transactions | <u>1,344,902</u> | <u>(347,996)</u> |
| Balance, end of year | <u>\$ 6,725,789</u> | <u>\$ 6,164,685</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ (783,798) | \$ 69,962 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | (658) | (64) |
| Interest income | (1,045) | (1,148) |
| Dividend income | (199,772) | (176,378) |
| Net realized (gain) loss from investments and derivatives | 22,888 | (415,987) |
| Net change in unrealized (appreciation) depreciation from investments and derivatives | 778,068 | (68,275) |
| Amortization of premiums and discounts | (51) | (49) |
| Non cash distributions | 171,034 | 596,204 |
| Proceeds from sale of investments | 1,135,636 | 2,364,190 |
| Amounts paid for purchase of investments | (2,486,385) | (1,616,051) |
| Receivable from sale of investments | 273 | 1,021 |
| Net receivable for variation on futures | - | 140 |
| Net payable for variation on futures | 656 | 226 |
| Security lending revenue receivable | (94) | 69 |
| Payable for purchase of investments | (6,899) | 11,881 |
| bcIMC funds management fees payable | 202 | (11) |
| Accounts payable | 4 | (3) |
| Interest received | 1,008 | 1,148 |
| Dividends received | <u>194,566</u> | <u>177,578</u> |
| | <u>(1,174,367)</u> | <u>944,453</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 1,452,771 | 426,325 |
| Payments on redemption of redeemable units | <u>(278,903)</u> | <u>(1,370,525)</u> |
| | <u>1,173,868</u> | <u>(944,200)</u> |
| Net increase (decrease) in cash | (499) | 253 |
| Effect of exchange rate changes on cash | 658 | 64 |
| Cash, beginning of year | <u>410</u> | <u>93</u> |
| Cash, end of year | <u>\$ 569</u> | <u>\$ 410</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED CANADIAN EQUITY FUND

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

| | 2015 | | 2014 | |
|----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 6,621,036 | \$ 5,998,558 | \$ 6,079,843 | \$ 4,679,232 |
| Bonds: | | | | |
| Corporate | 2,522 | 2,457 | - | - |
| Money Market Investments: | | | | |
| Federal Government | 12,089 | 12,091 | 4,990 | 4,990 |
| Units in bcIMC Pooled | | | | |
| Investment Portfolio | | | | |
| Fund ST1 | <u>79,017</u> | <u>79,016</u> | <u>79,987</u> | <u>79,988</u> |
| | <u>91,106</u> | <u>91,107</u> | <u>84,977</u> | <u>84,978</u> |
| Total Investments | <u>\$ 6,714,664</u> | <u>\$ 6,092,122</u> | <u>\$ 6,164,820</u> | <u>\$ 4,764,210</u> |

Schedule of Futures Contracts

as at December 31
(all amounts reported in thousands of Canadian dollars)

| <u>Date</u> | <u>Number of Contracts</u> | <u>Expiry Date</u> | <u>Notional Value</u> | <u>Net Receivable (Payable)</u> |
|-------------|--------------------------------|--------------------|-----------------------|---------------------------------|
| 2015 | 580 | March 2016 | <u>\$ 89,146</u> | <u>\$ (882)</u> |
| <u>Date</u> | <u>Number of Contracts</u> | <u>Expiry Date</u> | <u>Notional Value</u> | <u>Net Receivable (Payable)</u> |
| 2014 | 470 | March 2014 | <u>\$ 80,050</u> | <u>\$ (226)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED CANADIAN EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The Indexed Canadian Equity Fund (the Fund) has broad exposure to domestic stocks and provides participating clients with similar risk and return characteristics as the S&P/TSX Equity Index, the Fund's benchmark. The Fund holds companies and sectors roughly in proportion to their weighting in the Index. The objective of the Fund is to meet the return of the benchmark net of all investment expenses.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of benchmark member companies including preferred shares, instalment receipts, convertible securities, rights and warrants,
- exchange traded funds,
- up to \$200 million in unleveraged futures contracts; these futures may be based on an index that includes income trusts,
- private placements (defined as off-exchange purchase of securities that have limited transferability) with CIO approval,
- other derivative instruments with CIO approval,
- money market securities rated A-1 (low) or better, and
- units of Canadian Money Market Fund ST1 and Canadian Money Market Fund ST2.

The following restrictions apply to the Fund:

- Up to 0.5% of the Fund's assets can be invested in money market securities rated A-1 (low) or better, units of Canadian Money Market Fund ST1 and/or Canadian Money Market Fund ST2. This constraint does not apply to money market securities or units used for the management of futures contracts.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

Liquidity Risk

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. The amounts are gross and undiscounted:

| DERIVATIVE LIABILITIES (in 000s) | 2015 | | | |
|--|-----------------|--------------------------------|-------------------|-----------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month | 1 to 3 months |
| Outflows | \$ (882) | \$ (882) | \$ - | \$ (882) |
| Inflows | - | - | - | - |
| | <u>\$ (882)</u> | <u>\$ (882)</u> | <u>\$ -</u> | <u>\$ (882)</u> |

| DERIVATIVE LIABILITIES (in 000s) | 2014 | | | |
|--|-----------------|--------------------------------|-------------------|-----------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month | 1 to 3 months |
| Outflows | \$ (226) | \$ (226) | \$ - | \$ (226) |
| Inflows | - | - | - | - |
| | <u>\$ (226)</u> | <u>\$ (226)</u> | <u>\$ -</u> | <u>\$ (226)</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED CANADIAN EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

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.

Currency Risk

The Fund is not exposed to significant currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 460,825 | 6.9 % | \$ 381,453 | 6.3 % |
| Consumer Staple | 299,045 | 4.5 % | 220,936 | 3.6 % |
| Energy | 1,222,456 | 18.5 % | 1,346,256 | 22.1 % |
| Financial Services | 2,522,896 | 38.1 % | 2,164,668 | 35.6 % |
| Health Care | 211,781 | 3.2 % | 214,788 | 3.5 % |
| Industrial Products | 553,063 | 8.4 % | 541,163 | 9.0 % |
| Information Technology | 217,011 | 3.3 % | 138,737 | 2.3 % |
| Materials and Processing | 625,671 | 9.4 % | 642,464 | 10.6 % |
| Telecommunication Services | 358,885 | 5.4 % | 293,790 | 4.8 % |
| Utilities | 149,403 | 2.3 % | 135,588 | 2.2 % |
| Total Equities | <u>\$ 6,621,036</u> | <u>100.0 %</u> | <u>\$ 6,079,843</u> | <u>100.0 %</u> |

**Financial Risk Management Discussion (continued)
as at December 31**

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$659,721,000 (2014 - \$607,632,000) or 9.8% (2014 - 9.9%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Equity by Geographic Region

All of the Fund's equity investments are exposed to the Canadian market.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED CANADIAN EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| December 31, 2015 | | | |
|--------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 79,017 | \$ - | \$ 79,017 |
| Money Market Investments | - | 12,089 | 12,089 |
| Bonds | - | 2,522 | 2,522 |
| Public Equities | 6,621,036 | - | 6,621,036 |
| Total Investments | \$ 6,700,053 | \$ 14,611 | \$ 6,714,664 |
| Futures Contracts, Net | (882) | - | (882) |
| Total | \$ 6,699,171 | \$ 14,611 | \$ 6,713,782 |

| December 31, 2014 | | | |
|--------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 79,987 | \$ - | \$ 79,987 |
| Money Market Investments | - | 4,990 | 4,990 |
| Public Equities | 6,079,843 | - | 6,079,843 |
| Total Investments | \$ 6,159,830 | \$ 4,990 | \$ 6,164,820 |
| Futures Contracts, Net | (226) | - | (226) |
| Total | \$ 6,159,604 | \$ 4,990 | \$ 6,164,594 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below set out the interests held by the Fund in these structured entities:

| December 31, 2015 | | | |
|--|--------------------------------|--|--|
| 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 money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 79,017 |

| 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 money market funds administered by bcIMC | 1 | \$ 3,979,048 | \$ 79,987 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE U.S. EQUITY FUND

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 37,241 | \$ 47,796 |
| Receivable from sale of investments | | 960 | 1,408 |
| Dividends receivable | | 3,626 | 2,636 |
| Security lending revenue receivable | | 219 | 53 |
| Withholding taxes receivable | | 169 | 141 |
| Receivable from reinvestment of distributions | | 3,408 | - |
| Investments | | <u>2,074,996</u> | <u>1,871,691</u> |
| | | <u>2,120,619</u> | <u>1,923,725</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 2,990 | 12,615 |
| External management fees payable | 4 | 2,249 | 2,106 |
| bcIMC funds management fees payable | | 95 | 78 |
| Other accounts payable | | 18 | 17 |
| Distributions payable | | <u>3,408</u> | <u>-</u> |
| | | <u>8,760</u> | <u>14,816</u> |
| Net assets attributable to holders of redeemable units | | | |
| | | <u><u>\$ 2,111,859</u></u> | <u><u>\$ 1,908,909</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 224.762 | 249.264 |
| Net assets attributable to holders of redeemable units per unit | | | |
| | | <u><u>\$ 9,396</u></u> | <u><u>\$ 7,658</u></u> |
| <i>Contingent liability</i> | 6 | | |

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 7 | \$ 16 |
| Dividend income | | 48,174 | 23,417 |
| Securities lending income | | 1,604 | 896 |
| Foreign exchange gain | | 6,925 | 1,426 |
| Change in fair value of investments: | 7 | | |
| Net realized gain | | 287,888 | 495,504 |
| Net change in unrealized (appreciation) depreciation | | <u>85,735</u> | <u>(175,873)</u> |
| Total Revenue | | <u>430,333</u> | <u>345,386</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 1,237 | 946 |
| External management fees | | 9,853 | 9,139 |
| Administrative fees | | 66 | 66 |
| Commissions and stock exchange fees | | 1,791 | 2,209 |
| Withholding taxes | 8 | <u>32</u> | <u>-</u> |
| Total operating expenses | | <u>12,979</u> | <u>12,360</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | | |
| | | <u>417,354</u> | <u>333,026</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (41,426) | (15,571) |
| From net realized gains on investments | | <u>(289,217)</u> | <u>(10,719)</u> |
| | | <u>(330,643)</u> | <u>(26,290)</u> |
| Increase in net assets attributable to holders of redeemable units | | | |
| | | <u><u>\$ 86,711</u></u> | <u><u>\$ 306,736</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE U.S. EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 1,908,909 | \$ 2,435,281 |
| Increase in net assets attributable to holders of redeemable units | 86,711 | 306,736 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 57,493 | 104,000 |
| Reinvestment of distributions | 330,643 | 26,290 |
| Amounts paid for units redeemed | <u>(271,897)</u> | <u>(963,398)</u> |
| Net increase (decrease) from redeemable unit transactions | <u>116,239</u> | <u>(833,108)</u> |
| Balance, end of year | <u>\$ 2,111,859</u> | <u>\$ 1,908,909</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 86,711 | \$ 306,736 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | (6,925) | (1,426) |
| Interest income | (7) | (16) |
| Dividend income | (48,174) | (23,417) |
| Withholding taxes | 32 | - |
| Net realized gain from investments | (287,888) | (495,504) |
| Net change in unrealized (appreciation) depreciation from investments | (85,735) | 175,873 |
| Non cash distributions | 330,643 | 26,290 |
| Proceeds from sale of investments | 1,770,937 | 2,467,971 |
| Amounts paid for purchase of investments | (1,600,619) | (1,643,287) |
| Receivable from sale of investments | 448 | 1,641 |
| Security lending revenue receivable | (166) | (10) |
| Payable for purchase of investments | (9,625) | 6,925 |
| External management fees payable | 143 | (282) |
| bcIMC funds management fees payable | 17 | (5) |
| Other accounts payable | 1 | (1) |
| Interest received | 7 | 16 |
| Dividends received | 47,184 | 23,953 |
| Withholding taxes paid | <u>(60)</u> | <u>272</u> |
| | <u>196,924</u> | <u>845,729</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 57,493 | 104,000 |
| Payments on redemption of redeemable units | <u>(271,897)</u> | <u>(963,398)</u> |
| | <u>(214,404)</u> | <u>(859,398)</u> |
| Net decrease in cash | (17,480) | (13,669) |
| Effect of exchange rate changes on cash | 6,925 | 1,426 |
| Cash, beginning of year | <u>47,796</u> | <u>60,039</u> |
| Cash, end of year | <u>\$ 37,241</u> | <u>\$ 47,796</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE U.S. EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 2,071,998 | \$ 1,504,377 | \$ 1,868,967 | \$ 1,387,169 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | 2,998 | 3,002 | 1,139 | 1,139 |
| Fund ST3 | - | - | 1,585 | 1,501 |
| | <u>2,998</u> | <u>3,002</u> | <u>2,724</u> | <u>2,640</u> |
| Total Investments | <u>\$ 2,074,996</u> | <u>\$ 1,507,379</u> | <u>\$ 1,871,691</u> | <u>\$ 1,389,809</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE U.S. EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The Active U.S. Equity Fund (the Fund) provides participating clients with a diversity of active management investment styles (e.g., value, growth, and market oriented), exposure to a variety of market outlooks, and exposure to the various segments of the U.S. equity market (large, medium and small cap). As an actively managed portfolio, the focus is on selecting quality companies that will generate higher returns than the index.

The investment objective of the Fund is to exceed the return of the Fund's benchmark, the Russell 1000 Total Return Index, by 150 basis points per annum, net of investment expenses, over a four year rolling average.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of companies listed on a major U.S. exchange including preferred shares, instalment receipts, convertible securities, rights and warrants,
- exchange traded funds based on the Fund's Index,
- units in Managers' pooled funds provided such holdings are permissible investments for the Fund,
- private placements (defined as off-exchange purchase of securities that have limited transferability) with CIO approval,
- other derivative instruments with CIO approval,
- forward contracts for currency conversions and/or currency hedging, and
- money market securities rated A-1 (low) or better, and units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3.

The following restrictions apply to the Fund:

- Up to 10% of the Fund's assets over any 12 month period may be invested in money market securities rated A-1 (low) or better, units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and/or U.S. Dollar Money Market Fund ST3.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

Liquidity Risk

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

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.

Currency Risk

The Fund holds net assets denominated in U.S. currency totalling \$2,111,223,000 Cdn which represents 100.0% of the net asset value of the Fund (2014 -\$1,908,653,000 Cdn which represented 100.0% of the net asset value of the Fund). As at December 31, 2015, 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 \$21,112,000 (2014 - \$19,087,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE U.S. EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 354,405 | 17.1 % | \$ 357,608 | 19.1 % |
| Consumer Staple | 93,453 | 4.5 % | 44,164 | 2.4 % |
| Energy | 90,596 | 4.4 % | 124,813 | 6.7 % |
| Financial Services | 343,432 | 16.6 % | 200,836 | 10.7 % |
| Health Care | 480,419 | 23.1 % | 358,248 | 19.1 % |
| Industrial Products | 217,280 | 10.5 % | 244,582 | 13.1 % |
| Information Technology | 435,116 | 21.0 % | 468,333 | 25.1 % |
| Materials and Processing | 57,297 | 2.8 % | 70,383 | 3.8 % |
| Total Equities | <u>\$ 2,071,998</u> | <u>100.0 %</u> | <u>\$ 1,868,967</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$217,637,000 (2014 - \$203,635,000) or 10.3% (2014 – 10.7%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Equity by Geographic Region

All of the Fund's equity investments are exposed to the U.S. market.

Fair Value Measurement Discussion
as at December 31

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | |
|--------------------|--|--|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 2,998 | \$ - | \$ 2,998 |
| Public Equities | 2,071,998 | - | 2,071,998 |
| Total Investments | <u>\$ 2,074,996</u> | <u>\$ -</u> | <u>\$ 2,074,996</u> |

| | December 31, 2014 | | |
|--------------------|--|--|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 2,724 | \$ - | \$ 2,724 |
| Public Equities | 1,868,967 | - | 1,868,967 |
| Total Investments | <u>\$ 1,871,691</u> | <u>\$ -</u> | <u>\$ 1,871,691</u> |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE U.S. EQUITY FUND

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 2,998 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 2 | \$ 4,161,873 | \$ 2,724 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE U.S. SMALL CAP EQUITY FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|---|------|----------------------------|----------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Cash | | \$ 17,747 | \$ 19,074 |
| Receivable from sale of investments | | 976 | 2,888 |
| Dividends receivable | | 968 | 613 |
| Security lending revenue receivable | | 109 | 47 |
| Receivable from reinvestment of distributions | | 876 | - |
| Investments | | <u>1,164,492</u> | <u>1,032,967</u> |
| | | <u>1,185,168</u> | <u>1,055,589</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 989 | 7,582 |
| External management fees payable | | 2,148 | 1,660 |
| bcIMC funds management fees payable | 4 | 63 | 50 |
| Other accounts payable | | 26 | 23 |
| Distributions payable | | <u>876</u> | <u>-</u> |
| | | <u>4,102</u> | <u>9,315</u> |
| Net assets attributable to holders of redeemable units | | | |
| | | <u><u>\$ 1,181,066</u></u> | <u><u>\$ 1,046,274</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>445.925</i> | <i>455.129</i> |
| Net assets attributable to holders of redeemable units per unit | | | |
| | | <u><u>\$ 2,649</u></u> | <u><u>\$ 2,299</u></u> |
| <i>Contingent liability</i> | 6 | | |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|---|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Interest income | | \$ 14 | \$ 5 |
| Dividend income | | 11,907 | 12,105 |
| Securities lending income | | 1,429 | 763 |
| Foreign exchange gain | | 3,961 | 1,140 |
| Change in fair value of investments: | 7 | | |
| Net realized gain | | 192,354 | 101,826 |
| Net change in unrealized appreciation (depreciation) | | (40,023) | 16,176 |
| Total Revenue | | <u>169,642</u> | <u>132,015</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 767 | 536 |
| External management fees | | 8,383 | 5,814 |
| Administrative fees | | 85 | 75 |
| Commissions and stock exchange fees | | <u>1,434</u> | <u>1,292</u> |
| Total operating expenses | | <u>10,669</u> | <u>7,717</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | | |
| | | <u>158,973</u> | <u>124,298</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (7,095) | (7,600) |
| From net realized gains on investments | | <u>(191,826)</u> | <u>(100,601)</u> |
| | | <u>(198,921)</u> | <u>(108,201)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | | |
| | | <u><u>\$ (39,948)</u></u> | <u><u>\$ 16,097</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE U.S. SMALL CAP EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 1,046,274 | \$ 811,428 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (39,948) | 16,097 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 19,745 | 160,548 |
| Reinvestment of distributions | 198,921 | 108,201 |
| Amounts paid for units redeemed | <u>(43,926)</u> | <u>(50,000)</u> |
| Net increase from redeemable unit transactions | <u>174,740</u> | <u>218,749</u> |
| Balance, end of year | <u>\$ 1,181,066</u> | <u>\$ 1,046,274</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ (39,948) | \$ 16,097 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | (3,961) | (1,140) |
| Interest income | (14) | (5) |
| Dividend income | (11,907) | (12,105) |
| Net realized gain from investments | (192,354) | (101,826) |
| Net change in unrealized (appreciation) depreciation from investments | 40,023 | (16,176) |
| Amortization of premiums and discounts | (11) | (3) |
| Non cash distributions | 198,921 | 108,201 |
| Proceeds from sale of investments | 1,023,584 | 569,768 |
| Amounts paid for purchase of investments | (1,002,767) | (678,837) |
| Receivable from sale of investments | 1,912 | 46 |
| Security lending revenue receivable | (62) | 41 |
| Payable for purchase of investments | (6,593) | 2,263 |
| External management fees payable | 488 | 492 |
| bcIMC funds management fees payable | 13 | 14 |
| Other accounts payable | 3 | 3 |
| Interest received | 14 | 5 |
| Dividends received | 11,552 | 12,001 |
| | <u>18,893</u> | <u>(101,161)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 19,745 | 160,548 |
| Payments on redemption of redeemable units | <u>(43,926)</u> | <u>(50,000)</u> |
| | <u>(24,181)</u> | <u>110,548</u> |
| Net increase (decrease) in cash | (5,288) | 9,387 |
| Effect of exchange rate changes on cash | 3,961 | 1,140 |
| Cash, beginning of year | <u>19,074</u> | <u>8,547</u> |
| Cash, end of year | <u>\$ 17,747</u> | <u>\$ 19,074</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE U.S. SMALL CAP EQUITY FUND

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

| | 2015 | | 2014 | |
|---|----------------------------|--------------------------|----------------------------|--------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 1,147,225 | \$ 928,842 | \$ 1,021,879 | \$ 763,296 |
| Money Market Investments: | | | | |
| Repurchase Agreements | 17,140 | 16,822 | 10,946 | 10,805 |
| Units in bcIMC Pooled Investment Portfolio Fund ST1 | <u>127</u> | <u>127</u> | <u>142</u> | <u>142</u> |
| | <u>17,267</u> | <u>16,949</u> | <u>11,088</u> | <u>10,947</u> |
| Total Investments | <u>\$ 1,164,492</u> | <u>\$ 945,791</u> | <u>\$ 1,032,967</u> | <u>\$ 774,243</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE U.S. SMALL CAP EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Active U.S. Small Cap Equity Fund (the Fund) is to exceed the return of the benchmark, the Russell 2000 Total Return Index, by 200 basis points per annum, net of all investment expenses over a four year rolling average. The Fund provides clients with a diversity of active management investment styles (e.g., value, growth, and market oriented), exposure to a variety of market outlooks, and exposure to the various segments of U.S. small cap equity markets. Active managers within the Fund are selected to add value over full market cycles. The managers operate independently of each other and are given specific value added targets, consistent with their expected risk profile. Each manager may have a different approach to risk. The Fund is diversified on an industry sector basis.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of U.S. equities with a small to mid-level range of capitalization, including preferred shares, installment receipts, convertible securities, rights and warrants,
- exchange traded funds based on the Fund's Index or a subset of the Index,
- units in Manager's pooled funds provided such holdings are permissible investments for the Fund,
- private placements (defined as off-exchange purchase of securities that have limited transferability) with CIO approval,
- other derivative instruments with CIO approval, and
- money market securities rated A-1 (low) or better, and units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3.

The following restrictions apply to the Fund:

- Up to 20% of the Fund's assets over any 3 month period or up to 15% of the Fund's assets over any 12 month period may be invested in money market securities rated A-1 (low) or better, or in units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and/or U.S. Dollar Money Market Fund ST3.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

Liquidity Risk

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

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.

Currency Risk

The Fund holds net assets denominated in U.S. currency totalling \$1,183,176,000 Cdn which represents 100.2% of the net asset value of the Fund (2014 -\$1,047,866,000 Cdn which represented 100.2% of the net asset value of the Fund). As at December 31, 2015, 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 \$11,832,000 (2014 - \$10,479,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE U.S. SMALL CAP EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 203,200 | 17.7 % | \$ 164,244 | 16.1 % |
| Consumer Staple | 10,123 | 0.9 % | 3,220 | 0.3 % |
| Energy | 16,441 | 1.4 % | 19,719 | 1.9 % |
| Financial Services | 255,585 | 22.3 % | 199,380 | 19.5 % |
| Health Care | 167,915 | 14.6 % | 168,714 | 16.5 % |
| Industrial Products | 185,787 | 16.2 % | 196,577 | 19.2 % |
| Information Technology | 231,022 | 20.1 % | 211,289 | 20.8 % |
| Materials and Processing | 29,353 | 2.6 % | 35,167 | 3.4 % |
| Telecommunication Services | 11,216 | 1.0 % | 7,856 | 0.8 % |
| Utilities | 36,583 | 3.2 % | 15,713 | 1.5 % |
| Total Equities | <u>\$ 1,147,225</u> | <u>100.0 %</u> | <u>\$ 1,021,879</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$111,538,000 (2014 - \$102,363,000) or 9.4% (2014 - 9.8%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Equity by Geographic Region

The Fund's equity investments are exposed to the U.S. market.

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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, 2015 | | |
|--------------------------|--|--|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| Money Market Funds | \$ 127 | \$ - | \$ 127 |
| Money Market Investments | - | 17,140 | 17,140 |
| Public Equities | 1,147,225 | - | 1,147,225 |
| Total Investments | <u>\$ 1,147,352</u> | <u>\$ 17,140</u> | <u>\$ 1,164,492</u> |

| (in 000s) | December 31, 2014 | | |
|--------------------------|--|--|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| Money Market Funds | \$ 142 | \$ - | \$ 142 |
| Money Market Investments | - | 10,946 | 10,946 |
| Public Equities | 1,021,879 | - | 1,021,879 |
| Total Investments | <u>\$ 1,022,021</u> | <u>\$ 10,946</u> | <u>\$ 1,032,967</u> |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE U.S. SMALL CAP EQUITY FUND

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 127 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 3,979,048 | \$ 142 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ENHANCED INDEXED U.S. EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2015 | December 31 2014 |
|--|------|------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 5,415 | \$ 2,245 |
| Receivable from sale of investments | | 3,573,549 | 54 |
| Dividends receivable | | 5,035 | 4,306 |
| Security lending revenue receivable | | 21 | 8 |
| Withholding taxes receivable | | 49 | 41 |
| Receivable from reinvestment of distributions | | 20,506 | - |
| Derivative assets: | | | |
| Foreign currency contracts | | 10 | - |
| Investments | | 404 | 3,270,783 |
| | | <u>3,604,989</u> | <u>3,277,437</u> |
| Liabilities | | | |
| Payable for purchase of investments | | - | 1,467 |
| Payable for redemption of units | | 3,578,133 | - |
| External management fees payable | | - | - |
| bcIMC funds management fees payable | 4 | 174 | 136 |
| Other accounts payable | | 16 | 28 |
| Distributions payable | | 20,506 | - |
| Derivative liabilities: | | | |
| Futures | | - | 28 |
| | | <u>3,598,829</u> | <u>1,659</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 6,160</u> | <u>\$ 3,275,778</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>1,585</i> | <i>1,029,431</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 3,886</u> | <u>\$ 3,182</u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Subsequent event</i> | 14 | | |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 3 | \$ 8 |
| Dividend income | | 79,671 | 65,285 |
| Securities lending income | | 234 | 76 |
| Futures income | | 23 | 160 |
| Foreign exchange gain (loss) | | (495) | 601 |
| Change in fair value of investments and derivatives: | 7 | | |
| Net realized gain | | 1,543,076 | 397,872 |
| Net change in unrealized appreciation (depreciation) | | (942,129) | 173,499 |
| Total Revenue | | <u>680,383</u> | <u>637,501</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 2,041 | 1,815 |
| External management fees | | - | 28 |
| Administrative fees | | 78 | 92 |
| Commissions and stock exchange fees | | 1,139 | 385 |
| Withholding taxes | 8 | - | 1 |
| Total operating expenses | | <u>3,258</u> | <u>2,321</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>677,125</u> | <u>635,180</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (72,230) | (64,217) |
| From net realized gains on investments and derivatives | | <u>(710,620)</u> | <u>(394,401)</u> |
| | | <u>(782,850)</u> | <u>(458,618)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ (105,725)</u> | <u>\$ 176,562</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ENHANCED INDEXED U.S. EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 3,275,778 | \$ 2,638,765 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (105,725) | 176,562 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 116 | 45,492 |
| Reinvestment of distributions | 782,850 | 458,618 |
| Amounts paid for units redeemed | (3,946,859) | (43,659) |
| Net increase (decrease) from redeemable unit transactions | (3,163,893) | 460,451 |
| Balance, end of year | \$ 6,160 | \$ 3,275,778 |

| Statement of Cash Flows (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ (105,725) | \$ 176,562 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | 495 | (601) |
| Interest income | (3) | (8) |
| Dividend income | (79,671) | (65,285) |
| Withholding taxes | - | 1 |
| Net realized gain from investments and derivatives | (1,543,076) | (397,872) |
| Net change in unrealized (appreciation) depreciation from investments and derivatives | 942,129 | (173,499) |
| Non cash distributions | 782,850 | 458,618 |
| Proceeds from sale of investments | 8,077,593 | 3,199,376 |
| Amounts paid for purchase of investments | (4,206,277) | (3,264,692) |
| Receivable from sale of investments | (3,573,495) | (54) |
| Net receivable for variation on futures | - | 2 |
| Net payable for variation on futures | (28) | 28 |
| Security lending revenue receivable | (13) | (4) |
| Payable for purchase of investments | (1,467) | 1,467 |
| Payable for redemption of units | 3,578,133 | - |
| External management fees payable | - | (253) |
| bcIMC funds management fees payable | 38 | (6) |
| Other accounts payable | (12) | 1 |
| Interest received | 3 | 8 |
| Dividends received | 78,942 | 64,164 |
| Withholding taxes paid | (8) | 153 |
| | <u>3,950,408</u> | <u>(1,894)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 116 | 45,492 |
| Payments on redemption of redeemable units | (3,946,859) | (43,659) |
| | <u>(3,946,743)</u> | <u>1,833</u> |
| Net increase (decrease) in cash | 3,665 | (61) |
| Effect of exchange rate changes on cash | (495) | 601 |
| Cash, beginning of year | 2,245 | 1,705 |
| Cash, end of year | \$ 5,415 | \$ 2,245 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ENHANCED INDEXED U.S. EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|--|----------------------|----------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ - | \$ - | \$ 3,269,654 | \$ 2,327,525 |
| Money Market Investments: | | | | |
| U.S.T-Bills | - | - | 290 | 285 |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | 404 | 404 | 745 | 745 |
| Fund ST3 | - | - | 94 | 89 |
| | <u>404</u> | <u>404</u> | <u>1,129</u> | <u>1,119</u> |
| Total Investments | <u>\$ 404</u> | <u>\$ 404</u> | <u>\$ 3,270,783</u> | <u>\$ 2,328,644</u> |

Schedule of Foreign Currency Contracts

as at December 31

(all amounts reported in thousands of Canadian dollars)

| <u>Date</u> | <u>Number of Contracts</u> | <u>Expiry Date</u> | <u>Currency Code</u> | <u>Amount Sold</u> | <u>Currency Code</u> | <u>Amount Bought</u> | <u>Unrealized Gain (Loss)</u> |
|-------------|----------------------------|--------------------|----------------------|-----------------------|----------------------|----------------------|-------------------------------|
| 2015 | 1 | Jan 2016 | USD | <u>\$ (3,578,123)</u> | CAD | <u>\$ 3,578,133</u> | \$ 10 |

Schedule of Futures Contracts

as at December 31

(all amounts reported in thousands of Canadian dollars)

| <u>Date</u> | <u>Number of Contracts</u> | <u>Expiry Date</u> | <u>Notional Value</u> | <u>Net Receivable (Payable)</u> |
|-------------|----------------------------|--------------------|-----------------------|---------------------------------|
| 2014 | 20 | March 2015 | <u>\$ 2,405</u> | <u>\$ (28)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ENHANCED INDEXED U.S. EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The Enhanced Indexed U.S. Equity Fund (the Fund) differs from the Active US Equity Fund in that it takes a lower level of active management risk and will more closely reflect the sector and financial characteristics of the Fund's benchmark, the S&P 500 Total Return Index. The Fund's objective is to outperform the benchmark by 100 basis points per annum, net of investment expenses over a four year rolling average.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of U.S. companies including preferred shares, instalment receipts, convertible securities, rights and warrants,
- exchange traded funds based on the Fund's Index,
- units in Managers' pooled funds provided such holdings are permissible investments for the Fund,
- up to CAD \$200 Million in unleveraged S&P 500 Index Futures contracts,
- private placements (defined as off-exchange purchase of securities that have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval , and
- money market securities rated A-1 (low) or better, and units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3.

The following restrictions apply to the Fund:

- Up to 10% of the Fund's assets over any 12 month period may be invested in money market securities rated A-1 (low) or better, units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and/or U.S. Dollar Money Market Fund ST3. This constraint does not apply to money market securities or units used for the management of futures contracts.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

On December 31, 2015, all of the investments of the Fund were transferred to the Indexed U.S. Equity Fund at fair market value, and the Fund was wound up on February 12, 2016. Note 14 of the financial statements provides information on the transfer, and the wind-up of the Fund.

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

Liquidity Risk

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. The amounts are gross and undiscounted:

| DERIVATIVE LIABILITIES (in 000s) | 2014 | | |
|--|-----------------|--------------------------------|----------------|
| | Carrying amount | Gross nominal in (out) flow | 1 to 3 months |
| Outflows | \$ (28) | \$ (28) | \$ (28) |
| Inflows | - | - | - |
| | <u>\$ (28)</u> | <u>\$ (28)</u> | <u>\$ (28)</u> |

Interest Rate Risk

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ENHANCED INDEXED U.S. EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

Currency Risk

The Fund holds net assets, including foreign currency contracts, denominated in U.S. currency totalling \$5,945,000 Cdn which represents 96.5% of the net asset value of the Fund (2014 -\$3,275,196,000 Cdn which represented 100.0% of the net asset value of the Fund). As at December 31, 2015, 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 \$59,000 (2014 - \$32,752,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|-------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ - | - % | \$ 404,820 | 12.4 % |
| Consumer Staple | - | - % | 319,702 | 9.8 % |
| Energy | - | - % | 272,051 | 8.3 % |
| Financial Services | - | - % | 535,805 | 16.4 % |
| Health Care | - | - % | 462,177 | 14.1 % |
| Industrial Products | - | - % | 335,891 | 10.3 % |
| Information Technology | - | - % | 658,877 | 20.2 % |
| Materials and Processing | - | - % | 101,785 | 3.1 % |
| Telecommunication Services | - | - % | 72,711 | 2.2 % |
| Utilities | - | - % | 105,835 | 3.2 % |
| Total Equities | \$ - | - % | \$ 3,269,654 | 100.0 % |

**Financial Risk Management Discussion (continued)
as at December 31**

As at December 31, 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$329,276,000 or 10.1% of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Equity by Geographic Region

The Fund's equity investments are exposed to the U.S. market.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ENHANCED INDEXED U.S. EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | |
|---------------------------------|--|--|--------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 404 | \$ - | \$ 404 |
| Total Investments | \$ 404 | \$ - | \$ 404 |
| Foreign Currency Contracts, Net | - | 10 | 10 |
| Total | \$ 404 | \$ 10 | \$ 414 |

| | December 31, 2014 | | |
|--------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 839 | \$ - | \$ 839 |
| Money Market Investments | - | 290 | 290 |
| Public Equities | 3,269,654 | - | 3,269,654 |
| Total Investments | \$ 3,270,493 | \$ 290 | \$ 3,270,783 |
| Futures Contracts, Net | - | (28) | (28) |
| Total | \$ 3,270,493 | \$ 262 | \$ 3,270,755 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 404 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 2 | \$ 4,162,873 | \$ 839 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED U.S. EQUITY FUND

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 10,959 | \$ 77 |
| Receivable from sale of investments | | 40,869 | 62 |
| Receivable from issue of units | | 3,578,133 | - |
| Dividends receivable | | 6,954 | 6,995 |
| Security lending revenue receivable | | 43 | 21 |
| Withholding taxes receivable | | 150 | 125 |
| Receivable from reinvestment of distributions | | 509 | - |
| Investments | | 8,804,506 | 5,220,433 |
| | | <u>12,442,123</u> | <u>5,227,713</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 3,623,091 | - |
| bcIMC funds management fees payable | 4 | 250 | 214 |
| Other accounts payable | | 21 | 33 |
| Distributions payable | | 509 | - |
| Derivative liabilities: | | | |
| Futures | | 120 | 169 |
| Foreign currency contracts | | 10 | - |
| | | <u>3,624,001</u> | <u>416</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 8,818,122</u> | <u>\$ 5,227,297</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 997.539 | 719.482 |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 8,840</u> | <u>\$ 7,265</u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Subsequent event</i> | 14 | | |

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 6 | \$ 4 |
| Dividend income | | 140,288 | 121,821 |
| Securities lending income | | 334 | 225 |
| Futures income (loss) | | (401) | 2,202 |
| Foreign exchange gain | | 2,545 | 6,126 |
| Change in fair value of investments and derivatives: | 7 | | |
| Net realized gain | | 568,728 | 781,653 |
| Net change in unrealized appreciation | | 319,748 | 251,064 |
| Total Revenue | | <u>1,031,248</u> | <u>1,163,095</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 3,041 | 2,494 |
| Administrative fees | | 76 | 133 |
| Commissions and stock exchange fees | | 276 | 367 |
| Withholding taxes | 8 | - | (14) |
| Total operating expenses | | <u>3,393</u> | <u>2,980</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>1,027,855</u> | <u>1,160,115</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (132,720) | (127,739) |
| From net realized gains on investments and derivatives | | (561,014) | (699,768) |
| | | <u>(693,734)</u> | <u>(827,507)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u>\$ 334,121</u> | <u>\$ 332,608</u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED U.S. EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 5,227,297 | \$ 5,868,161 |
| Increase in net assets attributable to holders of redeemable units | 334,121 | 332,608 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 3,622,344 | 286,782 |
| Reinvestment of distributions | 693,734 | 827,507 |
| Amounts paid for units redeemed | (1,059,374) | (2,087,761) |
| Net increase (decrease) from redeemable unit transactions | 3,256,704 | (973,472) |
| Balance, end of year | \$ 8,818,122 | \$ 5,227,297 |

| Statement of Cash Flows (all amounts in thousands) | | |
|--|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 334,121 | \$ 332,608 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | (2,545) | (6,126) |
| Interest income | (6) | (4) |
| Dividend income | (140,288) | (121,821) |
| Withholding taxes | - | (14) |
| Net realized gain from investments and derivatives | (568,728) | (781,653) |
| Net change in unrealized appreciation from investments and derivatives | (319,748) | (251,064) |
| Amortization of premiums and discounts | (1) | (1) |
| Non cash distributions | 693,734 | 827,507 |
| Proceeds from sale of investments | 1,391,295 | 2,431,988 |
| Amounts paid for purchase of investments | (4,086,881) | (759,778) |
| Receivable from sale of investments | (40,807) | (62) |
| Receivable from issue of units | (3,578,133) | - |
| Net receivable for variation on futures | - | 49 |
| Net payable for variation on futures | (49) | 169 |
| Security lending revenue receivable | (22) | (4) |
| Payable for purchase of investments | 3,623,091 | - |
| bcIMC funds management fees payable | 36 | 13 |
| Other accounts payable | (12) | 2 |
| Interest received | 6 | 4 |
| Dividends received | 140,329 | 122,697 |
| Withholding taxes paid | (25) | 382 |
| | <u>(2,554,633)</u> | <u>1,794,892</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 3,622,344 | 286,782 |
| Payments on redemption of redeemable units | (1,059,374) | (2,087,761) |
| | <u>2,562,970</u> | <u>(1,800,979)</u> |
| Net increase (decrease) in cash | 8,337 | (6,087) |
| Effect of exchange rate changes on cash | 2,545 | 6,126 |
| Cash, beginning of year | 77 | 38 |
| Cash, end of year | \$ 10,959 | \$ 77 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED U.S. EQUITY FUND

Schedule of Investments

as at December 31
(all amounts in thousands)

| | 2015 | | 2014 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 8,802,084 | \$ 6,289,932 | \$ 5,207,774 | \$ 3,015,392 |
| Money Market Investments: | | | | |
| U.S.T-Bills | 2,083 | 1,963 | 3,475 | 3,416 |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | 339 | 339 | 477 | 477 |
| Fund ST3 | - | - | 8,707 | 8,634 |
| | <u>2,422</u> | <u>2,302</u> | <u>12,659</u> | <u>12,527</u> |
| Total Investments | <u>\$ 8,804,506</u> | <u>\$ 6,292,234</u> | <u>\$ 5,220,433</u> | <u>\$ 3,027,919</u> |

Schedule of Foreign Currency Contracts

as at December 31
(all amounts reported in thousands of Canadian dollars)

| | | | | | | | Unrealized |
|-------------|------------------|---------------|-----------------|-----------------------|-----------------|---------------------|----------------|
| <u>Date</u> | <u>Number of</u> | <u>Expiry</u> | <u>Currency</u> | <u>Amount</u> | <u>Currency</u> | <u>Amount</u> | <u>Gain</u> |
| | <u>Contracts</u> | <u>Date</u> | <u>Code</u> | <u>Sold</u> | <u>Code</u> | <u>Bought</u> | <u>(Loss)</u> |
| 2015 | 1 | Jan 2016 | CAD | <u>\$ (3,578,133)</u> | USD | <u>\$ 3,578,123</u> | <u>\$ (10)</u> |

Schedule of Futures Contracts

as at December 31
(all amounts reported in thousands of Canadian dollars)

| <u>Date</u> | <u>Number of</u> | <u>Expiry Date</u> | <u>Notional Value</u> | <u>Net Receivable (Payable)</u> |
|-------------|------------------|--------------------|-----------------------|---------------------------------|
| | <u>Contracts</u> | | | |
| 2015 | 90 | March 2016 | <u>\$ 9,246</u> | <u>\$ (120)</u> |
| 2014 | 120 | March 2015 | <u>\$ 14,263</u> | <u>\$ (169)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED U.S. EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The Indexed U.S. Equity Fund (the Fund) has broad exposure to the largest 500 companies in the United States and provides participating clients with similar risk and return characteristics as the S & P 500 Total Return Index, the Fund's benchmark. The Fund is a full replication index, holding companies and sectors in proportion to their weighting in the benchmark. The objective of the Fund is to meet the benchmark return net of all investment expenses.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of benchmark member companies including preferred shares, instalment receipts, convertible securities, rights and warrants,
- exchange traded funds based on the index,
- up to CAD \$200 Million in unleveraged S&P 500 Index Futures,
- private placements (defined as off-exchange purchase of securities that have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval, and
- money market securities rated A-1 (low) or better, and units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3.

The following restrictions apply to the Fund:

- Up to 0.5% of the Fund's assets may be invested in money market securities rated A-1 (low) or better, units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and/or U.S. Dollar Money Market Fund ST3. This constraint does not apply to money market securities or units used for the management of futures contracts.
- Investments in individual companies will be held approximately in the same proportion as their weighting in the Index.

On December 31, 2015, all of the investments of the Enhanced Indexed U.S Equity Fund were transferred to the Indexed U.S. Equity Fund at fair market value. Note 14 of the financial statements provides additional information on the transfer.

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Credit Risk

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

Liquidity Risk

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. The amounts are gross and undiscounted:

| DERIVATIVE LIABILITIES (in 000s) | 2015 | | | |
|--|-----------------------|--------------------------------|-----------------------|-----------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month | 1 to 3 months |
| Outflows | \$ (3,578,243) | \$ (3,578,243) | \$ (3,578,123) | \$ (120) |
| Inflows | - | - | - | - |
| | <u>\$ (3,578,243)</u> | <u>\$ (3,578,243)</u> | <u>\$ (3,578,123)</u> | <u>\$ (120)</u> |

| DERIVATIVE LIABILITIES (in 000s) | 2014 | | | |
|--|-----------------|--------------------------------|-------------------|-----------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month | 1 to 3 months |
| Outflows | \$ (169) | \$ (169) | \$ (169) | \$ (169) |
| Inflows | - | - | - | - |
| | <u>\$ (169)</u> | <u>\$ (169)</u> | <u>\$ (169)</u> | <u>\$ (169)</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED U.S. EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Interest Rate Risk

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.

Currency Risk

The Fund holds net assets, including foreign currency contracts, denominated in U.S. currency totalling \$8,818,056,000 Cdn which represents 100.0% of the net asset value of the Fund (2014 - \$5,227,068,000 Cdn which represented 100.0% of the net asset value of the Fund). As at December 31, 2015, 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 \$88,181,000 (2014 - \$52,271,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 1,204,170 | 13.7 % | \$ 632,585 | 12.1 % |
| Consumer Staple | 857,925 | 9.7 % | 509,409 | 9.8 % |
| Energy | 562,592 | 6.4 % | 438,974 | 8.4 % |
| Financial Services | 1,466,848 | 16.7 % | 868,216 | 16.7 % |
| Health Care | 1,332,619 | 15.1 % | 739,752 | 14.2 % |
| Industrial Products | 839,406 | 9.5 % | 542,529 | 10.4 % |
| Information Technology | 1,818,344 | 20.7 % | 1,024,485 | 19.7 % |
| Materials and Processing | 251,182 | 2.9 % | 164,998 | 3.2 % |
| Telecommunication Services | 214,901 | 2.4 % | 118,705 | 2.3 % |
| Utilities | 254,097 | 2.9 % | 168,121 | 3.2 % |
| Total Equities | <u>\$ 8,802,084</u> | <u>100.0 %</u> | <u>\$ 5,207,774</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$879,280,000 (2014 - \$520,195,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED U.S. EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | |
|---------------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 339 | \$ - | \$ 339 |
| Money Market Investments | - | 2,083 | 2,083 |
| Public Equities | 8,802,084 | - | 8,802,084 |
| Total Investments | \$ 8,802,423 | \$ 2,083 | \$ 8,804,506 |
| Foreign Currency Contracts, Net | - | (10) | (10) |
| Futures Contracts, Net | - | (120) | (120) |
| Total | \$ 8,802,423 | \$ 1,953 | \$ 8,804,376 |

| | December 31, 2014 | | |
|--------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 9,184 | \$ - | \$ 9,184 |
| Money Market Investments | - | 3,475 | 3,475 |
| Public Equities | 5,207,774 | - | 5,207,774 |
| Total Investments | \$ 5,216,958 | \$ 3,475 | \$ 5,220,433 |
| Futures Contracts, Net | - | (169) | (169) |
| Total | \$ 5,216,958 | \$ 3,306 | \$ 5,220,264 |

**Fair Value Measurement Discussion (continued)
as at December 31**

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED U.S. EQUITY FUND

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 339 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 2 | \$ 4,162,873 | \$ 9,184 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE ASIAN EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 75,449 | \$ 37,067 |
| Receivable from sale of investments | | 3,000 | 10,938 |
| Receivable from issue of units | | - | 1,482 |
| Dividends receivable | | 6,488 | 5,711 |
| Security lending revenue receivable | | 23 | 35 |
| Withholding taxes receivable | | 368 | 252 |
| Receivable from reinvestment of distributions | | 1,563 | - |
| Derivative assets: | | | |
| Foreign currency contracts | | 1 | 9 |
| Investments | | <u>4,145,641</u> | <u>3,762,781</u> |
| | | <u>4,232,533</u> | <u>3,818,275</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 690 | 12,204 |
| External management fees payable | | 4,942 | 4,456 |
| bcIMC funds management fees payable | 4 | 188 | 141 |
| Other accounts payable | | 460 | 435 |
| Distributions payable | | 1,563 | - |
| Derivative liabilities: | | | |
| Foreign currency contracts | | - | 11 |
| | | <u>7,843</u> | <u>17,247</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 4,224,690</u> | <u>\$ 3,801,028</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>1,467.466</i> | <i>1,466.150</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 2,879</u> | <u>\$ 2,593</u> |
| <i>Contingent liability</i> | 6 | | |

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 233 | \$ 367 |
| Dividend income | | 142,603 | 101,620 |
| Securities lending income | | 524 | 553 |
| Foreign exchange gain | | 4,898 | 2,896 |
| Change in fair value of investments and derivatives: | 7 | | |
| Net realized gain | | 121,055 | 180,194 |
| Net change in unrealized appreciation | | <u>186,883</u> | <u>167,997</u> |
| Total Revenue | | <u>456,196</u> | <u>453,627</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 2,284 | 1,578 |
| External management fees | | 19,820 | 16,839 |
| Administrative fees | | 1,892 | 1,720 |
| Commissions and stock exchange fees | | 4,943 | 7,094 |
| Withholding taxes | 8 | <u>7,394</u> | <u>6,782</u> |
| Total operating expenses | | <u>36,333</u> | <u>34,013</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>419,863</u> | <u>419,614</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (110,366) | (78,517) |
| From net realized gains on investments and derivatives | | <u>(118,478)</u> | <u>(67,220)</u> |
| | | <u>(228,844)</u> | <u>(145,737)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u>\$ 191,019</u> | <u>\$ 273,877</u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE ASIAN EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 3,801,028 | \$ 3,430,057 |
| Increase in net assets attributable to holders of redeemable units | 191,019 | 273,877 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 92,992 | 13,932 |
| Reinvestment of distributions | 228,844 | 145,737 |
| Amounts paid for units redeemed | <u>(89,193)</u> | <u>(62,575)</u> |
| Net increase from redeemable unit transactions | <u>232,643</u> | <u>97,094</u> |
| Balance, end of year | <u>\$ 4,224,690</u> | <u>\$ 3,801,028</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|--|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 191,019 | \$ 273,877 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | (4,898) | (2,896) |
| Interest income | (233) | (367) |
| Dividend income | (142,603) | (101,620) |
| Withholding taxes | 7,394 | 6,782 |
| Net realized gain from investments and derivatives | (121,055) | (180,194) |
| Net change in unrealized appreciation from investments and derivatives | (186,883) | (167,997) |
| Non cash distributions | 228,844 | 145,737 |
| Proceeds from sale of investments | 1,312,523 | 2,226,195 |
| Amounts paid for purchase of investments | (1,387,448) | (2,252,057) |
| Receivable from sale of investments | 7,938 | (4,748) |
| Receivable from issue of units | 1,482 | (1,482) |
| Security lending revenue receivable | 12 | (27) |
| Payable for purchase of investments | (11,514) | 10,530 |
| External management fees payable | 486 | 288 |
| bcIMC funds management fees payable | 47 | 23 |
| Other accounts payable | 25 | 41 |
| Interest received | 233 | 367 |
| Dividends received | 141,826 | 98,003 |
| Withholding taxes paid | <u>(7,510)</u> | <u>(7,000)</u> |
| | <u>29,685</u> | <u>43,455</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 92,992 | 13,932 |
| Payments on redemption of redeemable units | <u>(89,193)</u> | <u>(62,575)</u> |
| | <u>3,799</u> | <u>(48,643)</u> |
| Net increase (decrease) in cash | 33,484 | (5,188) |
| Effect of exchange rate changes on cash | 4,898 | 2,896 |
| Cash, beginning of year | <u>37,067</u> | <u>39,359</u> |
| Cash, end of year | <u>\$ 75,449</u> | <u>\$ 37,067</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE ASIAN EQUITY FUND

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

| | 2015 | | 2014 | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 4,144,151 | \$ 3,281,598 | \$ 3,762,517 | \$ 3,086,851 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST2 | 1,490 | 1,490 | 44 | 43 |
| Fund ST3 | - | - | 220 | 214 |
| | <u>1,490</u> | <u>1,490</u> | <u>264</u> | <u>257</u> |
| Total Investments | <u>\$ 4,145,641</u> | <u>\$ 3,283,088</u> | <u>\$ 3,762,781</u> | <u>\$ 3,087,108</u> |

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

| <u>Date</u> | <u>Number of Contracts</u> | <u>Expiry Date</u> | <u>Currency Code</u> | <u>Amount Sold</u> | <u>Currency Code</u> | <u>Amount Bought</u> | <u>Unrealized Gain (Loss)</u> |
|-------------|----------------------------|--------------------|----------------------|--------------------------|----------------------|------------------------|-------------------------------|
| 2015 | 1 | Jan 2016 | GBP | <u>\$ (236)</u> | CAD | <u>\$ 237</u> | <u>\$ 1</u> |
| | | | | | | | |
| 2014 | 3 | Jan 2015 | SGD | \$ (408) | CAD | \$ 410 | \$ 2 |
| 2014 | 1 | Jan 2015 | USD | (941) | AUD | 948 | 7 |
| 2014 | 2 | Jan 2015 | HKD | (78) | CAD | 78 | - |
| | | | | <u>(1,427)</u> | | <u>1,436</u> | <u>9</u> |
| 2014 | 1 | Jan 2015 | AUD | (948) | USD | 941 | (7) |
| 2014 | 2 | Jan 2015 | USD | (2,284) | KOR | 2,281 | (3) |
| 2014 | 1 | Jan 2015 | USD | (440) | SGD | 439 | (1) |
| | | | | <u>(3,672)</u> | | <u>3,661</u> | <u>(11)</u> |
| | | | | <u><u>\$ (5,099)</u></u> | | <u><u>\$ 5,097</u></u> | <u><u>\$ (2)</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE ASIAN EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Active Asian Equity Fund (the Fund) is to exceed the Fund's benchmark return, the Morgan Stanley Capital International (MSCI) All Country Asia Pacific ex-Japan Net Index, by 200 basis points per annum, net of all investment expenses over a four year rolling average. The Fund provides clients with a diversity of active management investment styles (e.g., value, growth, and market oriented), exposure to a variety of market outlooks, and exposure to the various segments of Asian equity markets. Active managers within the Fund are selected to add value over full market cycles. The managers operate independently of each other and are given specific value added targets, consistent with their expected risk profile. Each manager may have a different approach to risk management.

The Fund is diversified on a geographic and industry sector basis, reducing exposure to firm specific risks. However, the Fund's holdings may be more concentrated in certain geographic regions and industry sectors than the Index.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of Asia Pacific companies including preferred shares, installment receipts, convertible securities, rights and warrants,
- exchange traded funds based on the Index or countries/regions within the Index,
- international exchange-listed depository receipts of Asia Pacific listed companies,
- units in the Managers' pooled funds provided such holdings are permissible investments of the Fund,
- private placements with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval , and
- money market securities rated A-1 (low) or better, and units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3.

The following restrictions apply to the Fund:

- Up to 20% of the Fund's assets over any 3 month period or up to 15% of the Fund's assets over any 12 month period may be invested in money market securities rated A-1 (low) or better, or in units of units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and/or U.S. Dollar Money Market Fund ST3.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.
- Investments in Japanese securities are limited to 20% of the market value of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The Fund invests in foreign currency contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund.

Liquidity Risk

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. The amounts are gross and undiscounted:

| DERIVATIVE LIABILITIES (in 000s) | 2014 | | |
|--|-----------------|--------------------------------|-------------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month |
| Outflows | \$ (3,672) | \$ (3,672) | \$ (3,672) |
| Inflows | 3,661 | 3,661 | 3,661 |
| | <u>\$ (11)</u> | <u>\$ (11)</u> | <u>\$ (11)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE ASIAN EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

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.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

| CURRENCY (in 000s) | 2015 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 535,496 | \$ - | \$ 535,496 | 12.7 % |
| British Pound Sterling | 102,603 | (236) | 102,367 | 2.4 % |
| Euro | 17 | - | 17 | - % |
| Hong Kong Dollar | 1,169,646 | - | 1,169,646 | 27.7 % |
| Indian Rupee | 285,989 | - | 285,989 | 6.8 % |
| Indonesian Rupiah | 76,528 | - | 76,528 | 1.8 % |
| Japanese Yen | 285,484 | - | 285,484 | 6.8 % |
| Korean Won | 320,929 | - | 320,929 | 7.6 % |
| Malaysian Ringgit | 42,903 | - | 42,903 | 1.0 % |
| Philippine Peso | 90,379 | - | 90,379 | 2.1 % |
| Singapore Dollar | 288,295 | - | 288,295 | 6.8 % |
| Taiwan Dollar | 332,374 | - | 332,374 | 7.9 % |
| Thai Baht | 131,498 | - | 131,498 | 3.1 % |
| United States Dollar | 527,752 | - | 527,752 | 12.5 % |
| Net Foreign Exchange Exposure | \$ 4,189,893 | \$ (236) | \$ 4,189,657 | 99.2 % |

**Financial Risk Management Discussion (continued)
as at December 31**

| CURRENCY (in 000s) | 2014 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 566,342 | \$ - | \$ 566,342 | 14.9 % |
| British Pound Sterling | 132,301 | - | 132,301 | 3.5 % |
| Chinese Renminbi | 269 | - | 269 | - % |
| Hong Kong Dollar | 915,296 | (78) | 915,218 | 24.1 % |
| Indian Rupee | 248,816 | - | 248,816 | 6.5 % |
| Indonesian Rupiah | 53,676 | - | 53,676 | 1.4 % |
| Japanese Yen | 269,774 | - | 269,774 | 7.1 % |
| Korean Won | 314,533 | 2,281 | 316,814 | 8.3 % |
| Malaysian Ringgit | 40,867 | - | 40,867 | 1.1 % |
| Philippine Peso | 91,391 | - | 91,391 | 2.4 % |
| Singapore Dollar | 271,804 | 31 | 271,835 | 7.2 % |
| Taiwan Dollar | 276,882 | - | 276,882 | 7.3 % |
| Thai Baht | 153,150 | - | 153,150 | 4.0 % |
| United States Dollar | 453,240 | (2,724) | 450,516 | 11.9 % |
| Net Foreign Exchange Exposure | \$ 3,788,341 | \$ (490) | \$ 3,787,851 | 99.7 % |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$41,897,000 (2014 - \$37,879,000), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE ASIAN EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 229,897 | 5.4 % | \$ 257,824 | 6.9 % |
| Consumer Staple | 227,899 | 5.5 % | 215,963 | 5.7 % |
| Energy | 85,040 | 2.1 % | 103,628 | 2.8 % |
| Financial Services | 1,750,425 | 42.2 % | 1,558,956 | 41.3 % |
| Health Care | 259,696 | 6.3 % | 171,710 | 4.6 % |
| Industrial Products | 360,910 | 8.7 % | 341,719 | 9.1 % |
| Information Technology | 732,870 | 17.7 % | 596,699 | 15.9 % |
| Materials and Processing | 268,071 | 6.5 % | 354,257 | 9.4 % |
| Telecommunication Services | 168,830 | 4.1 % | 121,253 | 3.2 % |
| Utilities | 60,513 | 1.5 % | 40,508 | 1.1 % |
| Total Equities | <u>\$ 4,144,151</u> | <u>100.0 %</u> | <u>\$ 3,762,517</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$374,703,000 (2014 - \$350,713,000) or 8.9% (2014 - 9.2%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Financial Risk Management Discussion (continued)
as at December 31

Equity by Geographic Region

The Fund's equity investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Australia | \$ 525,085 | 12.7 % | \$ 546,773 | 14.5 % |
| China | 714,374 | 17.2 % | 517,063 | 13.7 % |
| Hong Kong | 662,113 | 16.0 % | 574,438 | 15.3 % |
| India | 503,066 | 12.1 % | 447,053 | 11.9 % |
| Indonesia | 76,528 | 1.8 % | 53,676 | 1.4 % |
| Japan | 284,573 | 6.9 % | 268,390 | 7.1 % |
| Korea | 316,909 | 7.6 % | 314,404 | 8.4 % |
| Malaysia | 42,903 | 1.0 % | 40,867 | 1.1 % |
| Philippines | 90,216 | 2.2 % | 91,330 | 2.4 % |
| Singapore | 287,292 | 6.9 % | 271,226 | 7.2 % |
| Taiwan | 377,144 | 9.1 % | 308,849 | 8.2 % |
| Thailand | 130,583 | 3.2 % | 154,451 | 4.1 % |
| United Kingdom | 99,130 | 2.4 % | 132,301 | 3.5 % |
| United States | 34,235 | 0.9 % | 41,696 | 1.2 % |
| Total Equities | <u>\$ 4,144,151</u> | <u>100.0 %</u> | <u>\$ 3,762,517</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE ASIAN EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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, 2015 | | |
|---------------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| Money Market Funds | \$ 1,490 | \$ - | \$ 1,490 |
| Public Equities | 4,144,151 | - | 4,144,151 |
| Total Investments | \$ 4,145,641 | \$ - | \$ 4,145,641 |
| Foreign Currency Contracts, Net | - | 1 | 1 |
| Total | \$ 4,145,641 | \$ 1 | \$ 4,145,642 |

| (in 000s) | December 31, 2014 | | |
|---------------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| Money Market Funds | \$ 264 | \$ - | \$ 264 |
| Public Equities | 3,762,517 | - | 3,762,517 |
| Total Investments | \$ 3,762,781 | \$ - | \$ 3,762,781 |
| Foreign Currency Contracts, Net | - | (2) | (2) |
| Total | \$ 3,762,781 | \$ (2) | \$ 3,762,779 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 5,413,942 | \$ 1,490 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 2 | \$ 4,616,564 | \$ 264 |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED ASIAN EQUITY FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|---|------|----------------------------|----------------------------|
| | Note | December 31, 2015 | December 31, 2014 |
| Assets | | | |
| Cash | | \$ 1,253 | \$ 1,351 |
| Dividends receivable | | 3,507 | 2,388 |
| Security lending revenue receivable | | 48 | 39 |
| Withholding taxes receivable | | 16 | 11 |
| Receivable from reinvestment of distributions | | 55 | - |
| Investments | | <u>2,433,774</u> | <u>1,986,282</u> |
| | | <u>2,438,653</u> | <u>1,990,071</u> |
| Liabilities | | | |
| Payable for purchase of investments | | - | 500 |
| bcIMC funds management fees payable | 4 | 120 | 84 |
| Other accounts payable | | 66 | 67 |
| Distributions payable | | 55 | - |
| Derivative liabilities: | | | |
| Foreign currency contracts | | <u>-</u> | <u>1</u> |
| | | <u>241</u> | <u>652</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 2,438,412</u> | <u>\$ 1,989,419</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>1,434.509</i> | <i>1,445.061</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 1,700</u> | <u>\$ 1,377</u> |
| <i>Contingent liability</i> | 6 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|--|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Interest income | | \$ 8 | \$ 6 |
| Dividend income | | 78,056 | 62,544 |
| Securities lending income | | 682 | 723 |
| Foreign exchange gain (loss) | | (398) | 44 |
| Change in fair value of investments and derivatives: | 7 | | |
| Net realized gain | | 14,977 | 25,911 |
| Net change in unrealized appreciation | | <u>378,427</u> | <u>30,809</u> |
| Total Revenue | | <u>471,752</u> | <u>120,037</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 1,390 | 997 |
| Administrative fees | | 263 | 270 |
| Commissions and stock exchange fees | | 69 | 146 |
| Withholding taxes | 8 | <u>4,897</u> | <u>4,302</u> |
| Total operating expenses | | <u>6,619</u> | <u>5,715</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>465,133</u> | <u>114,322</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (68,288) | (57,748) |
| From net realized gains on investments and derivatives | | <u>(14,987)</u> | <u>(4,332)</u> |
| | | <u>(83,275)</u> | <u>(62,080)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u>\$ 381,858</u> | <u>\$ 52,242</u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED ASIAN EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 1,989,419 | \$ 2,083,257 |
| Increase in net assets attributable to holders of redeemable units | 381,858 | 52,242 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 97,411 | 138,042 |
| Reinvestment of distributions | 83,275 | 62,080 |
| Amounts paid for units redeemed | <u>(113,551)</u> | <u>(346,202)</u> |
| Net increase (decrease) from redeemable unit transactions | <u>67,135</u> | <u>(146,080)</u> |
| Balance, end of year | <u>\$ 2,438,412</u> | <u>\$ 1,989,419</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|--|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 381,858 | \$ 52,242 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | 398 | (44) |
| Interest income | (8) | (6) |
| Dividend income | (78,056) | (62,544) |
| Withholding taxes | 4,897 | 4,302 |
| Net realized gain from investments and derivatives | (14,977) | (25,911) |
| Net change in unrealized appreciation from investments and derivatives | (378,427) | (30,809) |
| Non cash distributions | 83,275 | 62,080 |
| Proceeds from sale of investments | 130,932 | 336,171 |
| Amounts paid for purchase of investments | (185,021) | (185,405) |
| Security lending revenue receivable | (9) | 8 |
| Payable for purchase of investments | (500) | 500 |
| bcIMC funds management fees payable | 36 | 4 |
| Other accounts payable | (1) | 4 |
| Interest received | 8 | 6 |
| Dividends received | 76,937 | 62,213 |
| Withholding taxes paid | <u>(4,902)</u> | <u>(4,313)</u> |
| | <u>16,440</u> | <u>208,498</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 97,411 | 138,042 |
| Payments on redemption of redeemable units | <u>(113,551)</u> | <u>(346,202)</u> |
| | <u>(16,140)</u> | <u>(208,160)</u> |
| Net increase in cash | 300 | 338 |
| Effect of exchange rate changes on cash | (398) | 44 |
| Cash, beginning of year | <u>1,351</u> | <u>969</u> |
| Cash, end of year | <u>\$ 1,253</u> | <u>\$ 1,351</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED ASIAN EQUITY FUND

Schedule of Investments

as at December 31
(all amounts in thousands)

| | 2015 | | 2014 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 2,433,656 | \$ 1,731,610 | \$ 1,986,148 | \$ 1,662,527 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio Fund ST2 | <u>118</u> | <u>118</u> | <u>134</u> | <u>135</u> |
| Total Investments | <u>\$ 2,433,774</u> | <u>\$ 1,731,728</u> | <u>\$ 1,986,282</u> | <u>\$ 1,662,662</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 | 1 | Jan 2015 | AUD | <u>(501)</u> | JPY | <u>500</u> | <u>(1)</u> |
| | | | | <u>\$ (501)</u> | | <u>\$ 500</u> | <u>\$ (1)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED ASIAN EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Indexed Asian Equity Fund (the Fund) is to generate a risk/return profile that is very similar to the Morgan Stanley Capital International (MSCI) Pacific Net Index, the Fund's benchmark, and to meet the benchmark return net of all investment expenses. The Fund is managed internally by bclMC. Performance results will track quite closely to the underlying benchmark. bclMC portfolio managers hold all company, sector, and country allocations at or near their benchmark weights but have discretion to determine the appropriate timing of implementing Index changes.

The Fund is diversified on an industry sector basis, reducing exposure to firm specific risks. However, the Fund's holdings may be more concentrated in certain industry sectors than the Index.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of benchmark member companies including preferred shares, installment receipts, convertible securities, rights and warrants,
- exchange traded funds based on the Index or countries/regions within the Index,
- international exchange-listed depository receipts of benchmark member companies,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval , and
- units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3.

The following restrictions apply to the Fund:

- Up to 0.5% of the Fund's assets may be invested in units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and/or U.S. Dollar Money Market Fund ST3.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The Fund invests in foreign currency contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund.

Liquidity Risk

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. The amounts are gross and undiscounted:

| DERIVATIVE LIABILITIES (in 000s) | 2014 | | |
|--|-----------------|--------------------------------|-------------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month |
| Outflows | \$ (501) | \$ (501) | \$ (501) |
| Inflows | 500 | 500 | 500 |
| | <u>\$ (1)</u> | <u>\$ (1)</u> | <u>\$ (1)</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED ASIAN EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

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.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

| CURRENCY (in 000s) | 2015 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 479,474 | \$ - | \$ 479,474 | 19.7 % |
| Hong Kong Dollar | 212,935 | - | 212,935 | 8.7 % |
| Japanese Yen | 1,642,172 | - | 1,642,172 | 67.3 % |
| New Zealand Dollar | 10,755 | - | 10,755 | 0.4 % |
| Singapore Dollar | 86,790 | - | 86,790 | 3.6 % |
| United States Dollar | 6,155 | - | 6,155 | 0.3 % |
| Net Foreign Exchange Exposure | \$ 2,438,281 | \$ - | \$ 2,438,281 | 100.0 % |

**Financial Risk Management Discussion (continued)
as at December 31**

| CURRENCY (in 000s) | 2014 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 444,963 | \$ (501) | \$ 444,462 | 22.3 % |
| Euro | 34 | - | 34 | - % |
| Hong Kong Dollar | 184,667 | - | 184,667 | 9.3 % |
| Japanese Yen | 1,256,498 | 500 | 1,256,998 | 63.2 % |
| New Zealand Dollar | 9,659 | - | 9,659 | 0.5 % |
| Singapore Dollar | 90,630 | - | 90,630 | 4.6 % |
| United States Dollar | 2,987 | - | 2,987 | 0.2 % |
| Net Foreign Exchange Exposure | \$ 1,989,438 | \$ (1) | \$ 1,989,437 | 100.0 % |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$24,383,000 (2014 - \$19,894,000), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED ASIAN EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 394,744 | 16.4 % | \$ 318,134 | 16.0 % |
| Consumer Staple | 166,081 | 6.8 % | 123,987 | 6.2 % |
| Energy | 36,924 | 1.5 % | 33,517 | 1.7 % |
| Financial Services | 764,989 | 31.4 % | 643,788 | 32.4 % |
| Health Care | 164,206 | 6.7 % | 102,690 | 5.2 % |
| Industrial Products | 381,346 | 15.7 % | 311,516 | 15.7 % |
| Information Technology | 173,368 | 7.1 % | 145,427 | 7.3 % |
| Materials and Processing | 151,595 | 6.2 % | 150,564 | 7.6 % |
| Telecommunication Services | 116,487 | 4.8 % | 93,249 | 4.7 % |
| Utilities | 83,916 | 3.4 % | 63,276 | 3.2 % |
| Total Equities | <u>\$ 2,433,656</u> | <u>100.0 %</u> | <u>\$ 1,986,148</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$243,021,000 (2014 - \$198,290,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Financial Risk Management Discussion (continued)
as at December 31**

Equity by Geographic Region

The Fund's equity investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Australia | \$ 477,482 | 19.7 % | \$ 443,416 | 22.3 % |
| China | - | - % | 992 | - % |
| Hong Kong | 216,013 | 8.9 % | 183,569 | 9.2 % |
| Japan | 1,640,866 | 67.4 % | 1,256,236 | 63.4 % |
| New Zealand | 10,746 | 0.4 % | 9,337 | 0.5 % |
| Singapore | 88,128 | 3.6 % | 92,277 | 4.6 % |
| United States | 421 | - % | 321 | - % |
| Total Equities | <u>\$ 2,433,656</u> | <u>100.0 %</u> | <u>\$ 1,986,148</u> | <u>100.0 %</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED ASIAN EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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, 2015 | | |
|--------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | | | |
| Money Market Funds | \$ 118 | \$ - | \$ 118 |
| Public Equities | 2,433,656 | - | 2,433,656 |
| Total Investments | \$ 2,433,774 | \$ - | \$ 2,433,774 |

| (in 000s) | December 31, 2014 | | |
|---------------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | | | |
| Money Market Funds | \$ 134 | \$ - | \$ 134 |
| Public Equities | 1,986,148 | - | 1,986,148 |
| Total Investments | \$ 1,986,282 | \$ - | \$ 1,986,282 |
| Foreign Currency Contracts, Net | - | (1) | (1) |
| Total | \$ 1,986,282 | \$ (1) | \$ 1,986,281 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 5,314,942 | \$ 118 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 4,432,739 | \$ 134 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE EUROPEAN EQUITY FUND

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 32,710 | \$ 32,669 |
| Receivable from sale of investments | | 3,859 | 17 |
| Dividends receivable | | 2,289 | 2,562 |
| Security lending revenue receivable | | 142 | 43 |
| Withholding taxes receivable | | 4,213 | 2,288 |
| Derivative assets: | | | |
| Foreign currency contracts | | 13 | - |
| Investments | | <u>3,466,582</u> | <u>2,729,152</u> |
| | | <u>3,509,808</u> | <u>2,766,731</u> |
| Liabilities | | | |
| External management fees payable | | 3,100 | 2,635 |
| bcIMC funds management fees payable | 4 | 153 | 106 |
| Other accounts payable | | <u>146</u> | <u>129</u> |
| | | <u>3,399</u> | <u>2,870</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 3,506,409</u> | <u>\$ 2,763,861</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>1,668.633</i> | <i>1,593.029</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 2,101</u> | <u>\$ 1,735</u> |
| <i>Contingent liability</i> | 6 | | |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 242 | \$ 275 |
| Dividend income | | 96,662 | 128,486 |
| Securities lending income | | 2,578 | 3,007 |
| Foreign exchange gain (loss) | | (486) | 41,867 |
| Change in fair value of investments and derivatives: | 7 | | |
| Net realized gain | | 124,383 | 95,417 |
| Net change in unrealized appreciation (depreciation) | | 394,524 | (188,459) |
| Total Revenue | | <u>617,903</u> | <u>80,593</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 1,783 | 1,331 |
| External management fees | | 12,494 | 11,496 |
| Administrative fees | | 558 | 525 |
| Commissions and stock exchange fees | | 1,941 | 2,048 |
| Withholding taxes | 8 | <u>11,227</u> | <u>13,731</u> |
| Total operating expenses | | <u>28,003</u> | <u>29,131</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>589,900</u> | <u>51,462</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | <u>(70,645)</u> | <u>(146,553)</u> |
| | | <u>(70,645)</u> | <u>(146,553)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ 519,255</u> | <u>\$ (95,091)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE EUROPEAN EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 2,763,861 | \$ 2,938,832 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 519,255 | (95,091) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 544,633 | 138,645 |
| Reinvestment of distributions | 70,645 | 146,553 |
| Amounts paid for units redeemed | <u>(391,985)</u> | <u>(365,078)</u> |
| Net increase (decrease) from redeemable unit transactions | <u>223,293</u> | <u>(79,880)</u> |
| Balance, end of year | <u>\$ 3,506,409</u> | <u>\$ 2,763,861</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ 519,255 | \$ (95,091) |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | 486 | (41,867) |
| Interest income | (242) | (275) |
| Dividend income | (96,662) | (128,486) |
| Withholding taxes | 11,227 | 13,731 |
| Net realized gain from investments and derivatives | (124,383) | (95,417) |
| Net change in unrealized (appreciation) depreciation from investments and derivatives | (394,524) | 188,459 |
| Non cash distributions | 70,645 | 146,553 |
| Proceeds from sale of investments | 677,742 | 1,007,270 |
| Amounts paid for purchase of investments | (896,278) | (914,221) |
| Receivable from sale of investments | (3,842) | (17) |
| Security lending revenue receivable | (99) | (2) |
| External management fees payable | 465 | 11 |
| bclMC funds management fees payable | 47 | 12 |
| Other accounts payable | 17 | 33 |
| Interest received | 242 | 275 |
| Dividends received | 96,935 | 128,697 |
| Withholding taxes paid | <u>(13,152)</u> | <u>(14,388)</u> |
| | <u>(152,121)</u> | <u>195,277</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 544,633 | 138,645 |
| Payments on redemption of redeemable units | <u>(391,985)</u> | <u>(365,078)</u> |
| | <u>152,648</u> | <u>(226,433)</u> |
| Net increase (decrease) in cash | 527 | (31,156) |
| Effect of exchange rate changes on cash | (486) | 41,867 |
| Cash, beginning of year | <u>32,669</u> | <u>21,958</u> |
| Cash, end of year | <u>\$ 32,710</u> | <u>\$ 32,669</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE EUROPEAN EQUITY FUND

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

| | 2015 | | 2014 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 3,465,641 | \$ 2,600,560 | \$ 2,728,595 | \$ 2,258,024 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio Fund ST2 | <u>941</u> | <u>940</u> | <u>557</u> | <u>557</u> |
| Total Investments | <u>\$ 3,466,582</u> | <u>\$ 2,601,500</u> | <u>\$ 2,729,152</u> | <u>\$ 2,258,581</u> |

Schedule of Foreign Currency Contracts

as at December 31
(all amounts reported in thousands of Canadian dollars)

| <u>Date</u> | <u>Number of Contracts</u> | <u>Expiry Date</u> | <u>Currency Code</u> | <u>Amount Sold</u> | <u>Currency Code</u> | <u>Amount Bought</u> | <u>Unrealized Gain (Loss)</u> |
|-------------|--------------------------------|------------------------|--------------------------|------------------------|--------------------------|--------------------------|---------------------------------------|
| 2015 | 1 | Jan 2016 | DKK | <u>\$ (3,575)</u> | CAD | <u>\$ 3,588</u> | <u>\$ 13</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EUROPEAN EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Active European Equity Fund (the Fund) is to exceed the return of the Fund's benchmark, the Morgan Stanley Capital International (MSCI) Europe Net Index, by 150 basis points per annum, net of all investment expenses over a four year rolling average. The Fund provides clients with a diversity of active management investment styles (e.g., value, growth, and market oriented), exposure to a variety of market outlooks, and exposure to the various segments of European markets, including emerging markets. Active managers within the Fund are selected to add value over full market cycles. The managers operate independently of each other and are given specific value added targets, consistent with their expected risk profile. Each manager may have a different approach to risk management.

The Fund is diversified on a geographic and industry sector basis, reducing exposure to firm specific risks. However, the Fund's holdings may be more concentrated in certain geographic regions and industry sectors than the Index.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of European companies including preferred shares, installment receipts, convertible securities, rights and warrants,
- exchange traded funds based on the Index or countries/regions within the Index,
- international exchange-listed depository receipts of European listed companies,
- units in the Managers' pooled funds provided such holdings are permissible investments of the Fund,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval , and
- money market securities rated A-1 (low) or better, and units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3.

The following restrictions apply to the Fund:

- Up to 20% of the Fund's assets over any 3 month period or up to 15% of the Fund's assets over any 12 month period may be invested in money market securities rated A-1 (low) or better, or in units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and/or U.S. Dollar Money Market Fund ST3.
- Investments in European emerging markets and investments in the securities of a single company are both limited to 10% of the market value of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

Liquidity Risk

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EUROPEAN EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Interest Rate Risk

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.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

| CURRENCY (in 000s) | 2015 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| British Pound Sterling | 739,216 | - | 739,216 | 21.1 % |
| Danish Krone | 138,017 | (3,575) | 134,442 | 3.8 % |
| Euro | 1,855,966 | - | 1,855,966 | 52.9 % |
| Norwegian Krone | 106,146 | - | 106,146 | 3.0 % |
| Polish Zloty | 10,671 | - | 10,671 | 0.3 % |
| Swedish Krona | 156,729 | - | 156,729 | 4.5 % |
| Swiss Franc | 402,152 | - | 402,152 | 11.5 % |
| Turkish Lira | 37,092 | - | 37,092 | 1.1 % |
| United States Dollar | 39,361 | - | 39,361 | 1.1 % |
| Net Foreign Exchange Exposure | \$ 3,485,350 | \$ (3,575) | \$ 3,481,775 | 99.3 % |

Financial Risk Management Discussion (continued)
as at December 31

| CURRENCY (in 000s) | 2014 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| British Pound Sterling | 653,767 | - | 653,767 | 23.7 % |
| Czech Koruna | 10,854 | - | 10,854 | 0.4 % |
| Danish Krone | 97,655 | - | 97,655 | 3.5 % |
| Euro | 1,391,655 | - | 1,391,655 | 50.4 % |
| Hungarian Forint | 489 | - | 489 | - % |
| Norwegian Krone | 98,014 | - | 98,014 | 3.5 % |
| Polish Zloty | 29,051 | - | 29,051 | 1.1 % |
| Swedish Krona | 120,386 | - | 120,386 | 4.4 % |
| Swiss Franc | 284,959 | - | 284,959 | 10.3 % |
| Turkish Lira | 21,147 | - | 21,147 | 0.8 % |
| United States Dollar | 31,214 | - | 31,214 | 1.1 % |
| Net Foreign Exchange Exposure | \$ 2,739,191 | \$ - | \$ 2,739,191 | 99.1 % |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$34,818,000 (2014 - \$27,392,000), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EUROPEAN EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 464,874 | 13.3 % | \$ 293,642 | 10.8 % |
| Consumer Staple | 252,214 | 7.3 % | 166,862 | 6.1 % |
| Energy | 194,365 | 5.6 % | 233,185 | 8.5 % |
| Financial Services | 769,528 | 22.2 % | 684,813 | 25.1 % |
| Health Care | 803,839 | 23.2 % | 614,896 | 22.5 % |
| Industrial Products | 410,899 | 11.9 % | 238,919 | 8.8 % |
| Information Technology | 283,117 | 8.2 % | 194,015 | 7.1 % |
| Materials and Processing | 137,111 | 4.0 % | 129,739 | 4.8 % |
| Telecommunication Services | 86,508 | 2.5 % | 89,743 | 3.3 % |
| Utilities | 63,186 | 1.8 % | 82,781 | 3.0 % |
| Total Equities | <u>\$ 3,465,641</u> | <u>100.0 %</u> | <u>\$ 2,728,595</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$351,110,000 (2014 - \$284,139,000) or 10.0% (2014 - 10.3%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Financial Risk Management Discussion (continued)
as at December 31

Equity by Geographic Region

The Fund's equity investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Austria | 2,565 | 0.1 % | 4,746 | 0.2 % |
| Belgium | 53,230 | 1.5 % | 27,014 | 1.0 % |
| Denmark | 134,442 | 3.9 % | 97,655 | 3.6 % |
| Finland | 90,285 | 2.6 % | 45,075 | 1.7 % |
| France | 670,569 | 19.3 % | 463,173 | 17.0 % |
| Germany | 584,549 | 16.9 % | 440,720 | 16.2 % |
| Ireland | 10,594 | 0.3 % | 3,639 | 0.1 % |
| Italy | 124,365 | 3.7 % | 122,300 | 4.6 % |
| Netherlands | 181,897 | 5.2 % | 128,672 | 4.7 % |
| Norway | 106,146 | 3.1 % | 97,878 | 3.6 % |
| Portugal | 5,458 | 0.2 % | 4,085 | 0.1 % |
| Russia | 600 | - % | 2,901 | 0.1 % |
| Spain | 72,903 | 2.1 % | 73,678 | 2.7 % |
| Sweden | 156,445 | 4.5 % | 120,386 | 4.4 % |
| Switzerland | 402,147 | 11.6 % | 284,960 | 10.4 % |
| United Kingdom | 821,683 | 23.6 % | 751,141 | 27.4 % |
| United States | - | - % | 505 | - % |
| Hungary | - | - % | 489 | - % |
| Turkey | 37,092 | 1.1 % | 21,146 | 0.8 % |
| Poland | 10,671 | 0.3 % | 27,809 | 1.0 % |
| Czech Republic | - | - % | 10,622 | 0.4 % |
| Other | - | - % | 1 | - % |
| Total Equities | <u>\$ 3,465,641</u> | <u>100.0 %</u> | <u>\$ 2,728,595</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EUROPEAN EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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, 2015 | | |
|---------------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | | | |
| Money Market Funds | \$ 941 | \$ - | \$ 941 |
| Public Equities | 3,465,641 | - | 3,465,641 |
| Total Investments | \$ 3,466,582 | \$ - | \$ 3,466,582 |
| Foreign Currency Contracts, Net | - | 13 | 13 |
| Total | \$ 3,466,582 | \$ 13 | \$ 3,466,595 |

| (in 000s) | December 31, 2014 | | |
|--------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | | | |
| Money Market Funds | \$ 557 | \$ - | \$ 557 |
| Public Equities | 2,728,595 | - | 2,728,595 |
| Total Investments | \$ 2,729,152 | \$ - | \$ 2,729,152 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 5,413,942 | \$ 941 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 3,379,048 | \$ 557 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED EUROPEAN EQUITY FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|---|------|----------------------------|----------------------------|
| | Note | December 31, 2015 | December 31, 2014 |
| Assets | | | |
| Cash | | \$ 1,529 | \$ 1,383 |
| Dividends receivable | | 2,402 | 2,349 |
| Security lending revenue receivable | | 68 | 66 |
| Withholding taxes receivable | | 1,599 | 956 |
| Receivable from reinvestment of distributions | | 3,466 | - |
| Investments | | <u>2,531,231</u> | <u>2,554,002</u> |
| | | <u>2,540,295</u> | <u>2,558,756</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 329 | 670 |
| bcIMC funds management fees payable | 4 | 152 | 135 |
| Other accounts payable | | 89 | 111 |
| Distributions payable | | 3,466 | - |
| Derivative liabilities: | | | |
| Foreign currency contracts | | <u>-</u> | <u>4</u> |
| | | <u>4,036</u> | <u>920</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 2,536,259</u> | <u>\$ 2,557,836</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>1,232.377</i> | <i>1,451.642</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 2,058</u> | <u>\$ 1,762</u> |
| <i>Contingent liability</i> | 6 | | |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|--|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Interest income | | \$ 17 | \$ 5 |
| Dividend income | | 87,620 | 152,717 |
| Securities lending income | | 1,877 | 2,537 |
| Foreign exchange gain | | 3,787 | 5,415 |
| Change in fair value of investments and derivatives: | 7 | | |
| Net realized gain | | 144,148 | 185,260 |
| Net change in unrealized appreciation (depreciation) | | <u>174,628</u> | <u>(234,550)</u> |
| Total Revenue | | <u>412,077</u> | <u>111,384</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 1,793 | 1,744 |
| Administrative fees | | 401 | 522 |
| Commissions and stock exchange fees | | 756 | 735 |
| Withholding taxes | 8 | <u>10,227</u> | <u>12,953</u> |
| Total operating expenses | | <u>13,177</u> | <u>15,954</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>398,900</u> | <u>95,430</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (78,393) | (145,488) |
| From net realized gains on investments and derivatives | | <u>(146,915)</u> | <u>(99,470)</u> |
| | | <u>(225,308)</u> | <u>(244,958)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ 173,592</u> | <u>\$ (149,528)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED EUROPEAN EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 2,557,836 | \$ 3,388,256 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 173,592 | (149,528) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 619,731 | 86,491 |
| Reinvestment of distributions | 225,308 | 244,958 |
| Amounts paid for units redeemed | <u>(1,040,208)</u> | <u>(1,012,341)</u> |
| Net decrease from redeemable unit transactions | <u>(195,169)</u> | <u>(680,892)</u> |
| Balance, end of year | <u>\$ 2,536,259</u> | <u>\$ 2,557,836</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ 173,592 | \$ (149,528) |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | (3,787) | (5,415) |
| Interest income | (17) | (5) |
| Dividend income | (87,620) | (152,717) |
| Withholding taxes | 10,227 | 12,953 |
| Net realized gain from investments and derivatives | (144,148) | (185,260) |
| Net change in unrealized (appreciation) depreciation from investments and derivatives | (174,628) | 234,550 |
| Non cash distributions | 225,308 | 244,958 |
| Proceeds from sale of investments | 705,391 | 1,243,048 |
| Amounts paid for purchase of investments | (363,848) | (463,690) |
| Security lending revenue receivable | (2) | 59 |
| Payable for purchase of investments | (341) | 160 |
| bcIMC funds management fees payable | 17 | 1 |
| Other accounts payable | (22) | - |
| Interest received | 17 | 5 |
| Dividends received | 87,567 | 153,467 |
| Withholding taxes paid | <u>(10,870)</u> | <u>(13,115)</u> |
| | <u>416,836</u> | <u>919,471</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 619,731 | 86,491 |
| Payments on redemption of redeemable units | <u>(1,040,208)</u> | <u>(1,012,341)</u> |
| | <u>(420,477)</u> | <u>(925,850)</u> |
| Net decrease in cash | (3,641) | (6,379) |
| Effect of exchange rate changes on cash | 3,787 | 5,415 |
| Cash, beginning of year | <u>1,383</u> | <u>2,347</u> |
| Cash, end of year | <u>\$ 1,529</u> | <u>\$ 1,383</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED EUROPEAN EQUITY FUND

Schedule of Investments

as at December 31
(all amounts in thousands)

| | 2015 | | 2014 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 2,531,064 | \$ 1,930,334 | \$ 2,553,839 | \$ 2,127,731 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio Fund ST2 | <u>167</u> | <u>165</u> | <u>163</u> | <u>163</u> |
| Total Investments | <u>\$ 2,531,231</u> | <u>\$ 1,930,499</u> | <u>\$ 2,554,002</u> | <u>\$ 2,127,894</u> |

Schedule of Foreign Currency Contracts

as at December 31
(all amounts reported in thousands of Canadian dollars)

| | | | | | | | Unrealized |
|-------------|------------------|---------------|-----------------|-----------------|-----------------|---------------|---------------|
| <u>Date</u> | <u>Number of</u> | <u>Expiry</u> | <u>Currency</u> | <u>Amount</u> | <u>Currency</u> | <u>Amount</u> | <u>Gain</u> |
| | <u>Contracts</u> | <u>Date</u> | <u>Code</u> | <u>Sold</u> | <u>Code</u> | <u>Bought</u> | <u>(Loss)</u> |
| 2015 | 1 | Jan 2016 | GBP | \$ (251) | EUR | \$ 251 | \$ - |
| 2015 | 1 | Jan 2016 | CHF | (7) | EUR | 7 | - |
| | | | | <u>\$ (258)</u> | | <u>\$ 258</u> | <u>\$ -</u> |
| <u>Date</u> | <u>Number of</u> | <u>Expiry</u> | <u>Currency</u> | <u>Amount</u> | <u>Currency</u> | <u>Amount</u> | Unrealized |
| | <u>Contracts</u> | <u>Date</u> | <u>Code</u> | <u>Sold</u> | <u>Code</u> | <u>Bought</u> | <u>Gain</u> |
| | | | | | | | <u>(Loss)</u> |
| 2014 | 1 | Jan 2015 | GBP | <u>\$ (549)</u> | EUR | <u>\$ 545</u> | <u>\$ (4)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED EUROPEAN EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Indexed European Equity Fund is to generate a risk/return profile that is very similar to the Morgan Stanley Capital International (MSCI) Europe Net Index, the Fund's benchmark, and meet the benchmark return net of all investment expenses. The Fund is managed internally by bcIMC and is a full replication index. Performance results will track quite closely to the underlying benchmark. bcIMC portfolio managers hold all company, sector, and country allocations at or near their benchmark weights but have discretion to determine the appropriate timing of implementing Index changes. The Fund is diversified on a geographic and industry sector basis, reducing exposure to firm specific risks.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of benchmark member companies including preferred shares, installment receipts, convertible securities, rights and warrants,
- exchange traded funds based on the Index or countries/regions within the Index,
- international exchange-listed depository receipts of European listed companies,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval , and
- units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3.

The following restrictions apply to the Fund:

- Up to 0.5% of the Fund's assets can be invested in units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and/or U.S. Dollar Money Market Fund ST3.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The Fund invests in foreign currency contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund.

Liquidity Risk

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. The amounts are gross and undiscounted:

| DERIVATIVE LIABILITIES (in 000s) | 2014 | | |
|--|-----------------|--------------------------------|-------------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month |
| Outflows | \$ (549) | \$ (549) | \$ (549) |
| Inflows | 545 | 545 | 545 |
| | <u>\$ (4)</u> | <u>\$ (4)</u> | <u>\$ (4)</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED EUROPEAN EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Interest Rate Risk

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.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

| CURRENCY (in 000s) | 2015 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| British Pound Sterling | 735,237 | (251) | 734,986 | 29.0 % |
| Danish Krone | 74,548 | - | 74,548 | 2.9 % |
| Euro | 1,216,303 | 258 | 1,216,561 | 48.0 % |
| Norwegian Krone | 21,350 | - | 21,350 | 0.8 % |
| Swedish Krona | 112,611 | - | 112,611 | 4.4 % |
| Swiss Franc | 369,526 | (7) | 369,519 | 14.6 % |
| United States Dollar | 6,532 | - | 6,532 | 0.3 % |
| Net Foreign Exchange Exposure | \$ 2,536,107 | \$ - | \$ 2,536,107 | 100.0 % |

Financial Risk Management Discussion (continued)
as at December 31

| CURRENCY (in 000s) | 2014 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| British Pound Sterling | 776,103 | (549) | 775,554 | 30.3 % |
| Danish Krone | 58,290 | - | 58,290 | 2.3 % |
| Euro | 1,216,879 | 545 | 1,217,424 | 47.6 % |
| Norwegian Krone | 25,017 | - | 25,017 | 1.0 % |
| Swedish Krona | 119,346 | - | 119,346 | 4.7 % |
| Swiss Franc | 360,506 | - | 360,506 | 14.1 % |
| United States Dollar | 1,682 | - | 1,682 | 0.1 % |
| Net Foreign Exchange Exposure | \$ 2,557,823 | \$ (4) | \$ 2,557,819 | 100.0 % |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$25,361,000 (2014 - \$25,578,000), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED EUROPEAN EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 296,993 | 11.8 % | \$ 274,166 | 10.7 % |
| Consumer Staple | 373,663 | 14.8 % | 349,364 | 13.7 % |
| Energy | 157,262 | 6.2 % | 197,662 | 7.7 % |
| Financial Services | 572,558 | 22.6 % | 582,256 | 22.7 % |
| Health Care | 355,327 | 14.0 % | 343,701 | 13.5 % |
| Industrial Products | 282,184 | 11.1 % | 282,930 | 11.1 % |
| Information Technology | 103,383 | 4.1 % | 89,886 | 3.5 % |
| Materials and Processing | 164,284 | 6.5 % | 193,238 | 7.6 % |
| Telecommunication Services | 125,495 | 5.0 % | 131,818 | 5.2 % |
| Utilities | 99,915 | 3.9 % | 108,818 | 4.3 % |
| Total Equities | <u>\$ 2,531,064</u> | <u>100.0 %</u> | <u>\$ 2,553,839</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$252,589,000 (2014 - \$255,021,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Financial Risk Management Discussion (continued)
as at December 31

Equity by Geographic Region

The Fund's equity investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Austria | 7,074 | 0.3 % | 7,357 | 0.3 % |
| Belgium | 56,341 | 2.2 % | 50,111 | 2.0 % |
| Denmark | 74,543 | 2.9 % | 58,290 | 2.3 % |
| Finland | 35,198 | 1.4 % | 34,600 | 1.4 % |
| France | 381,609 | 15.1 % | 375,283 | 14.7 % |
| Germany | 357,212 | 14.1 % | 356,278 | 14.0 % |
| Ireland | 16,131 | 0.6 % | 14,921 | 0.6 % |
| Italy | 91,698 | 3.6 % | 87,095 | 3.4 % |
| Netherlands | 112,919 | 4.5 % | 106,805 | 4.2 % |
| Norway | 21,350 | 0.8 % | 25,017 | 1.0 % |
| Portugal | 5,944 | 0.2 % | 5,784 | 0.2 % |
| Spain | 125,348 | 5.0 % | 135,940 | 5.3 % |
| Sweden | 112,611 | 4.4 % | 119,320 | 4.7 % |
| Switzerland | 369,466 | 14.6 % | 360,452 | 14.1 % |
| United Kingdom | 763,620 | 30.3 % | 815,618 | 31.8 % |
| United States | - | - % | 968 | - % |
| Total Equities | <u>\$ 2,531,064</u> | <u>100.0 %</u> | <u>\$ 2,553,839</u> | <u>100.0 %</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED EUROPEAN EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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, 2015 | | |
|--------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | | | |
| Money Market Funds | \$ 167 | \$ - | \$ 167 |
| Public Equities | 2,531,064 | - | 2,531,064 |
| Total Investments | \$ 2,531,231 | \$ - | \$ 2,531,231 |

| (in 000s) | December 31, 2014 | | |
|---------------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | | | |
| Money Market Funds | \$ 163 | \$ - | \$ 163 |
| Public Equities | 2,553,839 | - | 2,553,839 |
| Total Investments | \$ 2,554,002 | \$ - | \$ 2,554,002 |
| Foreign Currency Contracts, Net | - | (4) | (4) |
| Total | \$ 2,554,002 | \$ (4) | \$ 2,553,998 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 5,413,942 | \$ 167 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 4,432,739 | \$ 163 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE GLOBAL EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2015 | December 31 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 108,229 | \$ 65,730 |
| Receivable from sale of investments | | - | 2,278 |
| Dividends receivable | | 2,617 | 2,180 |
| Security lending revenue receivable | | 27 | 9 |
| Withholding taxes receivable | | 456 | 301 |
| Receivable from reinvestment of distributions | | 277 | - |
| Derivative assets: | | | |
| Foreign currency contracts | | - | 2 |
| Investments | | 3,381,933 | 2,766,285 |
| | | <u>3,493,539</u> | <u>2,836,785</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 2,016 | 3,184 |
| External management fees payable | | 4,000 | 3,269 |
| bcIMC funds management fees payable | 4 | 149 | 102 |
| Other accounts payable | | 137 | 108 |
| Distributions payable | | 277 | - |
| Derivative liabilities: | | | |
| Foreign currency contracts | | 2 | 26 |
| | | <u>6,581</u> | <u>6,689</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 3,486,958</u> | <u>\$ 2,830,096</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>1,633.954</i> | <i>1,632.518</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 2,134</u> | <u>\$ 1,734</u> |
| <i>Contingent liability</i> | 6 | | |

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 258 | \$ 304 |
| Dividend income | | 67,843 | 62,980 |
| Securities lending income | | 451 | 477 |
| Foreign exchange gain | | 3,688 | 3,855 |
| Change in fair value of investments and derivatives: | 7 | | |
| Net realized gain | | 312,555 | 153,392 |
| Net change in unrealized appreciation | | 293,812 | 174,789 |
| Total Revenue | | <u>678,607</u> | <u>395,797</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 1,763 | 1,156 |
| External management fees | | 14,854 | 12,201 |
| Administrative fees | | 568 | 410 |
| Commissions and stock exchange fees | | 3,182 | 2,851 |
| Withholding taxes | 8 | 4,240 | 3,193 |
| Total operating expenses | | <u>24,607</u> | <u>19,811</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>654,000</u> | <u>375,986</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (48,185) | (50,667) |
| From net realized gains on investments and derivatives | | (310,106) | (151,206) |
| | | <u>(358,291)</u> | <u>(201,873)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u>\$ 295,709</u> | <u>\$ 174,113</u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE GLOBAL EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 2,830,096 | \$ 2,452,860 |
| Increase in net assets attributable to holders of redeemable units | 295,709 | 174,113 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 117,595 | 136,940 |
| Reinvestment of distributions | 358,291 | 201,873 |
| Amounts paid for units redeemed | <u>(114,733)</u> | <u>(135,690)</u> |
| Net increase from redeemable unit transactions | <u>361,153</u> | <u>203,123</u> |
| Balance, end of year | <u>\$ 3,486,958</u> | <u>\$ 2,830,096</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|--|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 295,709 | \$ 174,113 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | (3,688) | (3,855) |
| Interest income | (258) | (304) |
| Dividend income | (67,843) | (62,980) |
| Withholding taxes | 4,240 | 3,193 |
| Net realized gain from investments and derivatives | (312,555) | (153,392) |
| Net change in unrealized appreciation from investments and derivatives | (293,812) | (174,789) |
| Non cash distributions | 358,291 | 201,873 |
| Proceeds from sale of investments | 1,543,349 | 1,237,706 |
| Amounts paid for purchase of investments | (1,552,652) | (1,301,840) |
| Receivable from sale of investments | 2,278 | (387) |
| Security lending revenue receivable | (18) | (3) |
| Payable for purchase of investments | (1,168) | 3,052 |
| External management fees payable | 731 | 407 |
| bcIMC funds management fees payable | 47 | 20 |
| Other accounts payable | 29 | 27 |
| Interest received | 258 | 304 |
| Dividends received | 67,406 | 62,551 |
| Withholding taxes paid | <u>(4,395)</u> | <u>(3,267)</u> |
| | <u>35,949</u> | <u>(17,571)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 117,595 | 136,940 |
| Payments on redemption of redeemable units | <u>(114,733)</u> | <u>(135,690)</u> |
| | <u>2,862</u> | <u>1,250</u> |
| Net increase (decrease) in cash | 38,811 | (16,321) |
| Effect of exchange rate changes on cash | 3,688 | 3,855 |
| Cash, beginning of year | <u>65,730</u> | <u>78,196</u> |
| Cash, end of year | <u>\$ 108,229</u> | <u>\$ 65,730</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE GLOBAL EQUITY FUND

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

| | 2015 | | 2014 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 3,380,986 | \$ 2,433,045 | \$ 2,765,950 | \$ 2,111,799 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio Fund ST2 | <u>947</u> | <u>947</u> | <u>335</u> | <u>335</u> |
| Total Investments | <u>\$ 3,381,933</u> | <u>\$ 2,433,992</u> | <u>\$ 2,766,285</u> | <u>\$ 2,112,134</u> |

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

| <u>Date</u> | <u>Number of Contracts</u> | <u>Expiry Date</u> | <u>Currency Code</u> | <u>Amount Sold</u> | <u>Currency Code</u> | <u>Amount Bought</u> | <u>Unrealized Gain (Loss)</u> |
|-------------|--------------------------------|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------------------|
| 2015 | 1 | Jan 2016 | USD | \$ (76) | CAD | \$ 76 | \$ - |
| 2015 | 1 | Jan 2016 | CAD | (850) | HKD | 848 | (2) |
| | | | | <u>\$ (926)</u> | | <u>\$ 924</u> | <u>\$ (2)</u> |
| | | | | | | | |
| <u>Date</u> | <u>Number of Contracts</u> | <u>Expiry Date</u> | <u>Currency Code</u> | <u>Amount Sold</u> | <u>Currency Code</u> | <u>Amount Bought</u> | <u>Unrealized Gain (Loss)</u> |
| 2014 | 1 | Jan 2015 | USD | <u>\$ (1,595)</u> | SEK | <u>\$ 1,597</u> | <u>\$ 2</u> |
| 2014 | 1 | Jan 2015 | USD | (1,604) | SEK | 1,587 | (17) |
| 2014 | 2 | Jan 2015 | CAD | (2,278) | USD | 2,269 | (9) |
| | | | | <u>(3,882)</u> | | <u>3,856</u> | <u>(26)</u> |
| | | | | <u><u>\$ (5,477)</u></u> | | <u><u>\$ 5,453</u></u> | <u><u>\$ (24)</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE GLOBAL EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Active Global Equity Fund (the Fund) is to exceed the Fund's benchmark return, the Morgan Stanley Capital International (MSCI) World ex-Canada Net Index, by 150 basis points per annum, net of all investment expenses over a four year rolling average. The Fund provides clients with exposure to a portfolio of actively managed stocks from across the globe, a diversity of active management investment styles, exposure to a variety of market outlooks, and market exposure across geographic lines, industry sectors, and market capitalizations. The managers operate independently of each other and are given specific value added targets, consistent with their expected risk profile.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of companies from all equity markets, including preferred shares, installment receipts, convertible securities, rights and warrants,
- exchange traded funds based on the Index or countries/regions within the Index,
- international exchange-listed depository receipts,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- foreign currency contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval , and
- money market securities rated A-1 (low) or better, and units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3.

The following restrictions apply to the Fund:

- Up to 20% of the Fund's assets over a 3 month period up to 15% over any 12 month period can be invested in money market securities rated A-1 (low) or better, in units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and/or U.S. Dollar Money Market Fund ST3.
- Investments in the securities of a single company and investments in securities of emerging markets are each limited to 10% of the market value of the Fund.

The Fund's activities expose it to a variety of financial risks as described below.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The Fund invests in foreign currency contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund.

Liquidity Risk

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. The amounts are gross and undiscounted:

| DERIVATIVE LIABILITIES (in 000s) | 2015 | | |
|--|-----------------|--------------------------------|-------------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month |
| Outflows | \$ (926) | \$ (926) | \$ (926) |
| Inflows | 924 | 924 | 924 |
| | <u>\$ (2)</u> | <u>\$ (2)</u> | <u>\$ (2)</u> |

| DERIVATIVE LIABILITIES (in 000s) | 2014 | | |
|--|-----------------|--------------------------------|-------------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month |
| Outflows | \$ (3,882) | \$ (3,882) | \$ (3,882) |
| Inflows | 3,856 | 3,856 | 3,856 |
| | <u>\$ (26)</u> | <u>\$ (26)</u> | <u>\$ (26)</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE GLOBAL EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Interest Rate Risk

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.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

| CURRENCY (in 000s) | 2015 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 74,639 | \$ - | \$ 74,639 | 2.1 % |
| British Pound Sterling | 216,583 | - | 216,583 | 6.2 % |
| Danish Krone | 52,946 | - | 52,946 | 1.5 % |
| Euro | 299,826 | 76 | 299,902 | 8.6 % |
| Hong Kong Dollar | 151,161 | 848 | 152,009 | 4.4 % |
| Indian Rupee | 90,438 | - | 90,438 | 2.6 % |
| Israeli Rinngit | 6,264 | - | 6,264 | 0.2 % |
| Japanese Yen | 250,433 | - | 250,433 | 7.2 % |
| Korean Won | 13,941 | - | 13,941 | 0.4 % |
| Malaysian Ringgit | 30,635 | - | 30,635 | 0.9 % |
| Norwegian Krone | 6,663 | - | 6,663 | 0.2 % |
| Singapore Dollar | 47,968 | - | 47,968 | 1.4 % |
| Swedish Krona | 29,131 | - | 29,131 | 0.8 % |
| Swiss Franc | 211,173 | - | 211,173 | 6.1 % |
| Taiwan Dollar | 29,203 | - | 29,203 | 0.8 % |
| United States Dollar | 1,897,809 | (76) | 1,897,733 | 54.4 % |
| Net Foreign Exchange Exposure | \$ 3,408,813 | \$ 848 | \$ 3,409,661 | 97.8 % |

Financial Risk Management Discussion (continued)
as at December 31

| CURRENCY (in 000s) | 2014 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 75,428 | \$ - | \$ 75,428 | 2.7 % |
| British Pound Sterling | 184,393 | - | 184,393 | 6.5 % |
| Danish Krone | 34,334 | - | 34,334 | 1.2 % |
| Euro | 261,144 | - | 261,144 | 9.2 % |
| Hong Kong Dollar | 117,143 | - | 117,143 | 4.1 % |
| Indian Rupee | 68,314 | - | 68,314 | 2.4 % |
| Israeli Rinngit | 6,481 | - | 6,481 | 0.2 % |
| Japanese Yen | 195,695 | - | 195,695 | 6.9 % |
| Korean Won | 12,953 | - | 12,953 | 0.5 % |
| Malaysian Ringgit | 32,456 | - | 32,456 | 1.1 % |
| Norwegian Krone | 4,084 | - | 4,084 | 0.1 % |
| Singapore Dollar | 45,728 | - | 45,728 | 1.6 % |
| Swedish Krona | 52,059 | 3,184 | 55,243 | 2.0 % |
| Swiss Franc | 197,419 | - | 197,419 | 7.0 % |
| Taiwan Dollar | 28,257 | - | 28,257 | 1.0 % |
| United States Dollar | 1,461,043 | (930) | 1,460,113 | 51.6 % |
| Net Foreign Exchange Exposure | \$ 2,776,931 | \$ 2,254 | \$ 2,779,185 | 98.2 % |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$34,097,000 (2014 - \$27,791,000), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE GLOBAL EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 524,664 | 15.5 % | \$ 355,400 | 12.8 % |
| Consumer Staple | 423,224 | 12.5 % | 332,418 | 12.0 % |
| Energy | 107,086 | 3.2 % | 151,374 | 5.5 % |
| Financial Services | 575,131 | 17.0 % | 449,741 | 16.3 % |
| Health Care | 537,323 | 15.9 % | 382,768 | 13.8 % |
| Industrial Products | 293,393 | 8.7 % | 293,725 | 10.6 % |
| Information Technology | 710,660 | 21.0 % | 572,198 | 20.8 % |
| Materials and Processing | 115,380 | 3.4 % | 120,120 | 4.3 % |
| Telecommunication Services | 62,927 | 1.9 % | 69,058 | 2.5 % |
| Utilities | 31,198 | 0.9 % | 39,148 | 1.4 % |
| Total Equities | <u>\$ 3,380,986</u> | <u>100.0 %</u> | <u>\$ 2,765,950</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$310,767,000 (2014 - \$253,762,000) or 8.9% (2014 - 9.0%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Financial Risk Management Discussion (continued)
as at December 31

Equity by Geographic Region

The Fund's equity investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Australia | \$ 74,639 | 2.2 % | \$ 75,428 | 2.7 % |
| Austria | 7,426 | 0.2 % | - | - % |
| Belgium | - | - % | 33,623 | 1.2 % |
| Brazil | - | - % | 7,742 | 0.3 % |
| China | 73,635 | 2.2 % | 42,506 | 1.5 % |
| Denmark | 52,584 | 1.6 % | 34,271 | 1.2 % |
| France | 162,203 | 4.8 % | 78,029 | 2.8 % |
| Germany | 58,692 | 1.7 % | 40,551 | 1.5 % |
| Hong Kong | 99,609 | 2.9 % | 88,402 | 3.2 % |
| India | 90,437 | 2.7 % | 68,313 | 2.5 % |
| Ireland | 3 | - % | 16,759 | 0.6 % |
| Israel | 6,264 | 0.2 % | 6,481 | 0.2 % |
| Italy | 24,619 | 0.7 % | 44,661 | 1.7 % |
| Japan | 249,849 | 7.4 % | 195,252 | 7.1 % |
| Korea | 13,827 | 0.4 % | 12,953 | 0.5 % |
| Malaysia | 30,610 | 0.9 % | 32,434 | 1.2 % |
| Netherlands | 41,046 | 1.2 % | 42,215 | 1.5 % |
| Norway | 6,663 | 0.2 % | 4,084 | 0.1 % |
| Russia | 22,166 | 0.7 % | - | - % |
| Singapore | 47,865 | 1.4 % | 45,727 | 1.7 % |
| Spain | 33,507 | 1.0 % | 11,030 | 0.4 % |
| Sweden | 29,131 | 0.9 % | 55,243 | 2.0 % |
| Switzerland | 210,265 | 6.2 % | 195,541 | 7.1 % |
| Taiwan | 49,050 | 1.5 % | 41,917 | 1.5 % |
| United Kingdom | 220,733 | 6.5 % | 191,364 | 6.9 % |
| United States | 1,751,741 | 51.8 % | 1,378,103 | 49.8 % |
| Canada | 24,422 | 0.7 % | 23,321 | 0.8 % |
| Total Equities | <u>\$ 3,380,986</u> | <u>100.0 %</u> | <u>\$ 2,765,950</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE GLOBAL EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | |
|---------------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 947 | \$ - | \$ 947 |
| Public Equities | 3,380,986 | - | 3,380,986 |
| Total Investments | \$ 3,381,933 | \$ - | \$ 3,381,933 |
| Foreign Currency Contracts, Net | - | (2) | (2) |
| Total | \$ 3,381,933 | \$ (2) | \$ 3,381,931 |

| | December 31, 2014 | | |
|---------------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 335 | \$ - | \$ 335 |
| Public Equities | 2,765,950 | - | 2,765,950 |
| Total Investments | \$ 2,766,285 | \$ - | \$ 2,766,285 |
| Foreign Currency Contracts, Net | - | (24) | (24) |
| Total | \$ 2,766,285 | \$ (24) | \$ 2,766,261 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 5,413,942 | \$ 947 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 4,432,739 | \$ 335 |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ENHANCED INDEXED GLOBAL EQUITY FUND

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 3,001 | \$ 1,524 |
| Receivable from sale of investments | | - | 122 |
| Dividends receivable | | 3,434 | 2,796 |
| Security lending revenue receivable | | 57 | 22 |
| Withholding taxes receivable | | 553 | 320 |
| Receivable from reinvestment of distributions | | 11,642 | - |
| Derivative assets: | | | |
| Swaps | | - | 771 |
| Investments | | <u>2,747,862</u> | <u>2,269,655</u> |
| | | <u>2,766,549</u> | <u>2,275,210</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 494 | - |
| bcIMC funds management fees payable | 4 | 148 | 96 |
| Other accounts payable | | 75 | 65 |
| Distributions payable | | 11,642 | - |
| Derivative liabilities: | | | |
| Swaps | | 183 | - |
| | | <u>12,542</u> | <u>161</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 2,754,007</u> | <u>\$ 2,275,049</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>1,183.165</i> | <i>1,183.165</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 2,328</u> | <u>\$ 1,923</u> |
| <i>Contingent liability</i> | 6 | | |

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 2 | \$ 2 |
| Dividend income | | 68,160 | 63,673 |
| Securities lending income | | 671 | 505 |
| Foreign exchange gain (loss) | | 25 | (269) |
| Change in fair value of investments and derivatives: | 7 | | |
| Net realized gain | | 275,818 | 214,021 |
| Net change in unrealized appreciation | | <u>140,625</u> | <u>18,024</u> |
| Total Revenue | | <u>485,301</u> | <u>295,956</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 1,643 | 1,112 |
| Administrative fees | | 325 | 298 |
| Commissions and stock exchange fees | | 1,227 | 774 |
| Interest | | 175 | 32 |
| Withholding taxes | 8 | <u>2,973</u> | <u>2,716</u> |
| Total operating expenses | | <u>6,343</u> | <u>4,932</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>478,958</u> | <u>291,024</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (60,313) | (59,738) |
| From net realized gains on investments and derivatives | | <u>(286,458)</u> | <u>(213,399)</u> |
| | | <u>(346,771)</u> | <u>(273,137)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u>\$ 132,187</u> | <u>\$ 17,887</u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ENHANCED INDEXED GLOBAL EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 2,275,049 | \$ 1,984,025 |
| Increase in net assets attributable to holders of redeemable units | 132,187 | 17,887 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 19,347 | 133,414 |
| Reinvestment of distributions | 346,771 | 273,137 |
| Amounts paid for units redeemed | <u>(19,347)</u> | <u>(133,414)</u> |
| Net increase from redeemable unit transactions | <u>346,771</u> | <u>273,137</u> |
| Balance, end of year | <u>\$ 2,754,007</u> | <u>\$ 2,275,049</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|--|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 132,187 | \$ 17,887 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | (25) | 269 |
| Interest income | (2) | (2) |
| Dividend income | (68,160) | (63,673) |
| Interest expense | 175 | 32 |
| Withholding taxes | 2,973 | 2,716 |
| Net realized gain from investments and derivatives | (275,818) | (214,021) |
| Net change in unrealized appreciation from investments and derivatives | (140,625) | (18,024) |
| Non cash distributions | 346,771 | 273,137 |
| Proceeds from sale of investments | 3,704,546 | 2,943,165 |
| Amounts paid for purchase of investments | (3,765,356) | (3,000,246) |
| Receivable from sale of investments | 122 | (122) |
| Security lending revenue receivable | (35) | 7 |
| Payable for purchase of investments | 494 | (1,017) |
| bcIMC funds management fees payable | 52 | 13 |
| Other accounts payable | 10 | (19) |
| Interest received | 2 | 2 |
| Dividends received | 67,522 | 62,993 |
| Interest paid | (175) | (32) |
| Withholding taxes paid | <u>(3,206)</u> | <u>(2,737)</u> |
| | <u>1,452</u> | <u>328</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 19,347 | 133,414 |
| Payments on redemption of redeemable units | <u>(19,347)</u> | <u>(133,414)</u> |
| | <u>-</u> | <u>-</u> |
| Net increase in cash | 1,452 | 328 |
| Effect of exchange rate changes on cash | 25 | (269) |
| Cash, beginning of year | <u>1,524</u> | <u>1,465</u> |
| Cash, end of year | <u>\$ 3,001</u> | <u>\$ 1,524</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ENHANCED INDEXED GLOBAL EQUITY FUND

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

| | 2015 | | 2014 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 2,747,666 | \$ 2,227,886 | \$ 2,269,579 | \$ 1,891,378 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio Fund ST2 | <u>196</u> | <u>196</u> | <u>76</u> | <u>76</u> |
| Total Investments | <u>\$ 2,747,862</u> | <u>\$ 2,228,082</u> | <u>\$ 2,269,655</u> | <u>\$ 1,891,454</u> |

Schedule of Swaps

as at December 31
(all amounts reported in thousands of Canadian dollars)

| Date | Number of Contracts | Expiry Date | Description | Notional Value | Unrealized Gain (Loss) |
|------|------------------------|-------------|-------------|-------------------|---------------------------|
| 2015 | 1 | Jan 2016 | Basket Swap | <u>\$ 10,998</u> | <u>\$ (183)</u> |
| 2014 | 1 | Jan 2015 | Basket Swap | <u>\$ 17,673</u> | <u>\$ 771</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ENHANCED INDEXED GLOBAL EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Enhanced Indexed Global Equity Fund (the Fund) is to exceed the fund's benchmark return, the Morgan Stanley Capital International (MSCI) World ex-Canada Net Index, by 100 basis points per annum, net of all investment expenses over a four year rolling average. The Fund is managed internally by bcIMC. Enhanced indexing combines the value adding strategies of active management with the risk controls of indexing.

The Enhanced Indexed Global Equity Fund differs from the Active Global Equity Fund in that it takes a lower level of active management risk and will more closely reflect the sector and financial characteristics of the benchmark. The portfolio managers will typically try to outperform the benchmark through company selection. The Fund is diversified on a geographic and industry sector basis, reducing exposure to firm specific risks.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of benchmark member companies including preferred shares, installment receipts, convertible securities, rights and warrants,
- exchange traded funds based on the Index or countries/regions within the Index,
- unleveraged futures based on the index or countries/regions within the index, to a maximum of CAD \$100 million,
- international exchange-listed depository receipts of benchmark member companies,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval , and
- money market securities rated A-1 (low) or better, as well as units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3.

The following restrictions apply to the Fund:

- up to 10% of the Fund's assets can be held over any 12 month period in money market securities rated A-1 (low) or better, units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and/or U.S. Dollar Money Market Fund ST3. The 10% constraint does not apply for money market securities or units used for the management of futures contracts.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The Fund invests in swap contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. The credit risk of the swap counterparty is also monitored through an evaluation of the counterparty's credit quality.

Liquidity Risk

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. The amounts are gross and undiscounted:

| DERIVATIVE LIABILITIES (in 000s) | 2015 | | |
|--|-----------------|--------------------------------|-------------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month |
| Outflows | \$ 183 | \$ 183 | \$ 183 |
| Inflows | - | - | - |
| | <u>\$ 183</u> | <u>\$ 183</u> | <u>\$ 183</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ENHANCED INDEXED GLOBAL EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

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.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

| CURRENCY (in 000s) | 2015 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 67,873 | \$ - | \$ 67,873 | 2.5 % |
| British Pound Sterling | 216,966 | - | 216,966 | 7.9 % |
| Danish Krone | 19,012 | - | 19,012 | 0.7 % |
| Euro | 332,480 | - | 332,480 | 12.1 % |
| Hong Kong Dollar | 39,336 | - | 39,336 | 1.4 % |
| Israeli Rinngit | 5,339 | - | 5,339 | 0.2 % |
| Japanese Yen | 256,552 | - | 256,552 | 9.3 % |
| New Zealand Dollar | 2,352 | - | 2,352 | 0.1 % |
| Norwegian Krone | 6,663 | - | 6,663 | 0.2 % |
| Singapore Dollar | 11,127 | - | 11,127 | 0.4 % |
| Swedish Krona | 28,229 | - | 28,229 | 1.0 % |
| Swiss Franc | 94,405 | - | 94,405 | 3.4 % |
| United States Dollar | 1,673,700 | - | 1,673,700 | 60.8 % |
| Net Foreign Exchange Exposure | \$ 2,754,034 | \$ - | \$ 2,754,034 | 100.0 % |

**Financial Risk Management Discussion (continued)
as at December 31**

| CURRENCY (in 000s) | 2014 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 58,910 | \$ - | \$ 58,910 | 2.6 % |
| British Pound Sterling | 197,265 | - | 197,265 | 8.7 % |
| Danish Krone | 13,386 | - | 13,386 | 0.6 % |
| Euro | 257,351 | - | 257,351 | 11.3 % |
| Hong Kong Dollar | 30,235 | - | 30,235 | 1.3 % |
| Israeli Rinngit | 3,972 | - | 3,972 | 0.2 % |
| Japanese Yen | 188,011 | - | 188,011 | 8.3 % |
| New Zealand Dollar | 875 | - | 875 | - % |
| Norwegian Krone | 4,727 | - | 4,727 | 0.2 % |
| Singapore Dollar | 17,265 | - | 17,265 | 0.8 % |
| Swedish Krona | 28,982 | - | 28,982 | 1.3 % |
| Swiss Franc | 79,309 | - | 79,309 | 3.5 % |
| United States Dollar | 1,393,974 | - | 1,393,974 | 61.3 % |
| Net Foreign Exchange Exposure | \$ 2,274,262 | \$ - | \$ 2,274,262 | 100.0 % |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$27,540,000 (2014 - \$22,743,000), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ENHANCED INDEXED GLOBAL EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 386,649 | 14.0 % | \$ 286,596 | 12.6 % |
| Consumer Staple | 282,367 | 10.3 % | 233,429 | 10.3 % |
| Energy | 153,170 | 5.6 % | 162,386 | 7.2 % |
| Financial Services | 552,454 | 20.1 % | 455,526 | 20.1 % |
| Health Care | 386,091 | 14.1 % | 296,834 | 13.1 % |
| Industrial Products | 289,129 | 10.5 % | 247,879 | 10.9 % |
| Information Technology | 402,956 | 14.7 % | 323,816 | 14.3 % |
| Materials and Processing | 118,530 | 4.3 % | 111,716 | 4.9 % |
| Telecommunication Services | 89,969 | 3.3 % | 73,708 | 3.2 % |
| Utilities | 86,351 | 3.1 % | 77,689 | 3.4 % |
| Total Equities | <u>\$ 2,747,666</u> | <u>100.0 %</u> | <u>\$ 2,269,579</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$271,329,000 (2014 - \$227,118,000) or 9.9% (2014 - 10.0%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Financial Risk Management Discussion (continued)
as at December 31**

Equity by Geographic Region

The Fund's equity investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Australia | \$ 67,629 | 2.5 % | \$ 58,751 | 2.6 % |
| Austria | 2,563 | 0.1 % | 2,391 | 0.1 % |
| Belgium | 16,598 | 0.6 % | 10,399 | 0.5 % |
| China | - | - % | 323 | - % |
| Denmark | 19,011 | 0.7 % | 13,386 | 0.6 % |
| Finland | 11,644 | 0.4 % | 6,776 | 0.3 % |
| France | 98,126 | 3.6 % | 74,316 | 3.3 % |
| Germany | 101,682 | 3.7 % | 72,176 | 3.2 % |
| Hong Kong | 39,074 | 1.4 % | 29,912 | 1.3 % |
| Ireland | 4,370 | 0.2 % | 2,788 | 0.1 % |
| Israel | 7,619 | 0.3 % | 4,880 | 0.2 % |
| Italy | 27,393 | 1.0 % | 21,508 | 0.9 % |
| Japan | 256,226 | 9.3 % | 187,749 | 8.3 % |
| Netherlands | 35,236 | 1.3 % | 24,228 | 1.1 % |
| New Zealand | 2,352 | 0.1 % | 873 | - % |
| Norway | 6,663 | 0.2 % | 4,727 | 0.2 % |
| Portugal | 2,664 | 0.1 % | 1,143 | 0.1 % |
| Singapore | 11,080 | 0.4 % | 17,667 | 0.8 % |
| Spain | 31,553 | 1.1 % | 36,527 | 1.6 % |
| Sweden | 28,229 | 1.0 % | 28,982 | 1.3 % |
| Switzerland | 94,394 | 3.4 % | 79,307 | 3.5 % |
| United Kingdom | 218,597 | 8.0 % | 201,607 | 8.9 % |
| United States | 1,664,963 | 60.6 % | 1,389,163 | 61.1 % |
| Total Equities | <u>\$ 2,747,666</u> | <u>100.0 %</u> | <u>\$ 2,269,579</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ENHANCED INDEXED GLOBAL EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | |
|--------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 196 | \$ - | \$ 196 |
| Public Equities | 2,747,666 | - | 2,747,666 |
| Total Investments | \$ 2,747,862 | \$ - | \$ 2,747,862 |
| Swaps | - | (183) | (183) |
| Total | \$ 2,747,862 | \$ (183) | \$ 2,747,679 |

| | December 31, 2014 | | |
|--------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 76 | \$ - | \$ 76 |
| Public Equities | 2,269,579 | - | 2,269,579 |
| Total Investments | \$ 2,269,655 | \$ - | \$ 2,269,655 |
| Swaps | - | 771 | 771 |
| Total | \$ 2,269,655 | \$ 771 | \$ 2,270,426 |

**Fair Value Measurement Discussion (continued)
as at December 31**

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ENHANCED INDEXED GLOBAL EQUITY FUND

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 5,413,942 | \$ 196 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 4,432,739 | \$ 76 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED GLOBAL EQUITY FUND

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 1,335 | \$ 957 |
| Receivable from sale of investments | | - | 13 |
| Receivable from issue of units | | - | 370 |
| Dividends receivable | | 2,599 | 2,212 |
| Security lending revenue receivable | | 29 | 18 |
| Withholding taxes receivable | | 571 | 895 |
| Receivable from reinvestment of distributions | | 254 | - |
| Investments | | 2,081,949 | 1,871,078 |
| | | <u>2,086,737</u> | <u>1,875,543</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 492 | - |
| Payable for redemption of units | | - | 370 |
| bcIMC funds management fees payable | 4 | 139 | 98 |
| Other accounts payable | | 42 | 45 |
| Distributions payable | | 254 | - |
| | | <u>927</u> | <u>513</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 2,085,810</u></u> | <u><u>\$ 1,875,030</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 967,914 | 1,048,903 |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 2,155</u></u> | <u><u>\$ 1,788</u></u> |
| <i>Contingent liability</i> | 6 | | |

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 1 | \$ 2 |
| Dividend income | | 60,859 | 57,212 |
| Securities lending income | | 502 | 463 |
| Foreign exchange gain | | 1,283 | 713 |
| Change in fair value of investments: | 7 | | |
| Net realized gain | | 100,344 | 143,950 |
| Net change in unrealized appreciation | | <u>218,001</u> | <u>62,845</u> |
| Total Revenue | | <u>380,990</u> | <u>265,185</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 1,497 | 1,131 |
| Administrative fees | | 248 | 215 |
| Commissions and stock exchange fees | | 118 | 272 |
| Withholding taxes | 8 | <u>2,577</u> | <u>2,390</u> |
| Total operating expenses | | <u>4,440</u> | <u>4,008</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>376,550</u> | <u>261,177</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (55,723) | (53,103) |
| From net realized gains on investments | | <u>(100,478)</u> | <u>(143,723)</u> |
| | | <u>(156,201)</u> | <u>(196,826)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 220,349</u></u> | <u><u>\$ 64,351</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED GLOBAL EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 1,875,030 | \$ 1,943,369 |
| Increase in net assets attributable to holders of redeemable units | 220,349 | 64,351 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 122,428 | 465,305 |
| Reinvestment of distributions | 156,201 | 196,826 |
| Amounts paid for units redeemed | (288,198) | (794,821) |
| Net decrease from redeemable unit transactions | (9,569) | (132,690) |
| Balance, end of year | \$ 2,085,810 | \$ 1,875,030 |

| Statement of Cash Flows (all amounts in thousands) | | |
|--|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 220,349 | \$ 64,351 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | (1,283) | (713) |
| Interest income | (1) | (2) |
| Dividend income | (60,859) | (57,212) |
| Withholding taxes | 2,577 | 2,390 |
| Net realized gain from investments | (100,344) | (143,950) |
| Net change in unrealized appreciation from investments | (218,001) | (62,845) |
| Non cash distributions | 156,201 | 196,826 |
| Proceeds from sale of investments | 333,135 | 567,776 |
| Amounts paid for purchase of investments | (225,661) | (292,645) |
| Receivable from sale of investments | 13 | (13) |
| Receivable from issue of units | 370 | (370) |
| Security lending revenue receivable | (11) | 17 |
| Payable for purchase of investments | 492 | (907) |
| Payable for redemption of units | (370) | 370 |
| bcIMC funds management fees payable | 41 | 3 |
| Other accounts payable | (3) | (17) |
| Interest received | 1 | 2 |
| Dividends received | 60,472 | 57,518 |
| Withholding taxes paid | (2,253) | (2,321) |
| | <u>164,865</u> | <u>328,258</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 122,428 | 465,305 |
| Payments on redemption of redeemable units | (288,198) | (794,821) |
| | <u>(165,770)</u> | <u>(329,516)</u> |
| Net decrease in cash | (905) | (1,258) |
| Effect of exchange rate changes on cash | 1,283 | 713 |
| Cash, beginning of year | 957 | 1,502 |
| Cash, end of year | \$ 1,335 | \$ 957 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED GLOBAL EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 2,081,767 | \$ 1,295,354 | \$ 1,870,909 | \$ 1,302,497 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio Fund ST2 | <u>182</u> | <u>182</u> | <u>169</u> | <u>169</u> |
| Total Investments | <u>\$ 2,081,949</u> | <u>\$ 1,295,536</u> | <u>\$ 1,871,078</u> | <u>\$ 1,302,666</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED GLOBAL EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Indexed Global Equity Fund (the Fund) is to generate a risk/return profile that is very similar to the Morgan Stanley Capital International (MSCI) World ex-Canada Net Index, the Fund's benchmark, and meet the benchmark return net of all investment expenses. The Fund is managed internally by bcIMC and is a full replication index. Performance results will track quite closely to the underlying benchmark. bcIMC portfolio managers hold all company, sector, and country allocations at or near their benchmark weights but have discretion to determine the appropriate timing of implementing Index changes. The Fund is diversified on a geographic and industry sector basis, reducing exposure to firm specific risks.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of benchmark member companies including preferred shares, installment receipts, convertible securities, rights and warrants,
- exchange traded funds based on the Index or countries/regions within the Index,
- unleveraged futures based on the index or countries/regions within the index to a maximum of CAD\$100 million,
- international exchange-listed depository receipts of benchmark member companies,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval, and
- money market securities rated A-1 (low) or better, as well as units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3.

The following restrictions apply to the Fund:

- up to 0.5% of the Fund's assets can be invested in money market securities rated A-1 (low) or better, units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and/or U.S. Dollar Money Market Fund ST3. The 0.5% constraint does not apply for money market securities or units used for the management of futures contracts.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The Fund invests in foreign currency contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund.

Liquidity Risk

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED GLOBAL EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Interest Rate Risk

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.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

| CURRENCY (in 000s) | 2015 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 55,952 | \$ - | \$ 55,952 | 2.7 % |
| British Pound Sterling | 154,470 | - | 154,470 | 7.4 % |
| Danish Krone | 15,096 | - | 15,096 | 0.7 % |
| Euro | 253,491 | - | 253,491 | 12.2 % |
| Hong Kong Dollar | 24,826 | - | 24,826 | 1.2 % |
| Israeli Rinngit | 5,376 | - | 5,376 | 0.3 % |
| Japanese Yen | 192,468 | - | 192,468 | 9.2 % |
| New Zealand Dollar | 1,190 | - | 1,190 | 0.1 % |
| Norwegian Krone | 4,795 | - | 4,795 | 0.2 % |
| Singapore Dollar | 10,455 | - | 10,455 | 0.5 % |
| Swedish Krona | 23,813 | - | 23,813 | 1.1 % |
| Swiss Franc | 77,189 | - | 77,189 | 3.7 % |
| United States Dollar | 1,266,688 | - | 1,266,688 | 60.7 % |
| Net Foreign Exchange Exposure | \$ 2,085,809 | \$ - | \$ 2,085,809 | 100.0 % |

Financial Risk Management Discussion (continued)
as at December 31

| CURRENCY (in 000s) | 2014 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 55,002 | \$ - | \$ 55,002 | 2.9 % |
| British Pound Sterling | 149,281 | - | 149,281 | 8.0 % |
| Danish Krone | 11,144 | - | 11,144 | 0.6 % |
| Euro | 229,307 | - | 229,307 | 12.2 % |
| Hong Kong Dollar | 22,983 | - | 22,983 | 1.2 % |
| Israeli Rinngit | 3,998 | - | 3,998 | 0.2 % |
| Japanese Yen | 155,563 | - | 155,563 | 8.3 % |
| New Zealand Dollar | 1,106 | - | 1,106 | 0.1 % |
| Norwegian Krone | 4,775 | - | 4,775 | 0.3 % |
| Singapore Dollar | 11,181 | - | 11,181 | 0.6 % |
| Swedish Krona | 22,586 | - | 22,586 | 1.2 % |
| Swiss Franc | 68,180 | - | 68,180 | 3.6 % |
| United States Dollar | 1,139,896 | - | 1,139,896 | 60.8 % |
| Net Foreign Exchange Exposure | \$ 1,875,002 | \$ - | \$ 1,875,002 | 100.0 % |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$20,858,000 (2014 - \$18,750,000), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED GLOBAL EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 280,233 | 13.5 % | \$ 238,039 | 12.7 % |
| Consumer Staple | 220,337 | 10.6 % | 189,140 | 10.1 % |
| Energy | 117,285 | 5.6 % | 137,248 | 7.3 % |
| Financial Services | 420,159 | 20.2 % | 377,832 | 20.4 % |
| Health Care | 287,789 | 13.8 % | 243,567 | 13.0 % |
| Industrial Products | 224,839 | 10.8 % | 206,486 | 11.0 % |
| Information Technology | 304,487 | 14.6 % | 258,851 | 13.8 % |
| Materials and Processing | 88,561 | 4.3 % | 92,570 | 4.9 % |
| Telecommunication Services | 70,984 | 3.4 % | 62,709 | 3.4 % |
| Utilities | 67,093 | 3.2 % | 64,467 | 3.4 % |
| Total Equities | <u>\$ 2,081,767</u> | <u>100.0 %</u> | <u>\$ 1,870,909</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$207,749,000 (2014 - \$186,636,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Financial Risk Management Discussion (continued)
as at December 31**

Equity by Geographic Region

The Fund's equity investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Australia | \$ 55,779 | 2.7 % | \$ 54,828 | 2.9 % |
| Austria | 1,354 | 0.1 % | 1,459 | 0.1 % |
| Belgium | 11,560 | 0.6 % | 9,596 | 0.5 % |
| China | - | - % | 127 | - % |
| Denmark | 15,095 | 0.7 % | 11,143 | 0.6 % |
| Finland | 7,656 | 0.4 % | 6,537 | 0.3 % |
| France | 79,456 | 3.8 % | 70,907 | 3.8 % |
| Germany | 74,464 | 3.6 % | 67,534 | 3.6 % |
| Hong Kong | 25,194 | 1.2 % | 22,857 | 1.2 % |
| Ireland | 3,501 | 0.2 % | 2,513 | 0.1 % |
| Israel | 6,281 | 0.3 % | 4,252 | 0.2 % |
| Italy | 19,804 | 1.0 % | 16,531 | 0.9 % |
| Japan | 192,240 | 9.2 % | 155,390 | 8.3 % |
| Netherlands | 23,868 | 1.1 % | 20,193 | 1.1 % |
| New Zealand | 1,189 | 0.1 % | 1,106 | 0.1 % |
| Norway | 4,795 | 0.2 % | 4,775 | 0.3 % |
| Portugal | 1,442 | 0.1 % | 1,141 | 0.1 % |
| Singapore | 10,631 | 0.5 % | 11,396 | 0.6 % |
| Spain | 26,170 | 1.3 % | 25,662 | 1.4 % |
| Sweden | 23,813 | 1.1 % | 22,585 | 1.2 % |
| Switzerland | 77,178 | 3.7 % | 68,171 | 3.6 % |
| United Kingdom | 158,441 | 7.6 % | 154,772 | 8.3 % |
| United States | 1,261,856 | 60.5 % | 1,137,434 | 60.8 % |
| Total Equities | <u>\$ 2,081,767</u> | <u>100.0 %</u> | <u>\$ 1,870,909</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED GLOBAL EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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, 2015 | | |
|--------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | | | |
| Money Market Funds | \$ 182 | \$ - | \$ 182 |
| Public Equities | 2,081,767 | - | 2,081,767 |
| Total Investments | \$ 2,081,949 | \$ - | \$ 2,081,949 |

| (in 000s) | December 31, 2014 | | |
|--------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | | | |
| Money Market Funds | \$ 169 | \$ - | \$ 169 |
| Public Equities | 1,870,909 | - | 1,870,909 |
| Total Investments | \$ 1,871,078 | \$ - | \$ 1,871,078 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 5,413,942 | \$ 182 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 4,432,739 | \$ 169 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED GLOBAL ESG EQUITY FUND

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 2,012 | \$ 1,810 |
| Receivable from sale of investments | | - | 17 |
| Dividends receivable | | 5,134 | 1,735 |
| Security lending revenue receivable | | 41 | 13 |
| Withholding taxes receivable | | 325 | 106 |
| Receivable from reinvestment of distributions | | 264 | - |
| Investments | | <u>3,370,334</u> | <u>1,220,630</u> |
| | | <u>3,378,110</u> | <u>1,224,311</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 642 | - |
| bclMC funds management fees payable | 4 | 258 | 62 |
| Other accounts payable | | 51 | 22 |
| Distributions payable | | 264 | - |
| Derivative liabilities: | | | |
| Foreign currency contracts | | <u>3</u> | <u>-</u> |
| | | <u>1,218</u> | <u>84</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 3,376,892</u></u> | <u><u>\$ 1,224,227</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>1,858,167</i> | <i>801,990</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 1,817</u></u> | <u><u>\$ 1,526</u></u> |
| <i>Contingent liability</i> | 6 | | |

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 2 | \$ 2 |
| Dividend income | | 90,762 | 37,431 |
| Securities lending income | | 707 | 266 |
| Foreign exchange gain (loss) | | (37,437) | 19 |
| Change in fair value of investments and derivatives: | 7 | | |
| Net realized gain | | 87,619 | 16,388 |
| Net change in unrealized appreciation | | <u>354,250</u> | <u>105,110</u> |
| Total Revenue | | <u>495,903</u> | <u>159,216</u> |
| Expenses: | | | |
| bclMC funds management fees | 4 | 1,982 | 678 |
| Administrative fees | | 217 | 46 |
| Commissions and stock exchange fees | | 1,261 | 90 |
| Withholding taxes | 8 | <u>4,374</u> | <u>1,534</u> |
| Total operating expenses | | <u>7,834</u> | <u>2,348</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>488,069</u> | <u>156,868</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (42,326) | (35,440) |
| From net realized gains on investments and derivatives | | <u>(87,707)</u> | <u>(16,349)</u> |
| | | <u>(130,033)</u> | <u>(51,789)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 358,036</u></u> | <u><u>\$ 105,079</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED GLOBAL ESG EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 1,224,227 | \$ 1,067,359 |
| Increase in net assets attributable to holders of redeemable units | 358,036 | 105,079 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 1,664,596 | - |
| Reinvestment of distributions | 130,033 | 51,789 |
| Amounts paid for units redeemed | <u>-</u> | <u>-</u> |
| Net increase from redeemable unit transactions | <u>1,794,629</u> | <u>51,789</u> |
| Balance, end of year | <u>\$ 3,376,892</u> | <u>\$ 1,224,227</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|--|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 358,036 | \$ 105,079 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | 37,437 | (19) |
| Interest income | (2) | (2) |
| Dividend income | (90,762) | (37,431) |
| Withholding taxes | 4,374 | 1,534 |
| Net realized gain from investments and derivatives | (87,619) | (16,388) |
| Net change in unrealized appreciation from investments and derivatives | (354,250) | (105,110) |
| Non cash distributions | 130,033 | 51,789 |
| Proceeds from sale of investments | 460,094 | 113,769 |
| Amounts paid for purchase of investments | (2,167,926) | (148,131) |
| Receivable from sale of investments | 17 | (17) |
| Security lending revenue receivable | (28) | (6) |
| Payable for purchase of investments | 642 | (209) |
| bcIMC funds management fees payable | 196 | 13 |
| Other accounts payable | 29 | (49) |
| Interest received | 2 | 2 |
| Dividends received | 87,363 | 37,277 |
| Withholding taxes paid | (4,593) | (1,561) |
| | <u>(1,626,957)</u> | <u>540</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 1,664,596 | - |
| | <u>1,664,596</u> | <u>-</u> |
| Net increase in cash | 37,639 | 540 |
| Effect of exchange rate changes on cash | (37,437) | 19 |
| Cash, beginning of year | <u>1,810</u> | <u>1,251</u> |
| Cash, end of year | <u>\$ 2,012</u> | <u>\$ 1,810</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED GLOBAL ESG EQUITY FUND

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

| | 2015 | | 2014 | |
|---|----------------------------|----------------------------|----------------------------|--------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 3,370,114 | \$ 2,674,704 | \$ 1,220,538 | \$ 879,381 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio Fund ST2 | <u>220</u> | <u>220</u> | <u>92</u> | <u>92</u> |
| Total Investments | <u>\$ 3,370,334</u> | <u>\$ 2,674,924</u> | <u>\$ 1,220,630</u> | <u>\$ 879,473</u> |

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

| | | | | | | | Unrealized |
|-------------|------------------|---------------|-----------------|-----------------|-----------------|---------------|---------------|
| <u>Date</u> | <u>Number of</u> | <u>Expiry</u> | <u>Currency</u> | <u>Amount</u> | <u>Currency</u> | <u>Amount</u> | <u>Gain</u> |
| | <u>Contracts</u> | <u>Date</u> | <u>Code</u> | <u>Sold</u> | <u>Code</u> | <u>Bought</u> | <u>(Loss)</u> |
| 2015 | 1 | Jan 2016 | USD | \$ (312) | EUR | \$ 311 | \$ (1) |
| 2015 | 1 | Jan 2016 | USD | (254) | GBP | 252 | (2) |
| | | | | <u>\$ (566)</u> | | <u>\$ 563</u> | <u>\$ (3)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED GLOBAL ESG EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Indexed Global ESG Equity Fund (the Fund) is to generate a risk/return profile that is very similar to the Morgan Stanley Capital International (MSCI) World ESG Net Index (the Index), the Fund's benchmark. The Fund is managed internally by bcIMC. Performance results will track quite closely to the underlying benchmark. bcIMC portfolio managers hold all investments in individual companies at approximately the same proportion as their weighting in the Index, with the exception of companies wholly excluded by bcIMC for having significant business activities contrary to environmental, social and governance (ESG) principles.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of benchmark member companies including preferred shares, instalment receipts, convertible securities, rights and warrants,
- exchange traded funds with similar ESG criteria as the Index,
- international exchange-listed depository receipts of benchmark member companies,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval, and
- 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.

The following restrictions apply to the Fund:

- up to 0.5% of the Fund's assets can be invested in 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.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The Fund invests in foreign currency contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund.

Liquidity Risk

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. The amounts are gross and undiscounted:

| | 2015 | | |
|--|-----------------|--------------------------------|-------------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month |
| DERIVATIVE LIABILITIES (in 000s) | | | |
| Outflows | \$ (566) | \$ (566) | \$ (566) |
| Inflows | 563 | 563 | 563 |
| | <u>\$ (3)</u> | <u>\$ (3)</u> | <u>\$ (3)</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED GLOBAL ESG EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

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.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

| CURRENCY (in 000s) | 2015 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 109,528 | \$ - | \$ 109,528 | 3.2 % |
| British Pound Sterling | 257,098 | 252 | 257,350 | 7.6 % |
| Danish Krone | 36,181 | - | 36,181 | 1.1 % |
| Euro | 366,434 | 311 | 366,745 | 10.9 % |
| Hong Kong Dollar | 20,831 | - | 20,831 | 0.6 % |
| Israeli Rinngit | 1,216 | - | 1,216 | - % |
| Japanese Yen | 309,584 | - | 309,584 | 9.2 % |
| New Zealand Dollar | 2,177 | - | 2,177 | 0.1 % |
| Norwegian Krone | 10,818 | - | 10,818 | 0.3 % |
| Singapore Dollar | 15,720 | - | 15,720 | 0.5 % |
| Swedish Krona | 52,634 | - | 52,634 | 1.6 % |
| Swiss Franc | 123,325 | - | 123,325 | 3.7 % |
| United States Dollar | 1,953,248 | (566) | 1,952,682 | 57.8 % |
| Net Foreign Exchange Exposure | \$ 3,258,794 | \$ (3) | \$ 3,258,791 | 96.5 % |

**Financial Risk Management Discussion (continued)
as at December 31**

| CURRENCY (in 000s) | 2014 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 43,572 | \$ - | \$ 43,572 | 3.6 % |
| British Pound Sterling | 96,040 | - | 96,040 | 7.8 % |
| Danish Krone | 9,583 | - | 9,583 | 0.8 % |
| Euro | 127,426 | - | 127,426 | 10.4 % |
| Hong Kong Dollar | 7,035 | - | 7,035 | 0.6 % |
| Israeli Rinngit | 89 | - | 89 | - % |
| Japanese Yen | 106,649 | - | 106,649 | 8.7 % |
| New Zealand Dollar | 654 | - | 654 | 0.1 % |
| Norwegian Krone | 4,794 | - | 4,794 | 0.4 % |
| Singapore Dollar | 3,167 | - | 3,167 | 0.3 % |
| Swedish Krona | 20,421 | - | 20,421 | 1.7 % |
| Swiss Franc | 44,262 | - | 44,262 | 3.6 % |
| United States Dollar | 701,016 | - | 701,016 | 57.3 % |
| Net Foreign Exchange Exposure | \$ 1,164,708 | \$ - | \$ 1,164,708 | 95.1 % |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$32,588,000 (2014 - \$11,647,000), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED GLOBAL ESG EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 444,724 | 13.1 % | \$ 154,044 | 12.6 % |
| Consumer Staple | 322,615 | 9.6 % | 113,679 | 9.3 % |
| Energy | 166,354 | 4.9 % | 66,632 | 5.5 % |
| Financial Services | 734,060 | 21.8 % | 270,865 | 22.3 % |
| Health Care | 485,160 | 14.4 % | 169,971 | 13.9 % |
| Industrial Products | 348,872 | 10.4 % | 135,304 | 11.1 % |
| Information Technology | 475,432 | 14.1 % | 156,708 | 12.8 % |
| Materials and Processing | 164,999 | 4.9 % | 66,342 | 5.4 % |
| Telecommunication Services | 117,630 | 3.5 % | 45,158 | 3.7 % |
| Utilities | 110,268 | 3.3 % | 41,835 | 3.4 % |
| Total Equities | <u>\$ 3,370,114</u> | <u>100.0 %</u> | <u>\$ 1,220,538</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$335,529,000 (2014 - \$121,199,000) or 9.9% (2014 - 9.9%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Financial Risk Management Discussion (continued)
as at December 31**

Equity by Geographic Region

The Fund's equity investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Australia | \$ 108,818 | 3.2 % | \$ 43,051 | 3.5 % |
| Austria | 868 | - % | 293 | - % |
| Belgium | 6,904 | 0.2 % | 2,605 | 0.2 % |
| Denmark | 36,181 | 1.1 % | 9,582 | 0.8 % |
| Finland | 6,011 | 0.2 % | 1,477 | 0.1 % |
| France | 108,182 | 3.2 % | 35,562 | 2.9 % |
| Germany | 106,975 | 3.2 % | 39,385 | 3.2 % |
| Hong Kong | 20,620 | 0.6 % | 6,897 | 0.6 % |
| Ireland | 7,744 | 0.2 % | 2,073 | 0.2 % |
| Israel | 1,203 | - % | 88 | - % |
| Italy | 24,299 | 0.7 % | 8,403 | 0.8 % |
| Japan | 309,394 | 9.2 % | 106,546 | 8.7 % |
| Netherlands | 60,194 | 1.8 % | 22,154 | 1.8 % |
| New Zealand | 2,175 | 0.1 % | 653 | 0.1 % |
| Norway | 10,746 | 0.3 % | 4,794 | 0.4 % |
| Portugal | 3,347 | 0.1 % | 1,320 | 0.1 % |
| Singapore | 15,465 | 0.5 % | 3,058 | 0.3 % |
| Spain | 41,795 | 1.2 % | 13,914 | 1.1 % |
| Sweden | 52,501 | 1.6 % | 20,421 | 1.7 % |
| Switzerland | 123,325 | 3.7 % | 44,262 | 3.6 % |
| United Kingdom | 256,252 | 7.6 % | 95,362 | 7.8 % |
| United States | 1,949,480 | 57.8 % | 699,927 | 57.3 % |
| Canada | 117,635 | 3.5 % | 58,711 | 4.8 % |
| Total Equities | <u>\$ 3,370,114</u> | <u>100.0 %</u> | <u>\$ 1,220,538</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED GLOBAL ESG EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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, 2015 | | |
|---------------------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | | | |
| Money Market Funds | \$ 220 | \$ - | \$ 220 |
| Public Equities | 3,370,114 | - | 3,370,114 |
| Total Investments | \$ 3,370,334 | \$ - | \$ 3,370,334 |
| Foreign Currency Contracts, Net | - | (3) | (3) |
| Total | \$ 3,370,334 | \$ (3) | \$ 3,370,331 |

| (in 000s) | December 31, 2014 | | |
|--------------------|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | | | |
| Money Market Funds | \$ 92 | \$ - | \$ 92 |
| Public Equities | 1,220,538 | - | 1,220,538 |
| Total Investments | \$ 1,220,630 | \$ - | \$ 1,220,630 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 5,413,942 | \$ 220 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 4,432,739 | \$ 92 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE EMERGING MARKETS EQUITY FUND

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 205,998 | \$ 225,021 |
| Receivable from sale of investments | | 3,940 | 3,671 |
| Receivable from issue of units | | - | 27,700 |
| Dividends receivable | | 14,307 | 12,504 |
| Interest receivable | | - | - |
| Security lending revenue receivable | | 67 | 41 |
| Withholding taxes receivable | | 107 | 12 |
| Receivable from reinvestment of distributions | | 8,593 | - |
| Derivative assets: | | | |
| Foreign currency contracts | | 11 | 2 |
| Investments | | <u>7,524,411</u> | <u>7,122,880</u> |
| | | <u>7,757,434</u> | <u>7,391,831</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 13,750 | 15,677 |
| Payable for redemption of units | | - | 27,700 |
| External management fees payable | | 11,697 | 11,940 |
| bcIMC funds management fees payable | 4 | 326 | 258 |
| Other accounts payable | | 1,551 | 1,403 |
| Distributions payable | | 8,593 | - |
| Derivative liabilities: | | | |
| Foreign currency contracts | | 3 | 9 |
| | | <u>35,920</u> | <u>56,987</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 7,721,514</u></u> | <u><u>\$ 7,334,844</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 5,906.766 | 6,129.617 |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 1,307</u></u> | <u><u>\$ 1,197</u></u> |
| <i>Contingent liability</i> | 6 | | |

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 1,220 | \$ 1,112 |
| Dividend income | | 207,814 | 180,117 |
| Securities lending income | | 1,084 | 508 |
| Foreign exchange gain | | 20,527 | 57,375 |
| Change in fair value of investments and derivatives: | 7 | | |
| Net realized gain | | 383,294 | 31,928 |
| Net change in unrealized appreciation | | <u>174,845</u> | <u>526,884</u> |
| Total Revenue | | <u>788,784</u> | <u>797,924</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 4,181 | 2,557 |
| External management fees | | 50,509 | 42,444 |
| Administrative fees | | 6,785 | 5,283 |
| Commissions and stock exchange fees | | 14,199 | 11,184 |
| Withholding taxes | 8 | <u>17,627</u> | <u>14,188</u> |
| Total operating expenses | | <u>93,301</u> | <u>75,656</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>695,483</u> | <u>722,268</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (136,859) | (175,014) |
| From net realized gains on investments and derivatives | | <u>(189,500)</u> | <u>-</u> |
| | | <u>(326,359)</u> | <u>(175,014)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 369,124</u></u> | <u><u>\$ 547,254</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE EMERGING MARKETS EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 7,334,844 | \$ 5,286,243 |
| Increase in net assets attributable to holders of redeemable units | 369,124 | 547,254 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 359,519 | 1,601,074 |
| Reinvestment of distributions | 326,359 | 175,014 |
| Amounts paid for units redeemed | <u>(668,332)</u> | <u>(274,741)</u> |
| Net increase from redeemable unit transactions | <u>17,546</u> | <u>1,501,347</u> |
| Balance, end of year | <u>\$ 7,721,514</u> | <u>\$ 7,334,844</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|--|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 369,124 | \$ 547,254 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | (20,527) | (57,375) |
| Interest income | (1,220) | (1,112) |
| Dividend income | (207,814) | (180,117) |
| Withholding taxes | 17,627 | 14,188 |
| Net realized gain from investments and derivatives | (383,294) | (31,928) |
| Net change in unrealized appreciation from investments and derivatives | (174,845) | (526,884) |
| Non cash distributions | 326,359 | 175,014 |
| Proceeds from sale of investments | 4,474,597 | 2,604,928 |
| Amounts paid for purchase of investments | (4,318,004) | (3,998,563) |
| Receivable from sale of investments | (269) | 2,269 |
| Receivable from issue of units | 27,700 | 2,623 |
| Security lending revenue receivable | (26) | 15 |
| Payable for purchase of investments | (1,927) | 7,542 |
| Payable for redemption of units | (27,700) | (300) |
| External management fees payable | (243) | 3,196 |
| bcIMC funds management fees payable | 68 | 81 |
| Other accounts payable | 148 | 442 |
| Interest received | 1,220 | 1,122 |
| Dividends received | 206,011 | 171,882 |
| Withholding taxes paid | <u>(17,722)</u> | <u>(14,196)</u> |
| | <u>269,263</u> | <u>(1,279,919)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 359,519 | 1,601,074 |
| Payments on redemption of redeemable units | <u>(668,332)</u> | <u>(274,741)</u> |
| | <u>(308,813)</u> | <u>1,326,333</u> |
| Net increase (decrease) in cash | (39,550) | 46,414 |
| Effect of exchange rate changes on cash | 20,527 | 57,375 |
| Cash, beginning of year | <u>225,021</u> | <u>121,232</u> |
| Cash, end of year | <u>\$ 205,998</u> | <u>\$ 225,021</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE EMERGING MARKETS EQUITY FUND

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

| | 2015 | | 2014 | |
|---|---------------------|---------------------|---------------------|---------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 7,519,822 | \$ 6,272,742 | \$ 7,114,945 | \$ 6,042,454 |
| Bonds: | | | | |
| Corporate | 1,914 | 1,639 | 1,672 | 1,639 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio Fund ST1 | 2,675 | 2,676 | 6,263 | 6,263 |
| Total Investments | \$ 7,524,411 | \$ 6,277,057 | \$ 7,122,880 | \$ 6,050,356 |

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) |
|------|------------------------|----------------|------------------|-------------------|------------------|------------------|------------------------------|
| 2015 | 2 | Jan 2016 | SGD | \$ (2,782) | CAD | \$ 2,792 | \$ 10 |
| 2015 | 1 | Jan 2016 | MXN | (202) | CAD | 203 | 1 |
| | | | | (2,984) | | 2,995 | 11 |
| 2015 | 1 | Jan 2016 | MXN | (93) | CAD | 92 | (1) |
| 2015 | 1 | Jan 2016 | USD | (145) | BRL | 143 | (2) |
| | | | | (238) | | 235 | (3) |
| | | | | <u>\$ (3,222)</u> | | <u>\$ 3,230</u> | <u>\$ 8</u> |
| Date | Number of Contracts | Expiry Date | Currency Code | Amount Sold | Currency Code | Amount Bought | Unrealized Gain (Loss) |
| 2014 | 2 | Jan 2015 | USD | \$ (4,629) | HKD | \$ 4,631 | \$ 2 |
| 2014 | 2 | Jan 2015 | TRY | (218) | USD | 218 | - |
| 2014 | 1 | Jan 2015 | USD | (221) | MXN | 221 | - |
| 2014 | 1 | Jan 2015 | MXN | (483) | USD | 483 | - |
| 2014 | 1 | Jan 2015 | HKD | (361) | USD | 361 | - |
| 2014 | 1 | Jan 2015 | USD | (135) | CAD | 135 | - |
| | | | | (6,047) | | 6,049 | 2 |
| 2014 | 1 | Jan 2015 | CAD | (387) | HKD | 385 | (2) |
| 2014 | 2 | Jan 2015 | USD | (585) | KRW | 584 | (1) |
| 2014 | 1 | Jan 2015 | CAD | (504) | USD | 502 | (2) |
| 2014 | 1 | Jan 2015 | CAD | (548) | MXN | 546 | (2) |
| 2014 | 1 | Jan 2015 | CAD | (788) | HKD | 786 | (2) |
| | | | | (2,812) | | 2,803 | (9) |
| | | | | <u>\$ (8,859)</u> | | <u>\$ 8,852</u> | <u>\$ (7)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EMERGING MARKETS EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Active Emerging Markets Equity Fund (the Fund) is to provide clients with exposure to a portfolio of actively managed emerging market equity investments, with the potential of earning a higher rate of return than the Morgan Stanley Capital International (MSCI) Emerging Markets Net Index, the Fund's benchmark. The objective of the Fund is to exceed the benchmark return by 200 basis points per annum, net of all investment expenses incurred over a four year rolling average.

The Fund can hold the following securities:

- Publicly traded common stock or common stock equivalents, including preferred shares, installment receipts, convertible securities, rights and warrants, of companies listed on an emerging market exchange or included in a MSCI emerging market index, of companies listed on a developed market exchange or included in a MSCI developed market index provided that 50% or more of those companies' assets, revenues or profits are derived from emerging markets, or of companies listed on a developed market exchange when such exchange has been approved by the CIO (which companies shall not exceed 10% of the market value of the Pool);
- International exchange-listed depository receipts of companies listed on an emerging market exchange or included in a MSCI emerging market index, of companies listed on a developed market exchange or included in a MSCI developed market index provided that 50% or more of those companies' assets, revenues or profits are derived from emerging markets, or of companies listed on a developed market exchange when such exchange has been approved by the CIO (which companies shall not exceed 10% of the market value of the Pool)
- exchange traded funds based on the Index or countries/regions within the Index,
- units in Managers' pooled funds provided such holdings are permissible investments for the Fund,
- private placements (defined as off-exchange purchase of securities that have limited transferability) with CIO approval,
- foreign exchange contracts for currency conversions and/or currency hedging
- other derivative instruments with CIO approval , and
- money market securities rated A-1 (low) or better, and units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3.

**Financial Risk Management Discussion (continued)
as at December 31**

The following restrictions apply to the Fund:

- Up to 20% of the Fund's assets over any 3 month period, or up to 15% over any 12 month period, may be invested in money market securities rated A-1 (low) or better, units of Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and/or U.S. Dollar Money Market Fund ST3.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The Fund invests in foreign currency contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EMERGING MARKETS EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Liquidity Risk

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. The amounts are gross and undiscounted:

| DERIVATIVE LIABILITIES (in 000s) | 2015 | | |
|--|-----------------|--------------------------------|-------------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month |
| Outflows | \$ (238) | \$ (238) | \$ (238) |
| Inflows | 235 | 235 | 235 |
| | <u>\$ (3)</u> | <u>\$ (3)</u> | <u>\$ (3)</u> |

| DERIVATIVE LIABILITIES (in 000s) | 2014 | | |
|--|-----------------|--------------------------------|-------------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month |
| Outflows | \$ (2,812) | \$ (2,812) | \$ (2,812) |
| Inflows | 2,803 | 2,803 | 2,803 |
| | <u>\$ (9)</u> | <u>\$ (9)</u> | <u>\$ (9)</u> |

Interest Rate Risk

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.

Financial Risk Management Discussion (continued)
as at December 31

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

| CURRENCY (in 000s) | 2015 | | | |
|----------------------------------|---|---|---------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Brazilian Real | 264,054 | 143 | 264,197 | 3.4 % |
| British Pound Sterling | 25,075 | - | 25,075 | 0.3 % |
| Chilean Peso | 14,154 | - | 14,154 | 0.2 % |
| Chinese Renminbi | 946,117 | - | 946,117 | 12.3 % |
| Columbian Peso | 4,903 | - | 4,903 | 0.1 % |
| Euro | 57,007 | - | 57,007 | 0.7 % |
| Hong Kong Dollar | 1,227,367 | - | 1,227,367 | 15.9 % |
| Hungarian Forint | 34,879 | - | 34,879 | 0.5 % |
| Indian Rupee | 1,345,409 | - | 1,345,409 | 17.4 % |
| Indonesian Rupiah | 220,171 | - | 220,171 | 2.9 % |
| Korean Won | 524,564 | - | 524,564 | 6.8 % |
| Malaysian Ringgit | 133,594 | - | 133,594 | 1.7 % |
| Mexican Peso | 154,247 | (295) | 153,952 | 2.0 % |
| Peruvian Sol | 624 | - | 624 | - % |
| Phillippine Peso | 123,265 | - | 123,265 | 1.6 % |
| Polish Zloty | 49,570 | - | 49,570 | 0.6 % |
| Singapore Dollar | 78,593 | (2,782) | 75,811 | 1.0 % |
| South African Rand | 461,751 | - | 461,751 | 6.0 % |
| Taiwan Dollar | 334,482 | - | 334,482 | 4.3 % |
| Thai Baht | 225,914 | - | 225,914 | 2.9 % |
| Turkish Lira | 137,390 | - | 137,390 | 1.8 % |
| United Arab Emirates Dirham | 6,789 | - | 6,789 | 0.1 % |
| United States Dollar | 1,262,409 | - | 1,262,409 | 16.3 % |
| Net Foreign Exchange Exposure | <u>\$ 7,632,328</u> | <u>\$ (2,934)</u> | <u>\$ 7,629,394</u> | <u>98.8 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EMERGING MARKETS EQUITY FUND

| Financial Risk Management Discussion (continued) as at December 31 | | | | |
|---|---|---|--------------|--------------------------|
| CURRENCY (in 000s) | 2014 | | | |
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Brazilian Real | 513,725 | - | 513,725 | 7.0 % |
| British Pound Sterling | 47,315 | - | 47,315 | 0.6 % |
| Chilean Peso | 17,713 | - | 17,713 | 0.2 % |
| Chinese Renminbi | 478,105 | - | 478,105 | 6.5 % |
| Columbian Peso | 8,914 | - | 8,914 | 0.1 % |
| Czech Koruna | 2,038 | - | 2,038 | - % |
| Euro | 42,213 | - | 42,213 | 0.6 % |
| Hong Kong Dollar | 1,175,379 | 5,441 | 1,180,820 | 16.1 % |
| Hungarian Forint | 14,919 | - | 14,919 | 0.2 % |
| Indian Rupee | 1,280,355 | - | 1,280,355 | 17.5 % |
| Indonesian Rupiah | 186,074 | - | 186,074 | 2.5 % |
| Korean Won | 498,463 | 584 | 499,047 | 6.8 % |
| Malaysian Ringgit | 106,303 | 284 | 106,587 | 1.5 % |
| Mexican Peso | 158,371 | - | 158,371 | 2.2 % |
| Peruvian Sol | 83 | - | 83 | - % |
| Phillippine Peso | 86,555 | - | 86,555 | 1.2 % |
| Polish Zloty | 43,058 | - | 43,058 | 0.6 % |
| Singapore Dollar | 34,829 | - | 34,829 | 0.5 % |
| South African Rand | 464,410 | - | 464,410 | 6.3 % |
| Taiwan Dollar | 265,423 | - | 265,423 | 3.6 % |
| Thai Baht | 237,756 | - | 237,756 | 3.2 % |
| Turkish Lira | 218,638 | (218) | 218,420 | 3.0 % |
| United Arab Emirates Dirham | 20,916 | - | 20,916 | 0.3 % |
| United States Dollar | 1,271,149 | (4,006) | 1,267,143 | 17.3 % |
| Net Foreign Exchange Exposure | \$ 7,172,704 | \$ 2,085 | \$ 7,174,789 | 97.8 % |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$76,294,000 (2014 - \$71,748,000), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 757,785 | 10.1 % | \$ 825,793 | 11.5 % |
| Consumer Staple | 1,215,199 | 16.2 % | 1,016,755 | 14.3 % |
| Energy | 382,690 | 5.1 % | 402,337 | 5.7 % |
| Financial Services | 2,171,091 | 28.9 % | 2,234,500 | 31.4 % |
| Health Care | 392,285 | 5.2 % | 191,119 | 2.7 % |
| Industrial Products | 503,764 | 6.7 % | 427,368 | 6.0 % |
| Information Technology | 1,260,332 | 16.7 % | 1,074,649 | 15.1 % |
| Materials and Processing | 398,213 | 5.3 % | 354,764 | 5.0 % |
| Telecommunication Services | 301,172 | 4.0 % | 416,295 | 5.9 % |
| Utilities | 137,291 | 1.8 % | 171,365 | 2.4 % |
| Total Equities | \$ 7,519,822 | 100.0 % | \$ 7,114,945 | 100.0 % |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$679,827,000 (2014 - \$681,549,000) or 8.8% (2014 - 9.3%) of net assets attributable to redeemable units.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EMERGING MARKETS EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Equity by Geographic Region

The Fund's equity investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Australia | \$ 303 | - % | \$ 1,473 | - % |
| Brazil | 368,230 | 4.9 % | 789,061 | 11.1 % |
| China | 2,106,585 | 28.0 % | 1,618,570 | 22.7 % |
| Greece | - | - % | 26,631 | 0.4 % |
| Hong Kong | 152,690 | 2.0 % | 181,806 | 2.6 % |
| India | 1,552,201 | 20.6 % | 1,478,493 | 21.0 % |
| Indonesia | 220,171 | 2.9 % | 186,074 | 2.6 % |
| Italy | 30,535 | 0.4 % | 32,318 | 0.5 % |
| Korea | 538,907 | 7.2 % | 512,950 | 7.2 % |
| Malaysia | 133,421 | 1.8 % | 106,371 | 1.5 % |
| Mexico | 348,389 | 4.6 % | 352,509 | 5.0 % |
| Netherlands | 32,772 | 0.4 % | - | - % |
| Philippines | 123,015 | 1.6 % | 88,256 | 1.2 % |
| Portugal | 24,132 | 0.3 % | 15,575 | 0.2 % |
| Russia | 192,631 | 2.6 % | 159,557 | 2.2 % |
| Singapore | 56,202 | 0.7 % | 11,337 | 0.2 % |
| Taiwan | 425,105 | 5.7 % | 372,577 | 5.2 % |
| Thailand | 244,427 | 3.3 % | 261,243 | 3.7 % |
| United Kingdom | 255,360 | 3.4 % | 229,700 | 3.2 % |
| United States | 207,515 | 2.8 % | 45,808 | 0.6 % |
| South Africa | 231,163 | 3.1 % | 280,366 | 3.9 % |
| Canada | - | - % | 910 | - % |
| Chile | 39,410 | 0.5 % | 48,606 | 0.7 % |
| Colombia | 4,873 | 0.1 % | 10,368 | 0.1 % |
| Czech Republic | - | - % | 2,037 | - % |
| Egypt | 7,854 | 0.1 % | 3,330 | - % |
| Peru | 2,092 | - % | 22,659 | 0.3 % |
| Turkey | 137,390 | 1.8 % | 218,421 | 3.1 % |
| Poland | 49,570 | 0.7 % | 43,021 | 0.6 % |
| Hungary | 34,879 | 0.5 % | 14,918 | 0.2 % |
| Total Equities | <u>\$ 7,519,822</u> | <u>100.0 %</u> | <u>\$ 7,114,945</u> | <u>100.0 %</u> |

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | |
|---------------------------------|--|--|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 2,675 | \$ - | \$ 2,675 |
| Bonds | - | 1,914 | 1,914 |
| Public Equities | 7,519,822 | - | 7,519,822 |
| Total Investments | <u>\$ 7,522,497</u> | <u>\$ 1,914</u> | <u>\$ 7,524,411</u> |
| Foreign Currency Contracts, Net | - | 8 | 8 |
| Total | <u>\$ 7,522,497</u> | <u>\$ 1,922</u> | <u>\$ 7,524,419</u> |

| | December 31, 2014 | | |
|---------------------------------|--|--|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 6,263 | \$ - | \$ 6,263 |
| Bonds | - | 1,672 | 1,672 |
| Public Equities | 7,114,945 | - | 7,114,945 |
| Total Investments | <u>\$ 7,121,208</u> | <u>\$ 1,672</u> | <u>\$ 7,122,880</u> |
| Foreign Currency Contracts, Net | - | (7) | (7) |
| Total | <u>\$ 7,121,208</u> | <u>\$ 1,665</u> | <u>\$ 7,122,873</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EMERGING MARKETS EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 2,675 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 3,979,048 | \$ 6,263 |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED EMERGING MARKETS EQUITY FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|---|------|--------------------------|--------------------------|
| | Note | December 31, 2015 | December 31, 2014 |
| Assets | | | |
| Cash | | \$ 1,131 | \$ 1,165 |
| Receivable from sale of investments | | 196 | - |
| Receivable from issue of units | | - | 3,400 |
| Dividends receivable | | 2,355 | 2,242 |
| Security lending revenue receivable | | 39 | 23 |
| Investments | | 985,004 | 964,669 |
| | | <u>988,725</u> | <u>971,499</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 556 | 513 |
| Payable for redemption of units | | - | 3,400 |
| bcIMC funds management fees payable | 4 | 66 | 44 |
| Other accounts payable | | 217 | 202 |
| | | <u>839</u> | <u>4,159</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 987,886</u> | <u>\$ 967,340</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>845,437</i> | <i>845,437</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 1,168</u> | <u>\$ 1,144</u> |
| <i>Contingent liability</i> | 6 | | |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|--|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Interest income | | \$ 1 | \$ 2 |
| Dividend income | | 31,526 | 30,948 |
| Securities lending income | | 481 | 257 |
| Foreign exchange gain | | 1,460 | 3,311 |
| Change in fair value of investments: | 7 | | |
| Net realized loss | | (2,649) | (3) |
| Net change in unrealized appreciation (depreciation) | | (4,956) | 32,689 |
| Total Revenue | | <u>25,863</u> | <u>67,204</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 747 | 525 |
| Administrative fees | | 932 | 729 |
| Commissions and stock exchange fees | | 269 | 164 |
| Withholding taxes | 8 | 3,369 | 3,532 |
| Total operating expenses | | <u>5,317</u> | <u>4,950</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>20,546</u> | <u>62,254</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | <u>(26,063)</u> | <u>(29,730)</u> |
| | | <u>(26,063)</u> | <u>(29,730)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ (5,517)</u> | <u>\$ 32,524</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED EMERGING MARKETS EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|--|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 967,340 | \$ 904,086 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (5,517) | 32,524 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 26,865 | 472,915 |
| Reinvestment of distributions | 26,063 | 29,730 |
| Amounts paid for units redeemed | <u>(26,865)</u> | <u>(471,915)</u> |
| Net increase from redeemable unit transactions | <u>26,063</u> | <u>30,730</u> |
| Balance, end of year | <u>\$ 987,886</u> | <u>\$ 967,340</u> |

| Statement of Cash Flows (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ (5,517) | \$ 32,524 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | (1,460) | (3,311) |
| Interest income | (1) | (2) |
| Dividend income | (31,526) | (30,948) |
| Withholding taxes | 3,369 | 3,532 |
| Net realized loss from investments | 2,649 | 3 |
| Net change in unrealized (appreciation) depreciation from investments | 4,956 | (32,689) |
| Non cash distributions | 26,063 | 29,730 |
| Proceeds from sale of investments | 144,118 | 96,889 |
| Amounts paid for purchase of investments | (172,058) | (126,430) |
| Receivable from sale of investments | (196) | - |
| Receivable from issue of units | 3,400 | (3,400) |
| Security lending revenue receivable | (16) | (11) |
| Payable for purchase of investments | 43 | 373 |
| Payable for redemption of units | (3,400) | 3,400 |
| bcIMC funds management fees payable | 22 | 8 |
| Other accounts payable | 15 | (51) |
| Interest received | 1 | 2 |
| Dividends received | 31,413 | 29,067 |
| Withholding taxes paid | <u>(3,369)</u> | <u>(3,530)</u> |
| | <u>(1,494)</u> | <u>(4,844)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 26,865 | 472,915 |
| Payments on redemption of redeemable units | <u>(26,865)</u> | <u>(471,915)</u> |
| | <u>-</u> | <u>1,000</u> |
| Net decrease in cash | (1,494) | (3,844) |
| Effect of exchange rate changes on cash | 1,460 | 3,311 |
| Cash, beginning of year | <u>1,165</u> | <u>1,698</u> |
| Cash, end of year | <u>\$ 1,131</u> | <u>\$ 1,165</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED EMERGING MARKETS EQUITY FUND

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

| | 2015 | | 2014 | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equities: | | | | |
| Publicly Traded | \$ 984,835 | \$ 912,537 | \$ 964,575 | \$ 887,321 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio Fund ST2 | <u>169</u> | <u>169</u> | <u>94</u> | <u>94</u> |
| Total Investments | <u>\$ 985,004</u> | <u>\$ 912,706</u> | <u>\$ 964,669</u> | <u>\$ 887,415</u> |

Schedule of Foreign Currency Contracts

as at December 31
(all amounts reported in thousands of Canadian dollars)

| <u>Date</u> | <u>Number of Contracts</u> | <u>Expiry Date</u> | <u>Currency Code</u> | <u>Amount Sold</u> | <u>Currency Code</u> | <u>Amount Bought</u> | <u>Unrealized Gain (Loss)</u> |
|-------------|--------------------------------|------------------------|--------------------------|------------------------|--------------------------|--------------------------|---------------------------------------|
| 2015 | 1 | Jan 2016 | USD | <u>\$ (995)</u> | HKD | <u>\$ 995</u> | <u>\$ -</u> |
| | | | | | | | |
| <u>Date</u> | <u>Number of Contracts</u> | <u>Expiry Date</u> | <u>Currency Code</u> | <u>Amount Sold</u> | <u>Currency Code</u> | <u>Amount Bought</u> | <u>Unrealized Gain (Loss)</u> |
| 2014 | 1 | Jan 2015 | USD | \$ (98) | CAD | \$ 98 | \$ - |
| 2014 | 1 | Jan 2015 | HKD | (1) | CAD | 1 | - |
| 2014 | 1 | Jan 2015 | BRL | (75) | USD | 75 | - |
| 2014 | 1 | Jan 2015 | HKD | (3) | USD | 3 | - |
| | | | | <u>\$ (177)</u> | | <u>\$ 177</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED EMERGING MARKETS EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Indexed Emerging Markets Equity Fund (the Fund) is to provide clients with exposure to a portfolio of emerging market equity investments at a low fee. The objective of the Fund is meet the return of the Morgan Stanley Capital International (MSCI) Emerging Markets Net Index, the Fund's benchmark, net of all investment expenses incurred.

The Fund can hold the following securities:

- Publicly traded common stock or common stock equivalents, including preferred shares, installment receipts, convertible securities, rights and warrants, of benchmark member companies,
- international exchange-listed depository receipts of benchmark member companies,
- exchange traded funds based on the Index or countries/regions within the Index,
- unleveraged futures based on the Index, or countries/regions within the Index, to a maximum of CAD \$100 Million,
- private placements (defined as off-exchange purchase of securities that have limited transferability) with CIO approval,
- foreign exchange contracts for currency conversions and/or currency hedging
- other derivative instruments with CIO approval , and
- up to 0.5% of the Fund's assets may be invested in bcIMC's Pooled Investment Portfolio Funds Canadian Money Market Fund ST1, Canadian Money Market Fund ST2 and U.S. Dollar Money Market Fund ST3. This constraint does not apply to money market securities or units used for the management of futures contracts.

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The Fund invests in foreign currency contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Liquidity Risk

The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED EMERGING MARKETS EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

| CURRENCY (in 000s) | 2015 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Brazilian Real | 54,174 | - | 54,174 | 5.5 % |
| Chilean Peso | 11,449 | - | 11,449 | 1.2 % |
| Columbian Peso | 3,945 | - | 3,945 | 0.4 % |
| Czech Koruna | 1,852 | - | 1,852 | 0.2 % |
| Egyptian Pound | 262 | - | 262 | - % |
| Euro | 4,185 | - | 4,185 | 0.4 % |
| Hong Kong Dollar | 231,369 | 995 | 232,364 | 23.5 % |
| Hungarian Forint | 2,498 | - | 2,498 | 0.3 % |
| Indian Rupee | 86,983 | - | 86,983 | 8.8 % |
| Indonesian Rupiah | 24,874 | - | 24,874 | 2.5 % |
| Korean Won | 154,797 | - | 154,797 | 15.7 % |
| Malaysian Ringgit | 32,005 | - | 32,005 | 3.2 % |
| Mexican Peso | 43,990 | - | 43,990 | 4.5 % |
| Philippine Peso | 14,613 | - | 14,613 | 1.5 % |
| Polish Zloty | 12,492 | - | 12,492 | 1.3 % |
| Qatari Rial | 10,101 | - | 10,101 | 1.0 % |
| South African Rand | 68,388 | - | 68,388 | 6.9 % |
| Taiwan Dollar | 115,377 | - | 115,377 | 11.7 % |
| Thai Baht | 19,476 | - | 19,476 | 2.0 % |
| Turkish Lira | 12,892 | - | 12,892 | 1.3 % |
| United Arab Emirates Dirham | 8,213 | - | 8,213 | - % |
| United States Dollar | 74,065 | (995) | 73,070 | 7.4 % |
| Net Foreign Exchange Exposure | \$ 988,000 | \$ - | \$ 988,000 | 100.0 % |

**Financial Risk Management Discussion (continued)
as at December 31**

| CURRENCY (in 000s) | 2014 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Brazilian Real | 80,560 | - | 80,560 | 8.3 % |
| Chilean Peso | 12,990 | - | 12,990 | 1.3 % |
| Columbian Peso | 7,237 | - | 7,237 | 0.7 % |
| Czech Koruna | 2,084 | - | 2,084 | 0.2 % |
| Egyptian Pound | 360 | - | 360 | - % |
| Euro | 4,630 | - | 4,630 | 0.5 % |
| Hong Kong Dollar | 209,382 | (4) | 209,378 | 21.6 % |
| Hungarian Forint | 1,779 | - | 1,779 | 0.2 % |
| Indian Rupee | 67,001 | - | 67,001 | 6.9 % |
| Indonesian Rupiah | 25,996 | - | 25,996 | 2.7 % |
| Korean Won | 140,371 | - | 140,371 | 14.5 % |
| Malaysian Ringgit | 34,866 | - | 34,866 | 3.6 % |
| Mexican Peso | 45,034 | - | 45,034 | 4.7 % |
| Philippine Peso | 12,199 | - | 12,199 | 1.3 % |
| Polish Zloty | 15,268 | - | 15,268 | 1.6 % |
| Qatari Rial | 8,552 | - | 8,552 | 0.9 % |
| South African Rand | 75,765 | - | 75,765 | 7.8 % |
| Taiwan Dollar | 116,600 | - | 116,600 | 12.1 % |
| Thai Baht | 23,508 | - | 23,508 | 2.4 % |
| Turkish Lira | 16,970 | - | 16,970 | 1.8 % |
| United Arab Emirates Dirham | 5,380 | (75) | 5,305 | 0.5 % |
| United States Dollar | 60,960 | (20) | 60,940 | 6.3 % |
| Net Foreign Exchange Exposure | \$ 967,492 | \$ (99) | \$ 967,393 | 100.0 % |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$9,880,000 (2014 - \$9,674,000), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED EMERGING MARKETS EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 98,066 | 9.9 % | \$ 88,097 | 9.1 % |
| Consumer Staple | 81,913 | 8.3 % | 78,816 | 8.2 % |
| Energy | 69,263 | 7.0 % | 78,099 | 8.1 % |
| Financial Services | 275,289 | 28.0 % | 282,220 | 29.3 % |
| Health Care | 29,171 | 3.0 % | 21,489 | 2.2 % |
| Industrial Products | 68,708 | 7.0 % | 64,513 | 6.7 % |
| Information Technology | 205,561 | 20.9 % | 173,505 | 18.0 % |
| Materials and Processing | 58,940 | 6.0 % | 71,432 | 7.4 % |
| Telecommunication Services | 67,036 | 6.8 % | 72,508 | 7.5 % |
| Utilities | 30,888 | 3.1 % | 33,896 | 3.5 % |
| Total Equities | <u>\$ 984,835</u> | <u>100.0 %</u> | <u>\$ 964,575</u> | <u>100.0 %</u> |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$98,529,000 (2014 - \$96,110,000) or 10.0% (2014 - 9.9%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Financial Risk Management Discussion (continued)
as at December 31**

Equity by Geographic Region

The Fund's equity investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|--------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Brazil | 53,521 | 5.4 % | 85,790 | 8.9 % |
| Chile | 11,449 | 1.2 % | 13,728 | 1.4 % |
| China | 261,461 | 26.5 % | 209,676 | 21.7 % |
| Columbia | 3,932 | 0.4 % | 7,781 | 0.8 % |
| Czech Republic | 1,840 | 0.2 % | 2,073 | 0.2 % |
| Egypt | 1,736 | 0.2 % | 2,230 | 0.2 % |
| Greece | 4,742 | 0.5 % | 4,625 | 0.5 % |
| Hungary | 2,487 | 0.3 % | 1,769 | 0.2 % |
| India | 86,957 | 8.8 % | 68,976 | 7.3 % |
| Indonesia | 24,875 | 2.5 % | 26,490 | 2.7 % |
| Korea | 152,879 | 15.6 % | 141,603 | 14.7 % |
| Malaysia | 31,829 | 3.2 % | 34,721 | 3.6 % |
| Mexico | 43,651 | 4.4 % | 47,678 | 4.9 % |
| Peru | 3,473 | 0.4 % | 4,427 | 0.5 % |
| Philippines | 14,588 | 1.5 % | 12,254 | 1.3 % |
| Poland | 12,481 | 1.3 % | 15,199 | 1.6 % |
| Qatar | 10,089 | 1.0 % | 8,540 | 0.9 % |
| Russia | 33,380 | 3.4 % | 32,270 | 3.3 % |
| South Africa | 68,355 | 6.9 % | 75,999 | 7.9 % |
| Turkey | 12,881 | 1.3 % | 17,278 | 1.8 % |
| Taiwan | 119,541 | 12.1 % | 121,672 | 12.6 % |
| Thailand | 19,462 | 2.0 % | 23,497 | 2.4 % |
| United Arab Emirates | 8,201 | 0.8 % | 6,253 | 0.6 % |
| United States | 1,025 | 0.1 % | 46 | - % |
| Total Equities | <u>\$ 984,835</u> | <u>100.0 %</u> | <u>\$ 964,575</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED EMERGING MARKETS EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | |
|---------------------------------|--|--|------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 169 | \$ - | \$ 169 |
| Public Equities | 984,835 | - | 984,835 |
| Total Investments | \$ 985,004 | \$ - | \$ 985,004 |
| Foreign Currency Contracts, Net | - | - | - |
| Total | \$ 985,004 | \$ - | \$ 985,004 |

| | December 31, 2014 | | |
|---------------------------------|--|--|------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Money Market Funds | \$ 94 | \$ - | \$ 94 |
| Public Equities | 964,575 | - | 964,575 |
| Total Investments | \$ 964,669 | \$ - | \$ 964,669 |
| Foreign Currency Contracts, Net | - | - | - |
| Total | \$ 964,669 | \$ - | \$ 964,669 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 5,413,942 | \$ 169 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 4,432,739 | \$ 94 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

THEMATIC PUBLIC EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2015 | December 31, 2014 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 32,375 | \$ 10,599 |
| Receivable from sale of investments | | 7,721 | - |
| Dividends receivable | | 622 | 1,118 |
| Security lending revenue receivable | | 33 | 52 |
| Withholding taxes receivable | | 135 | - |
| Receivable from reinvestment of distributions | | 326 | - |
| Derivative assets: | | | |
| Foreign currency contracts | | 2 | - |
| Investments | | <u>1,278,746</u> | <u>1,115,928</u> |
| | | <u>1,319,960</u> | <u>1,127,697</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 15,572 | 1,105 |
| External management fees payable | | 558 | 231 |
| bcIMC funds management fees payable | 4 | 246 | 77 |
| Other accounts payable | | 61 | 29 |
| Distributions payable | | 326 | - |
| Derivative liabilities: | | | |
| Foreign currency contracts | | <u>2</u> | <u>2</u> |
| | | <u>16,765</u> | <u>1,444</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 1,303,195</u></u> | <u><u>\$ 1,126,253</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>817.672</i> | <i>817.340</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 1,594</u></u> | <u><u>\$ 1,378</u></u> |
| <i>Contingent liability</i> | 6 | | |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 2 | \$ 5 |
| Dividend income | | 21,133 | 26,397 |
| Securities lending income | | 820 | 141 |
| Foreign exchange gain | | 3,239 | 1,218 |
| Change in fair value of investments and derivatives: | 7 | | |
| Net realized gain | | 221,384 | 109,084 |
| Net change in unrealized appreciation (depreciation) | | <u>(63,786)</u> | <u>107,923</u> |
| Total Revenue | | <u>182,792</u> | <u>244,768</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 1,963 | 899 |
| External management fees | | 1,715 | 458 |
| Administrative fees | | 243 | 98 |
| Commissions and stock exchange fees | | 1,248 | 647 |
| Withholding taxes | 8 | <u>1,186</u> | <u>395</u> |
| Total operating expenses | | <u>6,355</u> | <u>2,497</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>176,437</u> | <u>242,271</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (19,465) | (25,911) |
| From net realized gains on investments and derivatives | | <u>(225,478)</u> | <u>(108,672)</u> |
| | | <u>(244,943)</u> | <u>(134,583)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u><u>\$ (68,506)</u></u> | <u><u>\$ 107,688</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

THEMATIC PUBLIC EQUITY FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Balance, beginning of year | \$ 1,126,253 | \$ 1,083,982 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (68,506) | 107,688 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 505 | - |
| Reinvestment of distributions | 244,943 | 134,583 |
| Amounts paid for units redeemed | - | (200,000) |
| Net increase (decrease) from redeemable unit transactions | 245,448 | (65,417) |
| Balance, end of year | \$ 1,303,195 | \$ 1,126,253 |

| Statement of Cash Flows (all amounts in thousands) | | |
|---|------------------------------------|------------------------------------|
| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ (68,506) | \$ 107,688 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | (3,239) | (1,218) |
| Interest income | (2) | (5) |
| Dividend income | (21,133) | (26,397) |
| Withholding taxes | 1,186 | 395 |
| Net realized gain from investments and derivatives | (221,384) | (109,084) |
| Net change in unrealized (appreciation) depreciation from investments and derivatives | 63,786 | (107,923) |
| Non cash distributions | 244,943 | 134,583 |
| Proceeds from sale of investments | 1,401,444 | 907,404 |
| Amounts paid for purchase of investments | (1,406,666) | (723,481) |
| Receivable from sale of investments | (7,721) | - |
| Security lending revenue receivable | 19 | (31) |
| Payable for purchase of investments | 14,467 | (1,637) |
| External management fees payable | 327 | 231 |
| bcIMC funds management fees payable | 169 | 11 |
| Other accounts payable | 32 | 11 |
| Interest received | 2 | 5 |
| Dividends received | 21,629 | 26,881 |
| Withholding taxes paid | (1,321) | (395) |
| | 18,032 | 207,038 |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 505 | - |
| Payments on redemption of redeemable units | - | (200,000) |
| | 505 | (200,000) |
| Net increase in cash | 18,537 | 7,038 |
| Effect of exchange rate changes on cash | 3,239 | 1,218 |
| Cash, beginning of year | 10,599 | 2,343 |
| Cash, end of year | \$ 32,375 | \$ 10,599 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

THEMATIC PUBLIC EQUITY FUND

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

| | 2015 | | 2014 | |
|--|----------------------------|----------------------------|----------------------------|--------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 1,271,867 | \$ 1,144,344 | \$ 1,115,894 | \$ 924,583 |
| Direct Private Equity | 6,500 | 6,500 | - | - |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | 41 | 41 | - | - |
| Fund ST2 | 338 | 338 | 34 | 34 |
| | <u>379</u> | <u>379</u> | <u>34</u> | <u>34</u> |
| Total Investments | <u>\$ 1,278,746</u> | <u>\$ 1,151,223</u> | <u>\$ 1,115,928</u> | <u>\$ 924,617</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) |
|------|---------------------|-------------|---------------|-------------------|---------------|-----------------|------------------------|
| 2015 | 2 | Jan 2016 | GBP | \$ (265) | USD | \$ 267 | \$ 2 |
| 2015 | 1 | Jan 2016 | USD | (34) | BRL | 34 | - |
| 2015 | 2 | Jan 2016 | EUR | (154) | USD | 154 | - |
| 2015 | 2 | Jan 2016 | HKD | (682) | USD | 682 | - |
| 2015 | 1 | Jan 2016 | USD | (93) | KRW | 93 | - |
| | | | | (1,228) | | 1,230 | 2 |
| 2015 | 1 | Jan 2016 | JPY | (984) | USD | 983 | (1) |
| 2015 | 1 | Jan 2016 | USD | (67) | BRL | 66 | (1) |
| | | | | (1,051) | | 1,049 | (2) |
| | | | | <u>\$ (2,279)</u> | | <u>\$ 2,279</u> | <u>\$ -</u> |

| Date | Number of Contracts | Expiry Date | Currency Code | Amount Sold | Currency Code | Amount Bought | Unrealized Gain (Loss) |
|------|---------------------|-------------|---------------|-------------------|---------------|-----------------|------------------------|
| 2014 | 1 | Jan 2015 | CAD | <u>\$ (1,100)</u> | USD | <u>\$ 1,098</u> | <u>\$ (2)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

THEMATIC PUBLIC EQUITY FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Thematic Public Equity Fund (the Fund) is to enhance clients' long-term returns by taking tactical positions relative to a market capitalization benchmark, the Morgan Stanley Capital International (MSCI) World ex-Canada Net index (the Index) over 4 years. The Fund also has a secondary benchmark, the Canadian Consumer Price Index plus 350 basis points over 4 years. The Fund is actively managed internally by bcIMC through the identification of investment themes, with an investment process focusing on traditional investment analysis through applying the standard metrics of valuation, growth prospects, and quality of management, as well as integrating principles of responsible investment. The Fund's financial characteristics and performance will differ significantly from the Index. The Fund will invest in developed and emerging markets.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of countries included in the Morgan Stanley International All Country World Constituent Index, including preferred shares, instalment receipts, convertible securities, rights and warrants,
- exchange traded funds based on the Index or countries/regions within the Index,
- international exchange-listed depository receipts,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval,
- money market securities rated A-1(Low) or better, and
- units of bcIMC's Pooled Investment Portfolios Canadian Money Market Fund ST1, Canadian Money Market Fund ST2 and Canadian Money Market Fund ST3.

The following restrictions apply to the Fund:

- up to 20% of the Fund's assets over any 3 month period or up to 15% over any 12 month period can be invested in money market securities and 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.
- investments in the securities of a single company are limited to 10% of the market value of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Note 9 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The Fund invests in foreign currency contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund.

Liquidity Risk

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. The amounts are gross and undiscounted:

| DERIVATIVE LIABILITIES (in 000s) | 2015 | | |
|--|-----------------|--------------------------------|-------------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month |
| Outflows | \$ (1,051) | \$ (1,051) | \$ (1,051) |
| Inflows | 1,049 | 1,049 | 1,049 |
| | <u>\$ (2)</u> | <u>\$ (2)</u> | <u>\$ (2)</u> |

| DERIVATIVE LIABILITIES (in 000s) | 2014 | | |
|--|-----------------|--------------------------------|-------------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month |
| Outflows | \$ (1,100) | \$ (1,100) | \$ (1,100) |
| Inflows | 1,098 | 1,098 | 1,098 |
| | <u>\$ (2)</u> | <u>\$ (2)</u> | <u>\$ (2)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

THEMATIC PUBLIC EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

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.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

| CURRENCY (in 000s) | 2015 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 74 | \$ - | \$ 74 | - % |
| Brazilian Real | 13,803 | 100 | 13,903 | 1.1 % |
| British Pound Sterling | 29,571 | (266) | 29,305 | 2.2 % |
| Danish Krone | 31,369 | - | 31,369 | 2.4 % |
| Euro | 120,710 | (153) | 120,557 | 9.3 % |
| Hong Kong Dollar | 35,179 | (682) | 34,497 | 2.6 % |
| Indian Rupee | 12,628 | - | 12,628 | 1.0 % |
| Japanese Yen | 81,981 | (984) | 80,997 | 6.2 % |
| Korean Won | 650 | 93 | 743 | 0.1 % |
| Malaysian Ringgit | 465 | - | 465 | - % |
| New Zealand Dollar | 2 | - | 2 | - % |
| Norwegian Krone | 12,028 | - | 12,028 | 0.9 % |
| South African Rand | 2 | - | 2 | - % |
| Swiss Franc | 18,509 | - | 18,509 | 1.4 % |
| Taiwan Dollar | 36,320 | - | 36,320 | 2.8 % |
| Thai Baht | 2,424 | - | 2,424 | 0.2 % |
| United States Dollar | 894,743 | 1,892 | 896,635 | 68.8 % |
| Net Foreign Exchange Exposure | \$ 1,290,458 | \$ - | \$ 1,290,458 | 99.0 % |

**Financial Risk Management Discussion (continued)
as at December 31**

| CURRENCY (in 000s) | 2014 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 10,094 | \$ - | \$ 10,094 | 0.9 % |
| Brazilian Real | 40,477 | - | 40,477 | 3.6 % |
| British Pound Sterling | 12,458 | - | 12,458 | 1.1 % |
| Danish Krone | 35,686 | - | 35,686 | 3.2 % |
| Euro | 54,731 | - | 54,731 | 4.9 % |
| Hong Kong Dollar | 25,143 | - | 25,143 | 2.2 % |
| Japanese Yen | 22,131 | - | 22,131 | 2.0 % |
| Norwegian Krone | 5,511 | - | 5,511 | 0.5 % |
| Swiss Franc | 87,290 | - | 87,290 | 7.8 % |
| United States Dollar | 491,754 | 1,098 | 492,852 | 43.8 % |
| Net Foreign Exchange Exposure | \$ 785,275 | \$ 1,098 | \$ 786,373 | 69.8 % |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$129,046,000 (2014 - \$78,673,000), representing 9.9% of the Fund's net assets (2014 - 7.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

THEMATIC PUBLIC EQUITY FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

Management monitors the concentration of risk for equity securities based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|----------------------------------|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| Public Equities | | | | |
| Consumer Discretionary | \$ 75,332 | 5.9 % | \$ - | - % |
| Consumer Staple | 77,181 | 6.0 % | 98,326 | 8.8 % |
| Energy | - | - % | 158,085 | 14.2 % |
| Financial Services | 91,628 | 7.2 % | 86,022 | 7.7 % |
| Health Care | 292,399 | 22.9 % | 273,630 | 24.6 % |
| Industrial Products | 227,901 | 17.8 % | 224,486 | 20.1 % |
| Information Technology | 368,735 | 28.9 % | 89,639 | 8.0 % |
| Materials and Processing | 88,450 | 6.9 % | 150,915 | 13.5 % |
| Utilities | 50,241 | 3.9 % | 34,791 | 3.1 % |
| Total Public Equities | 1,271,867 | 99.5 % | 1,115,894 | 100.0 % |
| Direct Private Equity Investment | 6,500 | 0.5 % | - | - |
| Total Equities | \$ 1,278,367 | 100.0 % | \$ 1,115,894 | 100.0 % |

As at December 31, 2015 and 2014, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$122,847,000 (2014 - \$99,833,000) or 9.4% (2014 - 8.9%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2015 and 2014, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Financial Risk Management Discussion (continued)
as at December 31**

Equity by Geographic Region

The Fund's equity investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|----------------------------------|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| Public Equities | | | | |
| Australia | \$ - | - % | \$ 10,094 | 0.9 % |
| Belgium | 10,517 | 0.8 % | 8,369 | 0.7 % |
| Brazil | 13,585 | 1.1 % | 40,240 | 3.6 % |
| China | 35,552 | 2.8 % | 25,951 | 2.3 % |
| Denmark | 31,269 | 2.4 % | 35,664 | 3.2 % |
| Finland | 11,858 | 0.9 % | 4,719 | 0.4 % |
| France | 40,490 | 3.2 % | 14,986 | 1.3 % |
| Germany | 29,467 | 2.3 % | 3,889 | 0.3 % |
| Hong Kong | 696 | 0.1 % | - | - % |
| India | 12,342 | 1.0 % | - | - % |
| Ireland | 1,330 | 0.1 % | - | - % |
| Israel | 1,152 | 0.1 % | 8,828 | 0.8 % |
| Italy | 6,371 | 0.5 % | 4,606 | 0.4 % |
| Japan | 103,493 | 8.1 % | 21,429 | 1.9 % |
| Korea | 1,049 | 0.1 % | - | - % |
| Malaysia | 1,008 | 0.1 % | - | - % |
| Netherlands | 6,671 | 0.5 % | 7,965 | 0.7 % |
| Norway | 12,028 | 0.9 % | 5,511 | 0.5 % |
| Portugal | 6,977 | 0.5 % | 4,830 | 0.4 % |
| Singapore | 7,292 | 0.6 % | - | - % |
| Spain | - | - % | 5,363 | 0.5 % |
| Switzerland | 18,509 | 1.4 % | 87,290 | 7.8 % |
| Taiwan | 36,486 | 2.9 % | - | - % |
| Thailand | 2,818 | 0.2 % | - | - % |
| United Kingdom | 41,479 | 3.2 % | 12,458 | 1.1 % |
| United States | 833,183 | 65.2 % | 472,854 | 42.6 % |
| Canada | 6,245 | 0.5 % | 340,848 | 30.6 % |
| Total Public Equities | 1,271,867 | 99.5 % | 1,115,894 | 100.0 % |
| Direct Private Equity Investment | 6,500 | 0.5 % | - | - % |
| Total Equities | \$ 1,278,367 | 100.0 % | \$ 1,115,894 | 100.0 % |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

THEMATIC PUBLIC EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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.

| | December 31, 2015 | | | |
|----------------------------------|--|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Money Market Funds | \$ 379 | \$ - | \$ - | \$ 379 |
| Public Equities | 1,271,867 | - | - | 1,271,867 |
| Direct Private Equity Investment | - | - | 6,500 | 6,500 |
| Total Investments | \$ 1,272,246 | \$ - | \$ 6,500 | \$ 1,278,746 |
| Foreign Currency Contracts, Net | - | - | - | - |
| Total | \$ 1,272,246 | \$ - | \$ 6,500 | \$ 1,278,746 |

| | December 31, 2014 | | | |
|---------------------------------|--|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Money Market Funds | \$ 34 | \$ - | \$ - | \$ 34 |
| Public Equities | 1,115,894 | - | - | 1,115,894 |
| Total Investments | \$ 1,115,928 | \$ - | \$ - | \$ 1,115,928 |
| Foreign Currency Contracts, Net | - | (2) | - | (2) |
| Total | \$ 1,115,928 | \$ (2) | \$ - | \$ 1,115,926 |

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as it is measured at redemption amount and is classified as Level 2 in the fair value hierarchy.

During 2015 and 2014, there were no significant transfers between the three levels in the hierarchy.

**Fair Value Measurement Discussion (continued)
as at December 31**

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | (in 000s) |
|--|-----------|
| Opening Balance as at January 1, 2015 | \$ - |
| Total gains or losses recognized in profit or loss | - |
| Purchases | 6,500 |
| Sales | - |
| Closing Balance at December 31, 2015 | \$ 6,500 |
| Total unrealized gains or losses for the period included in profit or loss relating to financial assets and liabilities held at the reporting date | \$ - |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

THEMATIC PUBLIC EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of the direct private equity investment categorized as Level 3 in the fair value hierarchy as at December 31:

| 2015 | | | | | |
|-----------------------------|-------------------------|------------------------|-----------------------|-------------------|--|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity | \$ 6,500 | Market approach | EV/EBITDA | 6,500 | The estimated fair value would increase (decrease) if the EV/EBITDA multiples were higher (lower). |

Significant unobservable inputs are developed as follows:

Enterprise Value ("EV") and EBITDA multiples:

EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

The direct private equity investment is valued based on information received from the management of the investee.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuation of the direct private equity investment was calculated by adjusting the investment's fair market value by 10%.

| (in 000s) | 2015 |
|--------------|----------|
| Favourable | \$ 650 |
| Unfavourable | \$ (650) |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

THEMATIC PUBLIC EQUITY FUND

**Involvement with Structured Entities
as at December 31**

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. During 2015 and 2014, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining these investment objectives. The tables below sets out the interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 2 | \$ 8,163,979 | \$ 379 |

| Entity | December 31, 2014 | | |
|--|--------------------------------|--|--|
| | 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 money market funds administered by bcIMC | 1 | \$ 4,432,739 | \$ 34 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
 POOLED INVESTMENT PORTFOLIOS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

1. The Portfolios

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. The address of bcIMC's registered office is at 300 - 2950 Jutland Road, Victoria, British Columbia Canada. 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 (the Regulations), 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 Funds were established on the following dates:

| Pooled Investment Portfolios | Dates Established | | Pooled Investment Portfolios | Dates Established |
|---------------------------------------|--------------------|--|--------------------------------------|-------------------|
| Canadian Money Market Fund ST1 | April 21, 1986 | | Active U.S. Small Cap Equity Fund | March 13, 2008 |
| Canadian Money Market Fund ST2 | September 19, 1986 | | Enhanced Indexed U.S. Equity Fund | September 1, 1998 |
| U.S. Dollar Money Market Fund ST3 | August 1, 1990 | | Indexed U.S. Equity Fund | February 6, 1995 |
| Short Term Bond Fund | November 1, 1995 | | Active Asian Equity Fund | January 2, 1998 |
| Canadian Universe Bond Fund | April 20, 2006 | | Indexed Asian Equity Fund | October 18, 2010 |
| Canadian Real Return Bond Fund | April 9, 2010 | | Active European Equity Fund | January 2, 1998 |
| Global Government Bond Fund | October 30, 2009 | | Indexed European Equity Fund | January 1, 2004 |
| Fixed Term Mortgage Fund | June 30, 1995 | | Active Global Equity Fund | June 19, 2009 |
| Construction Mortgage Fund | December 1, 1995 | | Enhanced Indexed Global Equity Fund | August 23, 2011 |
| Active Canadian Equity Fund | July 26, 1990 | | Indexed Global Equity Fund | December 7, 2011 |
| Active Canadian Small Cap Equity Fund | March 20, 2008 | | Indexed Global ESG Equity Fund | January 17, 2013 |
| Enhanced Indexed Canadian Equity Fund | November 27, 2002 | | Active Emerging Markets Equity Fund | March 31, 2008 |
| Indexed Canadian Equity Fund | December 12, 1989 | | Indexed Emerging Markets Equity Fund | July 31, 2013 |
| Active U.S. Equity Fund | October 20, 1993 | | Thematic Public Equity Fund | December 31, 2012 |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Funds have been prepared in compliance with International Financial Reporting Standards (“IFRS”). The financial statements were authorized for issue by the Chief Executive Officer / Chief Investment Officer on April 7, 2016.

(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.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars which is the Funds’ functional currency, except for the U.S. Dollar Money Market Fund ST3 which is presented in U.S. dollars and whose functional currency is U.S. dollars.

(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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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 Funds become 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 Funds 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 financial position only when the Funds have 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 Funds have not classified any of their financial instruments as available-for-sale or assets held to maturity.

(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 Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, bcIMC determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Funds' 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, including certain complex derivative instruments, 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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

3. Significant accounting policies (continued)

(iii) Loans and receivables

Loans and 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 loans and 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 Funds classify cash, dividends receivable, interest receivable, accounts receivable, receivable from sale of investments, receivable from issue of units, and accrued variation margin income as loans and 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 Funds' other financial liabilities are comprised of accounts payable, custodial fees payable, payable for purchase of investments, payable for redemption of units, external management fees payable, interest payable, accrued variation margin loss and bcIMC funds management fees payable.

(b) Redeemable units

The Funds classify 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 (\$U.S. 1 million for the U.S. Dollar Money Market Fund ST3). 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 Funds are denominated in Canadian dollars except for the U.S. Dollar Money Market Fund ST3. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars (U.S. dollars for the U.S. Dollar Money Market Fund ST3) 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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

3. Significant accounting policies (continued)

(e) Revenue 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, which for quoted equity securities is usually the ex-dividend date. 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. Pursuit costs are charged to net income of the respective Funds in the period incurred.

(f) Securities lending

Securities lending contracts are entered into for the temporary delivery of securities to a borrower in exchange for different securities having a higher market value (collateral), with an obligation for the borrower to redeliver the same quantity of the original securities lent at a future date. The lender receives a fee from the borrower, and retains the rights to receive equivalent interest payments or dividends from the loaned securities. The Funds continue to recognize the securities in their entirety in the statement of financial position as the Funds retain all of the risks and rewards of ownership. Securities lending income is recognized over the term of the arrangement. The credit risk related to securities lending transactions is limited by the fact that the value of securities held as collateral by the Funds is at least 105% of the market value of the securities loaned.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

3. Significant accounting policies (continued)

(g) Income taxes

The Funds qualify as inter-vivos trusts under section 108(1) of the Income Tax Act (Canada). All of the Funds' 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 Funds. As a result, the Funds do not record income taxes. Income taxes associated with any of the Funds' underlying investments are accounted for in determining the fair value of the respective investments.

(h) 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, 2015, 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 February 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.

4. Related party transactions

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
 POOLED INVESTMENT PORTFOLIOS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

5. Redeemable units

The Funds are authorized to issue an unlimited number of units. Units issued and outstanding represent the capital of each Fund. The Funds are not subject to any internally or externally imposed restrictions on their capital. bcIMC manages the capital of each Fund in accordance with the respective 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:

| | CANADIAN MONEY MARKET FUND ST1 | | CANADIAN MONEY MARKET FUND ST2 | | U.S. DOLLAR MONEY MARKET FUND ST3 | |
|---|---|------------------|---|------------------|--|---------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of year | 1,067.678 | 398.927 | 1,122.340 | 429.313 | 84.235 | 50.711 |
| Issued for cash | 10,361.715 | 16,178.468 | 2,857.951 | 2,806.604 | 507.000 | 615.376 |
| Issued on reinvestment of distributions | 5.839 | 5.623 | 10.316 | 6.590 | - | - |
| Consolidation of units | (5.839) | (5.623) | (10.316) | (6.590) | - | - |
| Redeemed | (10,696.066) | (15,509.717) | (2,622.178) | (2,113.577) | (529.868) | (581.852) |
| Outstanding, end of year | <u>733.327</u> | <u>1,067.678</u> | <u>1,358.113</u> | <u>1,122.340</u> | <u>61.367</u> | <u>84.235</u> |

| | SHORT TERM BOND FUND | | CANADIAN UNIVERSE BOND FUND | | CANADIAN REAL RETURN BOND FUND | |
|---|---------------------------------|----------------|--|------------------|---|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of year | 710.596 | 1,186.049 | 8,036.607 | 8,124.237 | 2,751.307 | 2,751.307 |
| Issued for cash | 168.255 | 1,522.106 | 559.578 | 232.516 | - | - |
| Issued on reinvestment of distributions | 11.833 | 39.275 | 278.600 | 459.431 | 120.054 | 100.274 |
| Consolidation of units | (11.833) | (39.275) | (278.600) | (459.431) | (120.054) | (100.274) |
| Redeemed | (247.945) | (1,997.559) | (936.648) | (320.146) | (218.931) | - |
| Outstanding, end of year | <u>630.906</u> | <u>710.596</u> | <u>7,659.537</u> | <u>8,036.607</u> | <u>2,532.376</u> | <u>2,751.307</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
 POOLED INVESTMENT PORTFOLIOS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

5. Redeemable units (continued)

| | GLOBAL GOVERNMENT BOND FUND | | FIXED TERM MORTGAGE FUND | | CONSTRUCTION MORTGAGE FUND | |
|---|--|----------------|--|----------------|--|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of year | 574.555 | 574.555 | 461.335 | 606.471 | 196.460 | 155.391 |
| Issued for cash | - | - | 16.573 | 5.840 | 69.809 | 84.109 |
| Issued on reinvestment of distributions | 8.331 | 16.060 | 20.586 | 32.155 | 2.544 | 7.821 |
| Consolidation of units | (8.331) | (16.060) | (20.586) | (32.155) | (2.544) | (7.821) |
| Redeemed | - | - | (66.433) | (150.976) | (19.129) | (43.040) |
| Outstanding, end of year | <u>574.555</u> | <u>574.555</u> | <u>411.475</u> | <u>461.335</u> | <u>247.140</u> | <u>196.460</u> |
| | ACTIVE CANADIAN EQUITY FUND | | ACTIVE CANADIAN SMALL CAP EQUITY FUND | | ENHANCED INDEXED CANADIAN EQUITY FUND | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of year | 231.636 | 215.325 | 385.557 | 443.902 | 1,613.648 | 1,779.757 |
| Issued for cash | 75.348 | 20.199 | 29.243 | 0.273 | 0.817 | 8.487 |
| Issued on reinvestment of distributions | 11.750 | 15.256 | 15.512 | 50.954 | 177.387 | 142.707 |
| Consolidation of units | (11.750) | (15.256) | (15.512) | (50.954) | (177.387) | (142.707) |
| Redeemed | (1.432) | (3.888) | (121.405) | (58.618) | (491.240) | (174.596) |
| Outstanding, end of year | <u>305.552</u> | <u>231.636</u> | <u>293.395</u> | <u>385.557</u> | <u>1,123.225</u> | <u>1,613.648</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
 POOLED INVESTMENT PORTFOLIOS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

5. Redeemable units (continued)

| | INDEXED CANADIAN EQUITY FUND | | ACTIVE U.S. EQUITY FUND | | ACTIVE U.S. SMALL CAP EQUITY FUND | |
|---|---|----------------|------------------------------------|----------------|--|----------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of year | 903.591 | 1,046.083 | 249.264 | 372.317 | 455.129 | 398.730 |
| Issued for cash | 210.515 | 63.379 | 7.014 | 15.633 | 8.238 | 79.373 |
| Issued on reinvestment of distributions | 25.191 | 87.713 | 35.326 | 3.580 | 75.136 | 47.319 |
| Consolidation of units | (25.191) | (87.713) | (35.326) | (3.580) | (75.136) | (47.319) |
| Redeemed | (42.277) | (205.871) | (31.516) | (138.686) | (17.442) | (22.974) |
| Outstanding, end of year | <u>1,071.829</u> | <u>903.591</u> | <u>224.762</u> | <u>249.264</u> | <u>445.925</u> | <u>455.129</u> |

| | ENHANCED INDEXED U.S. EQUITY FUND | | INDEXED U.S. EQUITY FUND | | ACTIVE ASIAN EQUITY FUND | |
|---|--|------------------|-------------------------------------|----------------|-------------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of year | 1,029.431 | 1,028.787 | 719.482 | 999.972 | 1,466.150 | 1,485.207 |
| Issued for cash | 0.033 | 16.624 | 410.506 | 45.679 | 32.198 | 5.468 |
| Issued on reinvestment of distributions | 203.176 | 146.415 | 79.625 | 115.863 | 79.211 | 57.283 |
| Consolidation of units | (203.176) | (146.415) | (79.625) | (115.863) | (79.211) | (57.283) |
| Redeemed | (1,027.879) | (15.980) | (132.449) | (326.169) | (30.882) | (24.525) |
| Outstanding, end of year | <u>1.585</u> | <u>1,029.431</u> | <u>997.539</u> | <u>719.482</u> | <u>1,467.466</u> | <u>1,466.150</u> |

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5. Redeemable units (continued)

| | INDEXED ASIAN EQUITY FUND | | ACTIVE EUROPEAN EQUITY FUND | | INDEXED EUROPEAN EQUITY FUND | |
|---|--------------------------------------|------------------|--|------------------|---|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of year | 1,445.061 | 1,604.109 | 1,593.029 | 1,723.573 | 1,451.642 | 1,973.614 |
| Issued for cash | 63.725 | 105.916 | 282.110 | 76.163 | 325.150 | 47.904 |
| Issued on reinvestment of distributions | 51.495 | 46.121 | 35.093 | 81.403 | 110.403 | 136.207 |
| Consolidation of units | (51.495) | (46.121) | (35.093) | (81.403) | (110.403) | (136.207) |
| Redeemed | <u>(74.277)</u> | <u>(264.964)</u> | <u>(206.506)</u> | <u>(206.707)</u> | <u>(544.415)</u> | <u>(569.876)</u> |
| Outstanding, end of year | <u>1,434.509</u> | <u>1,445.061</u> | <u>1,668.633</u> | <u>1,593.029</u> | <u>1,232.377</u> | <u>1,451.642</u> |
| | ACTIVE GLOBAL EQUITY FUND | | ENHANCED INDEXED GLOBAL EQUITY FUND | | INDEXED GLOBAL EQUITY FUND | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of year | 1,632.518 | 1,631.739 | 1,183.165 | 1,183.165 | 1,048.903 | 1,249.470 |
| Issued for cash | 62.579 | 86.160 | 9.323 | 74.400 | 63.519 | 278.847 |
| Issued on reinvestment of distributions | 169.634 | 118.603 | 150.854 | 144.164 | 74.283 | 112.332 |
| Consolidation of units | (169.634) | (118.603) | (150.854) | (144.164) | (74.283) | (112.332) |
| Redeemed | <u>(61.143)</u> | <u>(85.381)</u> | <u>(9.323)</u> | <u>(74.400)</u> | <u>(144.508)</u> | <u>(479.414)</u> |
| Outstanding, end of year | <u>1,633.954</u> | <u>1,632.518</u> | <u>1,183.165</u> | <u>1,183.165</u> | <u>967.914</u> | <u>1,048.903</u> |

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5. Redeemable units (continued)

| | INDEXED GLOBAL ESG EQUITY FUND | | ACTIVE EMERGING MARKETS EQUITY FUND | | INDEXED EMERGING MARKETS EQUITY FUND | |
|---|---|----------------|--|------------------|---|----------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of year | 801.990 | 801.990 | 6,129.617 | 4,993.252 | 845.437 | 844.589 |
| Issued for cash | 1,056.177 | - | 274.237 | 1,387.581 | 20.921 | 424.190 |
| Issued on reinvestment of distributions | 74.203 | 35.453 | 248.324 | 149.104 | 21.202 | 26.063 |
| Consolidation of units | (74.203) | (35.453) | (248.324) | (149.104) | (21.202) | (26.063) |
| Redeemed | - | - | (497.088) | (251.216) | (20.921) | (423.342) |
| Outstanding, end of year | <u>1,858.167</u> | <u>801.990</u> | <u>5,906.766</u> | <u>6,129.617</u> | <u>845.437</u> | <u>845.437</u> |
| | THEMATIC PUBLIC EQUITY FUND | | | | | |
| | 2015 | 2014 | | | | |
| Outstanding, beginning of year | 817.340 | 970.819 | | | | |
| Issued for cash | 0.332 | - | | | | |
| Issued on reinvestment of distributions | 153.774 | 99.675 | | | | |
| Consolidation of units | (153.774) | (99.675) | | | | |
| Redeemed | - | (153.479) | | | | |
| Outstanding, end of year | <u>817.672</u> | <u>817.340</u> | | | | |

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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. The Government of Canada contests bcIMC's immunity from the imposition of goods and services tax under the Excise Tax Act, in respect of costs recovered by bcIMC from assets it holds in its 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 ("HST/GST") to costs recovered by bcIMC from assets held by bcIMC in pooled investment portfolios. In December 2013 bcIMC filed a petition in the Supreme Court of British Columbia seeking a declaration confirming its crown immunity in respect of HST/ GST relating to costs recovered from assets held in pooled investment portfolios. In November 2015 the Minister of National Revenue issued HST/GST re-assessments for the period July 1, 2010 to March 31, 2013. bcIMC has filed a Notice of Objection to this re-assessment. 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 HST/GST applies to bcIMC in respect of costs recovered by it from assets held in pooled investment portfolios, management estimates the maximum cumulative HST/GST owing at:

| Maximum Cumulative GST Owing | Name of Fund |
|--------------------------------|---|
| Less than 5 basis points | Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, U.S. Dollar Money Market Fund ST3, Short Term Bond Fund, Canadian Universe Bond Fund, Canadian Real Return Bond Fund, Indexed Canadian Equity Fund, Indexed U.S. Equity Fund ¹ , Indexed Asian Equity Fund, Indexed European Equity Fund, Enhanced Indexed Global Equity Fund, Indexed Global Equity Fund, Indexed Global ESG Equity Fund, Indexed Emerging Markets Equity Fund, and Thematic Public Equity Fund |
| Between 5 and 10 basis point | Global Government Bond Fund, Fixed Term Mortgage Fund, and Construction Mortgage Fund |
| Between 10 and 15 basis points | Active Canadian Equity Fund, Enhanced Indexed Canadian Equity Fund, Active European Equity Fund, and Active Global Equity Fund |
| Between 15 and 32 basis points | Active Canadian Small Cap Equity Fund, Active U.S. Equity Fund, Active U.S. Small Cap Equity Fund, Active Asian Equity Fund, and Active Emerging Markets Equity Fund |

¹The investments of the Enhanced Indexed U.S. Equity Fund were transferred to the Indexed U.S. Equity Fund on December 31, 2015. As a result, the estimated maximum cumulative HST/GST owing for the Indexed U.S. Equity Fund includes the maximum cumulative estimate for the Enhanced Indexed U.S. Equity Fund.

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

| Pooled Investment Portfolios (in \$000s) | 2015 | | | | | |
|---|---|---|---|--|------------|-----------|
| | 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 Designated at Fair Value Through Profit or Loss | Net Gain (Loss) from Financial Assets Designated at Fair Value Through Profit or Loss | | |
| | | | | Realized | Unrealized | Total |
| Canadian Money Market Fund ST1 | - | 160 | 160 | 84 | 76 | 160 |
| Canadian Money Market Fund ST2 | - | 4,076 | 4,076 | 1,418 | 2,658 | 4,076 |
| U.S. Dollar Money Market Fund ST3 | - | (2) | (2) | (2) | - | (2) |
| Short Term Bond Fund | - | 21,814 | 21,814 | 15,120 | 6,694 | 21,814 |
| Canadian Universe Bond Fund | - | 102,911 | 102,911 | 284,834 | (181,923) | 102,911 |
| Canadian Real Return Bond Fund | - | 49,904 | 49,904 | 94,094 | (44,190) | 49,904 |
| Global Government Bond Fund | (51,509) | 53,142 | 1,633 | (8,419) | 10,052 | 1,633 |
| Fixed Term Mortgage Fund | - | (24,832) | (24,832) | 13 | (24,845) | (24,832) |
| Construction Mortgage Fund | - | 32,801 | 32,801 | 10,150 | 22,651 | 32,801 |
| Active Canadian Equity Fund | 4 | (137,027) | (137,023) | 53,117 | (190,140) | (137,023) |
| Active Canadian Small Cap Equity Fund | - | 12,942 | 12,942 | 19,535 | (6,593) | 12,942 |
| Enhanced Indexed Canadian Equity Fund | (25) | (368,235) | (368,260) | 356,944 | (725,204) | (368,260) |
| Indexed Canadian Equity Fund | 108 | (801,064) | (800,956) | (22,888) | (778,068) | (800,956) |
| Active U.S. Equity Fund | (667) | 374,290 | 373,623 | 287,888 | 85,735 | 373,623 |
| Active U.S. Small Cap Equity Fund | 74 | 152,257 | 152,331 | 192,354 | (40,023) | 152,331 |
| Enhanced Indexed U.S. Equity Fund | 1,620 | 599,327 | 600,947 | 1,543,076 | (942,129) | 600,947 |
| Indexed U.S. Equity Fund | 41 | 888,435 | 888,476 | 568,728 | 319,748 | 888,476 |
| Active Asian Equity Fund | (834) | 308,772 | 307,938 | 121,055 | 186,883 | 307,938 |
| Indexed Asian Equity Fund | 283 | 393,121 | 393,404 | 14,977 | 378,427 | 393,404 |
| Active European Equity Fund | 697 | 518,210 | 518,907 | 124,383 | 394,524 | 518,907 |
| Indexed European Equity Fund | (2,819) | 321,595 | 318,776 | 144,148 | 174,628 | 318,776 |
| Active Global Equity Fund | 1,207 | 605,160 | 606,367 | 312,555 | 293,812 | 606,367 |
| Enhanced Indexed Global Equity Fund | 123 | 416,320 | 416,443 | 275,818 | 140,625 | 416,443 |
| Indexed Global Equity Fund | (650) | 318,995 | 318,345 | 100,344 | 218,001 | 318,345 |
| Indexed Global ESG Equity Fund | 34,201 | 407,668 | 441,869 | 87,619 | 354,250 | 441,869 |
| Active Emerging Markets Equity Fund | (6,245) | 564,384 | 558,139 | 383,294 | 174,845 | 558,139 |
| Indexed Emerging Markets Equity Fund | 24 | (7,629) | (7,605) | (2,649) | (4,956) | (7,605) |
| Thematic Public Equity Fund | 1,032 | 156,566 | 157,598 | 221,384 | (63,786) | 157,598 |

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

| Pooled Investment Portfolios (in \$000s) | 2014 | | | | | |
|---|---|---|---|--|------------|-----------|
| | 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 Designated at Fair Value Through Profit or Loss | Net Gain (Loss) from Financial Assets Designated at Fair Value Through Profit or Loss | | |
| | | | | Realized | Unrealized | Total |
| Canadian Money Market Fund ST1 | - | (48) | (48) | 14 | (62) | (48) |
| Canadian Money Market Fund ST2 | - | (1,566) | (1,566) | (59) | (1,507) | (1,566) |
| U.S. Dollar Money Market Fund ST3 | - | - | - | 1 | (1) | - |
| Short Term Bond Fund | - | 40,937 | 40,937 | 36,939 | 3,998 | 40,937 |
| Canadian Universe Bond Fund | - | 844,863 | 844,863 | 393,038 | 451,825 | 844,863 |
| Canadian Real Return Bond Fund | - | 281,111 | 281,111 | 8,581 | 272,530 | 281,111 |
| Global Government Bond Fund | (2,293) | 53,119 | 50,826 | 9,381 | 41,445 | 50,826 |
| Fixed Term Mortgage Fund | - | (25,017) | (25,017) | 6 | (25,023) | (25,017) |
| Construction Mortgage Fund | - | 25,944 | 25,944 | 26,287 | (343) | 25,944 |
| Active Canadian Equity Fund | - | 197,163 | 197,163 | 106,208 | 90,955 | 197,163 |
| Active Canadian Small Cap Equity Fund | - | 36,318 | 36,318 | 75,167 | (38,849) | 36,318 |
| Enhanced Indexed Canadian Equity Fund | (82) | 383,884 | 383,802 | 326,819 | 56,983 | 383,802 |
| Indexed Canadian Equity Fund | (226) | 484,488 | 484,262 | 415,987 | 68,275 | 484,262 |
| Active U.S. Equity Fund | - | 319,631 | 319,631 | 495,504 | (175,873) | 319,631 |
| Active U.S. Small Cap Equity Fund | - | 118,002 | 118,002 | 101,826 | 16,176 | 118,002 |
| Enhanced Indexed U.S. Equity Fund | (28) | 571,399 | 571,371 | 397,872 | 173,499 | 571,371 |
| Indexed U.S. Equity Fund | (169) | 1,032,886 | 1,032,717 | 781,653 | 251,064 | 1,032,717 |
| Active Asian Equity Fund | (2,793) | 350,984 | 348,191 | 180,194 | 167,997 | 348,191 |
| Indexed Asian Equity Fund | (755) | 57,475 | 56,720 | 25,911 | 30,809 | 56,720 |
| Active European Equity Fund | - | (93,042) | (93,042) | 95,417 | (188,459) | (93,042) |
| Indexed European Equity Fund | (2,435) | (46,855) | (49,290) | 185,260 | (234,550) | (49,290) |
| Active Global Equity Fund | 1,020 | 327,161 | 328,181 | 153,392 | 174,789 | 328,181 |
| Enhanced Indexed Global Equity Fund | 771 | 231,274 | 232,045 | 214,021 | 18,024 | 232,045 |
| Indexed Global Equity Fund | - | 206,795 | 206,795 | 143,950 | 62,845 | 206,795 |
| Indexed Global ESG Equity Fund | - | 121,498 | 121,498 | 16,388 | 105,110 | 121,498 |
| Active Emerging Markets Equity Fund | (5,052) | 563,864 | 558,812 | 31,928 | 526,884 | 558,812 |
| Indexed Emerging Markets Equity Fund | (1) | 32,687 | 32,686 | (3) | 32,689 | 32,686 |
| Thematic Public Equity Fund | (1,133) | 218,140 | 217,007 | 109,084 | 107,923 | 217,007 |

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8. Withholding tax expense

Certain dividend income received by the Funds is subject to withholding tax imposed in the country of origin. During the period, the weighted average withholding tax rate for each of the Funds that paid withholding tax was as follows:

| Pooled Investment Portfolios | 2015 | 2014 |
|-----------------------------------|---------|---------|
| Active U.S. Equity Fund | - % | - % |
| Enhanced Indexed U.S. Equity Fund | - % | - % |
| Indexed U.S. Equity Fund | - % | - % |
| Active Asian Equity Fund | 5.19 % | 6.67 % |
| Indexed Asian Equity Fund | 6.27 % | 6.88 % |
| Active European Equity Fund | 11.61 % | 10.69 % |
| Indexed European Equity Fund | 11.67 % | 8.48 % |

| Pooled Investment Portfolios | 2015 | 2014 |
|--------------------------------------|---------|---------|
| Active Global Equity Fund | 6.25 % | 5.07 % |
| Enhanced Indexed Global Equity Fund | 4.25 % | 4.27 % |
| Indexed Global Equity Fund | 4.23 % | 4.18 % |
| Indexed Global ESG Equity Fund | 4.82 % | 4.10 % |
| Active Emerging Markets Equity Fund | 8.48 % | 7.88 % |
| Indexed Emerging Markets Equity Fund | 10.69 % | 11.41 % |
| Thematic Public Equity Fund | 7.03 % | 1.50 % |

9. Financial risk management

(a) Risk management framework

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

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9. 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.

bcIMC management monitors credit risk through an internal credit manager program detailing the credit rating of all credit-sensitive financial securities held in money market and bond pooled funds. Credit risk monitoring entails an evaluation of the credit quality of each issuer and counterparty that transacts with the Funds. To perform this evaluation, bcIMC management relies on ratings from three recognized credit rating agencies for very short term exposure to counterparties such as brokers. For direct holdings of issuer debt in the long and short term Funds, bcIMC conducts its own independent credit reviews. Credit reviews are monitored on a quarterly basis through an established credit committee.

To avoid undue credit risk, the Funds have 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 Funds' 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.

See additional discussion of credit risk in the Financial Risk Management Discussion following each Fund's financial statements.

(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 Funds' 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 Funds' 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.

See additional discussion of liquidity risk in the Financial Risk Management Discussion following each Fund's financial statements.

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9. Financial risk management (continued)

(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 Funds' 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. Investment objectives for the Funds are outlined in the notes specific to each Fund.

(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 money market investments, bonds, and mortgages are subject to interest rate risk. The Funds that hold these investments have established duration bands based on their relevant benchmarks to avoid undue active interest rate risk. Money market funds invest in short-term investments and have very low interest rate risk.

See additional discussion of interest rate risk in the Financial Risk Management Discussion following each Fund's financial statements.

(ii) Currency risk

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

Some Funds are exposed to currency risk through holding of investments, investment receivables and investment liabilities in various currencies. The Funds may use foreign currency contracts to hedge some foreign currency exposure on investment-related receivables and liabilities and engage in 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.

See additional discussion of currency risk in the Financial Risk Management Discussion following each Fund's financial statements.

(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 Funds may not sell short, borrow securities, or purchase securities on margin, which limits the potential loss of capital. There are established investment criteria for each Fund related to diversification of investments and investment mandates for external managers to avoid undue market risk. 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.

See additional discussion of other price risk in the Financial Risk Management Discussion following each Fund's financial statements.

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10. 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 Funds determine 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 Funds measure 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.

See additional discussion on the three-tier hierarchy in the Fair Value Measurement Discussion following each Fund's financial statements.

(b) Valuation models

The objective of valuation techniques is to arrive at a fair value measurement that 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 Funds use 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. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exists and other valuation models. 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.

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10. Fair value of financial instruments (continued)

(c) Valuation framework

When third party information, such as broker quotes or pricing services, is used to measure fair value, then 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 cash, receivable from sale of investments, receivable from issuance of units, accrued variation margin income (loss), dividends receivable, interest receivable, other receivables, payable for purchase of investments, payable for redemption of units, bcIMC funds management fees payable, and custodial fees payable approximates their fair value given their short-term nature. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments.

11. Income taxes

Net cumulative capital losses and non-capital losses for each Fund having such losses are as follows:

| Pooled Investment Portfolios (in \$000s) | As of December 31, 2015 | |
|---|-------------------------|--------------------|
| | Net Capital Losses | Non-capital Losses |
| U.S. Dollar Money Market Fund ST3 | (9) | (143) |
| Global Government Bond Fund | (18,277) | - |
| Fixed Term Mortgage Fund | (1,001) | - |
| Construction Mortgage Fund | (2) | - |
| Indexed Canadian Equity Fund | (24,563) | - |
| Active European Equity Fund | (652,544) | - |
| Indexed Emerging Markets Equity Fund | (33,769) | - |

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 non-capital losses of the U.S.Dollar Money Market Fund ST3 expire in 2035.

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12. Securities subject to lending arrangements

The fair value of securities on loan at December 31 and percentage of securities on loan for the Funds was as follows:

| Pooled Investment Portfolios | Fair Value of Securities on Loan (in \$000s) | | Percentage of securities on loan | |
|---------------------------------------|--|-----------|----------------------------------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| Canadian Money Market Fund ST2 | 234,000 | 547,000 | 4.3 % | 12.4 % |
| Short Term Bond Fund | 434,000 | 74,000 | 26.7 | 4.1 |
| Canadian Universe Bond Fund | 1,766,000 | 2,107,000 | 13.6 | 18.5 |
| Global Government Bond Fund | 98,000 | 45,000 | 14.4 | 6.4 |
| Active Canadian Equity Fund | 168,000 | 76,000 | 5.8 | 3.4 |
| Active Canadian Small Cap Equity Fund | 39,000 | 42,000 | 8.0 | 6.6 |
| Enhanced Indexed Canadian Equity Fund | 223,000 | 455,000 | 6.6 | 8.7 |
| Indexed Canadian Equity Fund | 963,000 | 1,026,000 | 14.5 | 16.9 |
| Active U.S. Equity Fund | 285,000 | 212,000 | 13.8 | 11.3 |
| Active U.S. Small Cap Equity Fund | 234,000 | 169,000 | 20.4 | 16.5 |
| Enhanced Indexed U.S. Equity Fund | - | 63,000 | - | 1.9 |
| Indexed U.S. Equity Fund | 409,000 | 140,000 | 3.5 | 2.7 |
| Active Asian Equity Fund | 157,000 | 244,000 | 3.8 | 6.5 |
| Indexed Asian Equity Fund | 199,000 | 208,000 | 8.2 | 10.5 |
| Active European Equity Fund | 317,000 | 95,000 | 9.1 | 3.5 |
| Indexed European Equity Fund | 137,000 | 68,000 | 5.4 | 2.7 |
| Active Global Equity Fund | 173,000 | 74,000 | 5.1 | 2.7 |
| Enhanced Indexed Global Equity Fund | 120,000 | 63,000 | 4.4 | 2.8 |
| Indexed Global Equity Fund | 101,000 | 60,000 | 4.9 | 3.2 |
| Indexed Global ESG Equity Fund | 204,000 | 37,000 | 6.1 | 3.0 |
| Active Emerging Markets Equity Fund | 148,000 | 149,000 | 2.0 | 2.1 |
| Indexed Emerging Markets Equity Fund | 31,000 | 27,000 | 3.1 | 2.8 |
| Thematic Public Equity Fund | 176,000 | 42,000 | 13.8 | 3.8 |

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13. Reclassification of prior year figures

Management has reclassified certain items from the prior year presentation, as the reclassification provides a more meaningful financial statement presentation for the Funds:

- ◆ Legal fees, custodial fees, audit fees and the associated payables were disclosed as separate line items in the prior year Statement of Comprehensive Income and Statement of Financial Position for each Fund. The December 31, 2015 financial statements include these amounts in Administrative fees on the Statement of Comprehensive Income, and Other accounts payable on the Statement of Financial Position.
- ◆ Futures income was included in Interest income in the prior year Statement of Comprehensive Income for each Fund that earned such income. The December 31, 2015 financial statements show futures income as a separate line item.
- ◆ Distributions to holders of redeemable units from net realized gains on investments and dereivatives were shown based on the taxable portion of such gains in the prior year Statement of Comprehensive Income for each Fund. The December 31, 2015 financial statements include these distribution amounts at the gross gain amount.
- ◆ The effect of foreign exchange rate changes on cash were included in operating activity line items in the prior year Statement of Cash Flows. The December 31, 2015 financial statements include this amount as a separate line item.

To enhance comparability, the prior year balances have been reclassified to conform to the presentation adopted in the current year.

14. Subsequent events

Enhanced Indexed U.S. Equity Fund

On December 31, 2015 the investments held by the Enhanced Indexed U.S. Equity Fund were transferred at fair market value to the Indexed U.S. Equity Fund. The financial statements of each Fund reflect the transfer of investments on December 31, 2015. The fair market value of each of the Funds immediately prior to and after the transfer of investments was as follows:

| Fund | Fair Market Value (\$000s) | |
|-----------------------------------|----------------------------|-------------------|
| | December 30, 2015 | December 31, 2015 |
| Enhanced Indexed U.S. Equity Fund | 3,615,639 | 6,160 |
| Indexed U.S. Equity Fund | 5,288,638 | 8,818,122 |

On February 12, 2016 the remaining units of the U.S. Enhanced Equity Fund were redeemed, and the remaining net assets were transferred to unitholders as follows:

| Date of Transfer | Fair Market Value (\$000s) | Units Redeemed |
|-------------------|----------------------------|----------------|
| February 12, 2016 | 6,204 | 1.585 |



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

300 – 2950 JUTLAND ROAD, VICTORIA, BC V8T 5K2

TEL: 778.410.7310 | communication@bcimc.com | www.bcimc.com

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