



FIXED INCOME

Pooled Fund Financial Statements

DECEMBER 2022

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

FIXED INCOME - POOLED INVESTMENT PORTFOLIOS

GROUP OF FUNDS

Canadian Money Market Fund ST1
Canadian Money Market Fund ST2
U.S. Dollar Money Market Fund ST3
U.S. Dollar Money Market Fund ST4
CDOR 1 Floating Rate Fund
CDOR 2 Floating Rate Fund
CDOR 3 Floating Rate Fund
CDOR 4 Floating Rate Fund
Short Term Bond Fund
Canadian Universe Bond Fund
Corporate Bond Fund
Leveraged Bond Fund
Government Bond Fund

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

British Columbia Investment Management Corporation (BCI) manages Pooled Investment Portfolios (the "Funds") on behalf of governing fiduciaries such as pension fund trustees and other public sector clients. This report contains the financial statements for the following Funds for the year ended December 31, 2022:

Canadian Money Market Fund ST1	CDOR 4 Floating Rate Fund
Canadian Money Market Fund ST2	Short Term Bond Fund
U.S. Dollar Money Market Fund ST3	Canadian Universe Bond Fund
U.S. Dollar Money Market Fund ST4	Corporate Bond Fund
CDOR 1 Floating Rate Fund	Leveraged Bond Fund
CDOR 2 Floating Rate Fund	Government Bond Fund
CDOR 3 Floating Rate Fund	

The financial statements of the Funds have been prepared by management of BCI 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.

BCI's Board has established an Audit Committee. The Committee's mandate includes making recommendations on the appointment of the external auditor for the Funds, reviewing the external audit plan; reviewing BCI's System and Organization Controls Report for the Investment System of British Columbia Investment Management Corporation, and reviewing the annual audited financial statements of the Funds. 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.

BCI 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. BCI'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 Fund Policies and client-approved investment mandates. BCI's system of internal control is supported by external auditors who review and evaluate internal controls and report directly to the Audit Committee.

BCI's external auditors, KPMG LLP, have full and unrestricted access to the Audit Committee and BCI management. KPMG LLP discusses with management and the Committee the results of their audit of the Funds' financial statements and related findings with respect to such audits. Each of the Fund 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 Fund financial statements.

[S] Gordon J. Fyfe

Gordon J. Fyfe

Chief Executive Officer / Chief Investment Officer

[S] Umar Malik

Umar Malik

Senior Vice President, Finance & CFO

Victoria, British Columbia
April 11, 2023



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INDEPENDENT AUDITOR'S REPORT

To the unitholders of the following Fixed Income – Pooled Investment Portfolios:

Canadian Money Market Fund ST1
Canadian Money Market Fund ST2
U.S. Dollar Money Market Fund ST3
U.S. Dollar Money Market Fund ST4
CDOR 1 Floating Rate Fund
CDOR 2 Floating Rate Fund
CDOR 3 Floating Rate Fund
CDOR 4 Floating Rate Fund
Short Term Bond Fund
Canadian Universe Bond Fund
Corporate Bond Fund
Leveraged Bond Fund
Government Bond Fund
(collectively, the "Funds")

Opinion

We have audited the financial statements of the Funds, which comprise:

- the statements of financial position as at December 31, 2022
- the statements of comprehensive income (loss) for the year then ended (period from inception on April 1, 2022 to December 31, 2022 only for the U.S. Dollar Money Market Fund ST4)
- the statements of changes in net assets attributable to holders of redeemable units for the year then ended (period from inception on April 1, 2022 to December 31, 2022 only for the U.S. Dollar Money Market Fund ST4)
- the statements of cash flows for the year then ended (period from inception on April 1, 2022 to December 31, 2022 only for the U.S. Dollar Money Market Fund ST4)
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").



In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2022, and their financial performance and their cash flows for the year then ended (period from inception on April 1, 2022 to December 31, 2022 only for the U.S. Dollar Money Market Fund ST4) in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Funds in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Manager and Those Charged with Governance for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, the Manager is responsible for assessing the Funds' abilities to continue as going concerns, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' abilities to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Chartered Professional Accountants

Vancouver, Canada

April 11, 2023

CANADIAN MONEY MARKET FUND ST1

Statement of Financial Position

(Expressed in thousands of dollars, except number of units)

As at December 31, 2022, with comparative information for 2021

Assets	NOTES	2022	2021
Interest receivable		\$ 2,169	\$ 6
Investments		1,908,845	1,597,076
Total assets		1,911,014	1,597,082
Liabilities			
BCI cost recoveries payable	4	6	4
Other accounts payable		132	130
		138	134
Net assets attributable to holders of redeemable units		\$ 1,910,876	\$ 1,596,948
Number of redeemable units outstanding	5	476.004	405.370
Net assets attributable to holders of redeemable units per unit		\$ 4,014	\$ 3,940

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CANADIAN MONEY MARKET FUND ST1

Statement of Comprehensive Income (Loss)

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Revenue	NOTES	2022	2021
Interest income		\$ 42,668	\$ 3,949
Securities lending income		—	2
Other income	10	8	851
Change in fair value of investments:			
Net change in unrealized appreciation		7	(8)
Total revenue		42,683	4,794
Expenses			
BCI cost recoveries	4	61	47
Administrative fees		110	20
Total operating expenses		171	67
Increase in net assets attributable to holders of redeemable units before distributions		42,512	4,727
Distributions to holders of redeemable units		(42,505)	(4,735)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 7	\$ (8)

CANADIAN MONEY MARKET FUND ST1**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Balance, beginning of year	\$ 1,596,948	\$ 1,909,999
Increase (decrease) in net assets attributable to holders of redeemable units	7	(8)
Redeemable unit transactions:		
Proceeds from units issued	53,240,650	45,999,493
Reinvestment of distributions	42,505	4,735
Amounts paid for units redeemed	(52,969,234)	(46,317,271)
Net increase (decrease) from redeemable unit transactions	313,921	(313,043)
Balance, end of year	\$ 1,910,876	\$ 1,596,948

CANADIAN MONEY MARKET FUND ST1

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 7	\$ (8)
Adjustments for:		
Interest income	(42,668)	(3,949)
Net change in unrealized appreciation of investments	(7)	8
Amortization of premiums and discounts	(1,954)	183
Non cash distributions	42,505	4,735
BCI cost recoveries payable	2	(882)
Other accounts payable	2	100
Interest received	40,505	3,955
Net sale (purchase) of investments	(309,808)	313,636
	(271,416)	317,778
Financing activities		
Proceeds from issuance of redeemable units	53,240,650	45,999,493
Payments on redemption of redeemable units	(52,969,234)	(46,317,307)
	271,416	(317,814)
Net decrease in cash	—	(36)
Cash, beginning of year	—	36
Cash, end of year	\$ —	\$ —

CANADIAN MONEY MARKET FUND ST1

Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Money Market Investments				
Provincial Government	\$ —	\$ —	\$ 9,799	\$ 9,799
Municipal Government	107,803	107,811	29,997	29,998
Corporate	42,912	42,914	—	—
	150,715	150,725	39,796	39,797
Investment Related Receivables				
Securities purchased under reverse repurchase agreements	1,758,130	1,758,131	1,557,280	1,557,297
Total Investments	\$ 1,908,845	\$ 1,908,856	\$ 1,597,076	\$ 1,597,094

CANADIAN MONEY MARKET FUND ST1

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Canadian Money Market Fund ST1 (the "Fund") invests in very short-term debt securities that are issued, insured, or guaranteed by the Canadian government and repurchase agreement investments secured by Canadian government debt securities. The Fund assumes minimal risk. The investment objective of the Fund is to minimize market risk and maximize liquidity. The Fund's benchmark is the Canadian Overnight Repo Rate Average ("CORRA").

The Fund can hold the following securities:

- fixed income securities which are issued, insured or guaranteed by the Government of Canada, 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 government;
- exchange-traded and cleared over-the-counter derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- fully hedged US dollar denominated securities that meet investment guideline criteria.

The following restrictions apply to the Fund:

- the maximum term to maturity of the securities is 45 days;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any counterparty is downgraded below the approved credit standard, BCI will have discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 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 security or issuer credit ratings.

MONEY MARKET INVESTMENTS BY CREDIT RATING	2022		2021	
	Total	% of Total	Total	% Total
AAA/AA	\$ 150,715	100.0 %	\$ —	0.0 %
A	—	0.0	39,796	100.0
Total	\$ 150,715	100.0 %	\$ 39,796	100.0 %

Collateral Pledged and Received

Credit risk relating to is considered low due to the amount and quality of collateral, as well as high counterparty credit ratings. As at December 31, the Fund invested in securities purchased under reverse repurchase agreements with the following security or issuer credit ratings.

REVERSE REPURCHASE INVESTMENTS BY CREDIT RATING	2022		2021	
	Total	% of Total	Total	% Total
AAA/AA	\$ 858,302	48.8 %	\$ 1,407,282	90.4 %
A	599,999	34.1	149,998	9.6
BBB	299,829	17.1	—	0.0
Total	\$ 1,758,130	100.0 %	\$ 1,557,280	100.0 %

CANADIAN MONEY MARKET FUND ST1

Liquidity Risk

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

Interest Rate Risk

As at December 31, the Fund invested in money market investments with terms to maturity within 45 days, and a weighted average effective yield of 4.2% (2021 - 0.2%).

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 \$382 (2021 - \$160), representing 0.0% of the Fund's net assets (2021 - 0.0%). In practice, actual trading 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.

Investments by geographic region

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

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 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.

As at December 31, all fair value measurements noted in the tables below are recurring.

	2022			2021		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market investments	\$ —	\$ 150,715	\$ 150,715	\$ —	\$ 39,796	\$ 39,796
Securities purchased under reverse repurchase agreements	—	1,758,130	1,758,130	—	1,557,280	1,557,280
Total	\$ —	\$ 1,908,845	\$ 1,908,845	\$ —	\$ 1,597,076	\$ 1,597,076

The carrying amount of the Fund's net assets attributable to holders of 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 2022 and 2021 there were no significant transfers between the three levels in the hierarchy.

CANADIAN MONEY MARKET FUND ST2

Statement of Financial Position

(Expressed in thousands of dollars, except number of units)

As at December 31, 2022, with comparative information for 2021

Assets	NOTES	2022	2021
Cash		\$ 885	\$ —
Interest receivable		2,280	2,914
Investments		2,514,741	4,190,459
Total assets		2,517,906	4,193,373
Liabilities			
BCI cost recoveries payable	4	16	49
Other accounts payable		103	150
		119	199
Net assets attributable to holders of redeemable units		\$ 2,517,787	\$ 4,193,174
Number of redeemable units outstanding	5	580,319	984,743
Net assets attributable to holders of redeemable units per unit		\$ 4,339	\$ 4,258

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CANADIAN MONEY MARKET FUND ST2

Statement of Comprehensive Income (Loss)

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Revenue	NOTES	2022	2021
Interest income		\$ 58,462	\$ 8,817
Securities lending income		—	13
Other income	10	11	1,365
Change in fair value of investments:			
Net realized gain (loss)		(7,872)	30
Net change in unrealized appreciation		(28)	2,678
Total revenue		50,573	12,903
Expenses			
BCI cost recoveries	4	375	542
Administrative fees		118	106
Total operating expenses		493	648
Increase in net assets attributable to holders of redeemable units before distributions		50,080	12,255
Distributions to holders of redeemable units		(50,108)	(9,577)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ (28)	\$ 2,678

CANADIAN MONEY MARKET FUND ST2**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Balance, beginning of year	\$ 4,193,174	\$ 3,803,422
Increase (decrease) in net assets attributable to holders of redeemable units	(28)	2,678
Redeemable unit transactions:		
Proceeds from units issued	6,367,605	9,234,186
Reinvestment of distributions	50,108	9,577
Amounts paid for units redeemed	(8,093,072)	(8,856,689)
Net increase (decrease) from redeemable unit transactions	(1,675,359)	387,074
Balance, end of year	\$ 2,517,787	\$ 4,193,174

CANADIAN MONEY MARKET FUND ST2

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (28)	\$ 2,678
Adjustments for:		
Interest income	(58,462)	(8,817)
Net realized (gain) loss from investments	7,872	(30)
Net change in unrealized appreciation of investments	28	(2,678)
Amortization of premiums and discounts	(28,420)	5,153
Non cash distributions	50,108	9,577
BCI cost recoveries payable	(33)	(1,369)
Other accounts payable	(47)	129
Interest received	59,096	6,868
Net sale (purchase) of investments	1,696,238	(389,008)
	1,726,352	(377,497)
Financing activities		
Proceeds from issuance of redeemable units	6,367,605	9,234,186
Payments on redemption of redeemable units	(8,093,072)	(8,856,689)
	(1,725,467)	377,497
Net increase in cash	885	—
Cash, beginning of year	—	—
Cash, end of year	\$ 885	\$ —

CANADIAN MONEY MARKET FUND ST2

Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Federal Government	\$ —	\$ —	\$ 24,915	\$ 24,901
Provincial Government	—	—	40,265	40,269
Municipal Government	—	—	21,617	21,619
Corporate	609,951	609,975	842,693	842,932
	609,951	609,975	929,490	929,721
Money Market Investments				
Federal Government	809,858	810,297	448,900	449,200
Provincial Government	115,187	115,518	265,312	265,571
Municipal Government	37,891	37,892	504,899	504,917
Corporate	849,252	849,239	709,239	709,171
	1,812,188	1,812,946	1,928,350	1,928,859
Investment Related Receivables				
Securities purchased under reverse repurchase agreements	92,602	92,603	1,332,619	1,332,634
Total Investments	\$ 2,514,741	\$ 2,515,524	\$ 4,190,459	\$ 4,191,214

CANADIAN MONEY MARKET FUND ST2

Financial Risk Management Discussion

(Expressed in thousands of dollars)

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 Canada 91 Day T-Bill Index, by 11 basis points per annum, net of all investment 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 which are issued, insured, 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;
- corporate bonds, issued in Canadian dollars;
- corporate commercial paper, issued in Canadian dollars;
- interest-bearing money market investments such as term deposits that meet investment guideline criteria;
- asset-backed securities (i.e. securities collateralized by assets), issued in Canadian dollars;
- unrated Canadian dollar denominated corporate paper (i.e., debt issued by credit unions), up to 1% 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;
- derivative instruments for the purpose of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- fully hedged US dollar denominated securities that meet investment guideline criteria.

The following restrictions apply to the Fund:

- the maximum term to maturity is 15 months, unless it is a callable bond which has a high probability of being called within 15 months;
- no more than 10% of money market investments can be invested in one corporation, with the exception that the Fund may hold up to 15% of the Fund's assets in any one Schedule One bank;
- no more than 25% of the total portfolio can be invested in corporate commercial paper rated A-1 (low) by Standard & Poor's or an equivalent rating from another credit rating agency;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- corporate short term debt securities, and government short term debt securities issued by non-Canadian entities, must be rated A-1(Low) or higher 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 higher by Standard & Poor's or have an equivalent rating from another credit rating agency;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have the discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

CANADIAN MONEY MARKET FUND ST2

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

INVESTMENTS BY CREDIT RATING	2022		2021	
	Total	% of Total	Total	% Total
AAA/AA	\$ 339,171	14.0 %	\$ 995,134	34.8 %
A	1,902,994	78.6	1,690,709	59.2
BBB	29,974	1.2	21,997	0.8
Not rated	150,000	6.2	150,000	5.2
Total	\$ 2,422,139	100 %	\$ 2,857,840	100 %

Collateral Pledged and Received

Credit risk relating to securities purchased under reverse repurchase agreements is considered low due to the amount and quality of collateral, as well as high counterparty credit ratings. As at December 31, 2022, 100% of securities purchased under reverse repurchase agreements were concentrated among one issuer whose credit rating was AA. As at December 31, 2021, 100% of securities purchased under reverse repurchase agreements were concentrated among one issuer whose credit rating was at least AA.

Liquidity Risk

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

Interest Rate Risk

As at December 31, the Fund invested in fixed income instruments with an effective term to maturity within 11 months (2021 - 11 months), and a weighted average effective yield of 4.5% (2021 - 0.4%).

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 \$4,527 (2021 - \$10,057), representing 0.2% of the Fund's net assets (2021 - 0.2%). In practice, actual trading 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.

Investments by geographic region

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

CANADIAN MONEY MARKET FUND ST2

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 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.

As at December 31, all fair value measurements noted in the tables below are recurring.

	2022			2021		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market investments	\$ —	\$ 1,812,188	\$ 1,812,188	\$ —	\$ 1,928,350	\$ 1,928,350
Bonds	—	609,951	609,951	—	929,490	929,490
Securities purchased under reverse repurchase agreements	—	92,602	92,602	—	1,332,619	1,332,619
Total	\$ —	\$ 2,514,741	\$ 2,514,741	\$ —	\$ 4,190,459	\$ 4,190,459

The carrying amount of the Fund's net assets attributable to holders of 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 2022 and 2021 there were no significant transfers between the three levels in the hierarchy.

U.S. DOLLAR MONEY MARKET FUND ST3

Statement of Financial Position

(Expressed in thousands of U.S. dollars, except number of units)

As at December 31, 2022, with comparative information for 2021

Assets	NOTES	2022	2021
Cash		\$ —	\$ 24
Interest receivable		585	2
Investments		2,470,519	2,934,752
Total assets		2,471,104	2,934,778
Liabilities			
BCI cost recoveries payable	4	12	10
Other accounts payable		100	74
		112	84
Net assets attributable to holders of redeemable units		\$ 2,470,992	\$ 2,934,694
Number of redeemable units outstanding	5	1,057.180	1,276.337
Net assets attributable to holders of redeemable units per unit		\$ 2,337	\$ 2,299

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

U.S. DOLLAR MONEY MARKET FUND ST3

Statement of Comprehensive Income (Loss)

(Expressed in thousands of U.S. dollars)

Year ended December 31, 2022, with comparative information for 2021

Revenue	NOTES	2022	2021
Interest income		\$ 30,766	\$ 662
Other income	10	(1)	133
Foreign exchange loss		—	(51)
Change in fair value of investments:			
Net realized gain		—	400
Net change in unrealized appreciation		13	(363)
Total revenue		30,778	781
Expenses			
BCI cost recoveries	4	140	114
Administrative fees		69	23
Total operating expenses		209	137
Increase in net assets attributable to holders of redeemable units before distributions		30,569	644
Distributions to holders of redeemable units		(30,557)	(1,008)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 12	\$ (364)

U.S. DOLLAR MONEY MARKET FUND ST3**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of U.S. dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Balance, beginning of year	\$ 2,934,694	\$ 780,492
Increase (decrease) in net assets attributable to holders of redeemable units	12	(364)
Redeemable unit transactions:		
Proceeds from units issued	23,101,007	24,618,301
Reinvestment of distributions	30,557	1,008
Amounts paid for units redeemed	(23,595,278)	(22,464,743)
Net increase (decrease) from redeemable unit transactions	(463,714)	2,154,566
Balance, end of year	\$ 2,470,992	\$ 2,934,694

U.S. DOLLAR MONEY MARKET FUND ST3

Statement of Cash Flows

(Expressed in thousands of U.S. dollars)

Year ended December 31, 2022, with comparative information for 2021

Operating activities	2022	2021
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 12	\$ (364)
Adjustments for:		
Foreign exchange loss	—	51
Interest income	(30,766)	(662)
Net realized gain from investments	—	(400)
Net change in unrealized appreciation of investments	(13)	363
Amortization of premiums and discounts	(48)	(139)
Non cash distributions	30,557	1,008
Other receivables	—	13
BCI cost recoveries payable	2	(162)
Other accounts payable	26	74
Interest received	30,183	661
Net sale (purchase) of investments	464,294	(2,153,926)
	494,247	(2,153,483)
Financing activities		
Proceeds from issuance of redeemable units	23,101,007	24,618,301
Payments on redemption of redeemable units	(23,595,278)	(22,464,743)
	(494,271)	2,153,558
Net increase (decrease) in cash	(24)	75
Effect of exchange rate changes on cash	—	(51)
Cash, beginning of year	24	—
Cash, end of year	\$ —	\$ 24

U.S. DOLLAR MONEY MARKET FUND ST3

Schedule of Investments

(Expressed in thousands of U.S. dollars)

As at December 31, 2022, with comparative information for 2021

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Money Market Investments				
Federal Government	\$ —	\$ —	\$ 225,988	\$ 225,992
Corporate	870,805	870,806	938,779	938,779
	870,805	870,806	1,164,767	1,164,771
Investment Related Receivables				
Securities purchased under reverse repurchase agreements	1,599,714	1,599,720	1,769,985	1,770,001
Total Investments	\$ 2,470,519	\$ 2,470,526	\$ 2,934,752	\$ 2,934,772

U.S. DOLLAR MONEY MARKET FUND ST3

Financial Risk Management Discussion

(Expressed in thousands of U.S. dollars)

The U.S. Dollar Money Market Fund ST3 (the "Fund") invests in short term government and corporate debt securities, including commercial paper. The Fund's benchmark is the Secured Overnight Financing Rate ("SOFR").

The Fund can hold the following securities:

- US dollar denominated securities which are issued, insured or guaranteed by the Government of Canada, a provincial or municipal government;
- United States Treasury Bills (T-bills);
- US dollar denominated corporate commercial paper and asset-backed securities, 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;
- unrated Canadian corporate paper, up to 1% of the Fund's assets;
- interest-bearing money market investments such as term deposits, that meet investment guideline criteria;
- repurchase agreement investments secured by fixed income securities which are issued, insured, or guaranteed by the United States Government;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- fully hedged Canadian-dollar denominated securities that meet investment guideline criteria.

The following restrictions apply to the Fund:

- the maximum term to maturity of any one security is 45 days;
- no more than 10% of money market investments can be invested in one corporation, with the exception that the Fund may hold up to 15% of fund assets in any one Schedule One bank;
- no more than 25% of the total portfolio can be invested in corporate commercial paper rated A-1 (low) by Standard & Poor's or an equivalent rating from another credit rating agency;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 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 security or issuer credit ratings.

MONEY MARKET INVESTMENTS BY CREDIT RATING	2022		2021	
	Total	% of Total	Total	% Total
AAA/AA	\$ 100,000	11.5 %	\$ 149,996	12.9 %
A	770,805	88.5	1,014,771	87.1
Total	\$ 870,805	100.0 %	\$ 1,164,767	100.0 %

Collateral Pledged and Received

Credit risk relating to securities purchased under reverse repurchase agreements is considered low due to the amount and quality of collateral, as well as high counterparty credit ratings. As at December 31, 2022, 100% of securities purchased under reverse repurchase agreements were concentrated among three issuers whose credit rating was at least A. As at December 31, 2021, 100% of securities purchased under reverse repurchase agreements were concentrated among three issuers whose credit rating was at least A.

U.S. DOLLAR MONEY MARKET FUND ST3

Liquidity Risk

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

Interest Rate Risk

As at December 31, the Fund invested in fixed income instruments with terms to maturity within 45 days, and a weighted average effective yield of 4.3% (2021 - 0.1%).

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 \$247 (2021 - \$293), representing 0.0% of the Fund's net assets (2021 - 0.0%). In practice, actual trading 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 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 investments are exposed to the Canadian market, as all of the investments are U.S. dollar denominated instruments issued by Canadian governments and corporations.

U.S. DOLLAR MONEY MARKET FUND ST3

Fair Value Measurement Discussion

(Expressed in thousands of U.S. dollars)

As described in note 7 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.

As at December 31, all fair value measurements noted in the tables below are recurring.

	2022			2021		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market investments	\$ —	\$ 870,805	\$ 870,805	\$ —	\$ 1,164,767	\$ 1,164,767
Securities purchased under reverse repurchase agreements	—	1,599,714	1,599,714	—	1,769,985	1,769,985
Total	\$ —	\$ 2,470,519	\$ 2,470,519	\$ —	\$ 2,934,752	\$ 2,934,752

The carrying amount of the Fund's net assets attributable to holders of 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 2022 and 2021 there were no significant transfers between the three levels in the hierarchy.

U.S. DOLLAR MONEY MARKET FUND ST4

Statement of Financial Position

(Expressed in thousands of U.S. dollars, except number of units)

As at December 31, 2022 (note 1)

Assets	NOTES	2022
Interest receivable		\$ 120
Derivative assets		
Forwards		350
Investments		487,441
Total assets		487,911
Liabilities		
BCI cost recoveries payable	4	4
Other accounts payable		9
Derivative liabilities		
Forwards		409
		422
Net assets attributable to holders of redeemable units		\$ 487,489
Number of redeemable units outstanding	5	479,413
Net assets attributable to holders of redeemable units per unit		\$ 1,017

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

U.S. DOLLAR MONEY MARKET FUND ST4

Statement of Comprehensive Income

(Expressed in thousands of U.S. dollars)

Period ended December 31, 2022 (note 1)

Revenue	NOTES	2022
Interest income		\$ 7,998
Foreign exchange loss		(1,069)
Change in fair value of investments and derivatives:		
Net realized gain		976
Net change in unrealized appreciation		63
Total revenue		7,968
Expenses		
BCI cost recoveries	4	24
Administrative fees		11
Total operating expenses		35
Increase in net assets attributable to holders of redeemable units before distributions		7,933
Distributions to holders of redeemable units		(7,870)
Increase in net assets attributable to holders of redeemable units		\$ 63

U.S. DOLLAR MONEY MARKET FUND ST4**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of U.S. dollars)

Period ended December 31, 2022 (note 1)

	2022
Balance, beginning of period	\$ —
Increase in net assets attributable to holders of redeemable units	63
Redeemable unit transactions:	
Proceeds from units issued	485,808
Reinvestment of distributions	7,870
Amounts paid for units redeemed	(6,252)
Net increase from redeemable unit transactions	487,426
Balance, end of period	\$ 487,489

U.S. DOLLAR MONEY MARKET FUND ST4

Statement of Cash Flows

(Expressed in thousands of U.S. dollars)

Period ended December 31, 2022 (note 1)

Operating activities	2022
Increase in net assets attributable to holders of redeemable units	\$ 63
Adjustments for:	
Foreign exchange loss	1,069
Interest income	(7,998)
Net realized gain from investments and derivatives	(976)
Net change in unrealized appreciation of investments and derivatives	(63)
Amortization of premiums and discounts	(4,002)
Non cash distributions	7,870
BCI cost recoveries payable	4
Other accounts payable	9
Interest received	7,878
Net purchase of investments and derivatives	(482,341)
	(478,487)
Financing activities	
Proceeds from issuance of redeemable units	485,808
Payments on redemption of redeemable units	(6,252)
	479,556
Net increase in cash	1,069
Effect of exchange rate changes on cash	(1,069)
Cash, beginning and end of period	\$ —

U.S. DOLLAR MONEY MARKET FUND ST4

Schedule of Investments

(Expressed in thousands of U.S. dollars)

As at December 31, 2022

	2022	
	Fair Value	Cost
Money Market Investments		
Federal Government	\$ 197,366	\$ 197,372
Corporate	200,070	199,942
	397,436	397,314
Investment Related Receivables		
Securities purchased under reverse repurchase agreements	90,005	90,005
Total Investments	\$ 487,441	\$ 487,319

U.S. DOLLAR MONEY MARKET FUND ST4

Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2022

	2022		
	Notional Value ^(a)	Fair Value	
		Derivative Assets ^(b)	Derivative Liabilities
Currency derivatives			
OTC			
Forwards	\$ 95,703	\$ 350	\$ (409)
Total	\$ 95,703	\$ 350	\$ (409)

The terms to maturity based on notional value for the derivatives were as follows at December 31:

	2022
Less than 1 year	\$ 95,703
Total	\$ 95,703

(a) Notional value represents the net absolute value of the contractual amount to which a rate or price is applied in order to calculate the exchange of cash flows and is therefore not recorded in the financial statements. Notional amounts do not necessarily indicate the amounts of future cash flows or the current fair value of the derivative contracts and, therefore do not necessarily indicate the Fund's exposure to credit or market risk.

(b) The fair value of derivative contracts recorded as an asset represents the credit risk or the loss to which the Fund is potentially exposed should counterparties fail to perform under the derivative contract.

U.S. DOLLAR MONEY MARKET FUND ST4

Financial Risk Management Discussion

(Expressed in thousands of U.S. dollars)

The U.S. Dollar Money Market Fund ST4 (the "Fund") invests in high quality government and corporate debt securities, primarily denominated in US dollars. The Fund's benchmark is the ICE BofA US 3-Month Treasury Bill Index.

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, or the Government of the United States;
- US dollar denominated fixed income securities which are issued or guaranteed by a sovereign or supranational entity 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 the Inter-American Development Bank;
- corporate bonds, issued in US dollars;
- corporate money market securities, issued in US dollars;
- interest-bearing money market investments such as term deposits, in US dollars;
- asset-backed securities issued in US dollars;
- repurchase agreement investments secured by fixed income securities which are issued or guaranteed by the United States Government;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- fully hedged non-US dollar denominated investments that meet investment guideline criteria.

The following restrictions apply to the Fund:

- the maximum term to maturity of any one security is 15 months unless it is a callable bond which has a high probability of being called within 15 months;
- no more than 10% of the market value of the Fund can be one corporation or related companies with the exception that the Fund may hold up to 15 percent of the market value of the Fund in any one Schedule One (Canadian) bank;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- providers and issuers of corporate money market investments, and government money market securities not issued or guaranteed by the Government of Canada or a Canadian provincial or municipal government or the Government of the United States, must be rated "A-1" or better by Standard & Poor's or have an equivalent rating from another credit rating agency;
- issuers of corporate bonds, and government bonds that are not issued or guaranteed by a Canadian entity or the Government of the United States, must be rated "A-" or better by Standard & Poor's or have an equivalent rating from another credit rating agency;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

U.S. DOLLAR MONEY MARKET FUND ST4

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

MONEY MARKET INVESTMENTS BY CREDIT RATING		2022	
		Total	% of Total
A	\$	397,436	100.0 %
Total	\$	397,436	100.0 %

The Fund invests in derivative contracts, which inherently have counterparty risk. Futures derivative contracts are not exposed to counterparty risk as they are settled daily. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of derivative instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

DERIVATIVES BY CREDIT RATING		2022		
		Notional Value	Fair Value	
			Derivative Assets	Derivative Liabilities
AAA/AA	\$	38,045	\$ —	\$ (335)
A		57,658	350	(74)
Total Derivatives	\$	95,703	\$ 350	\$ (409)

Collateral Pledged and Received

Credit risk relating to securities purchased under reverse repurchase agreements is considered low due to the amount and quality of collateral, as well as high counterparty credit ratings. As at December 31, 2022, 100% of securities purchased under reverse repurchase agreements were concentrated among one issuer whose credit rating was at least AA.

U.S. DOLLAR MONEY MARKET FUND ST4

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 assets and derivative financial liabilities as at December 31:

2022					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 350	\$ 350	\$ —	\$ —	350
Derivative liabilities	(409)	(409)	—	—	(409)
	\$ (59)	\$ (59)	\$ —	\$ —	(59)

Interest Rate Risk

As at December 31, the Fund invested in fixed income instruments with terms to maturity within 4 months, and a weighted average effective yield of 4.5%.

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 \$731, representing 0.1% of the Fund's net assets. In practice, actual trading 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 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 investments are exposed to the Canadian market, as the majority of the investments are U.S. dollar denominated instruments issued by Canadian governments and corporations.

U.S. DOLLAR MONEY MARKET FUND ST4

Fair Value Measurement Discussion

(Expressed in thousands of U.S. dollars)

As described in note 7 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.

As at December 31, all fair value measurements noted in the tables below are recurring.

	2022			
	Level 1 (Quoted Price in Active Market)		Level 2 (Significant Observable Inputs)	
				Total
Money market investments	\$	—	\$ 397,436	\$ 397,436
Securities purchased under reverse repurchase agreements		—	90,005	90,005
Total investments		—	487,441	487,441
Forwards, net		—	(59)	(59)
Total	\$	—	\$ 487,382	\$ 487,382

The carrying amount of the Fund's net assets attributable to holders of 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 2022, there were no significant transfers between the three levels in the hierarchy.

CDOR 1 FLOATING RATE FUND

Statement of Financial Position

(Expressed in thousands of dollars, except number of units)

As at December 31, 2022, with comparative information for 2021

Assets	NOTES	2022	2021
Receivable from issuance of units		\$ 3,167	\$ —
Interest receivable		59,264	16,445
Other receivables		33	—
Derivative assets			
Swaps		180,855	27,642
Investments		18,969,480	14,066,046
Total assets		19,212,799	14,110,133
Liabilities			
Payable for purchase of investments		46,000	—
Payable for redemption of units		—	332
BCI cost recoveries payable	4	83	62
Other accounts payable		58	54
Derivative liabilities			
Swaps		20,434	16,623
		66,575	17,071
Net assets attributable to holders of redeemable units		\$ 19,146,224	\$ 14,093,062
Number of redeemable units outstanding	5	17,455.930	13,149.430
Net assets attributable to holders of redeemable units per unit		\$ 1,097	\$ 1,072

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CDOR 1 FLOATING RATE FUND

Statement of Comprehensive Loss

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Revenue	NOTES	2022	2021
Interest income		\$ 394,686	\$ 87,092
Dividend income		66,052	171,754
Securities lending income		11,432	9,597
Other income	10	306	249
Foreign exchange gain (loss)		237	(4,115)
Change in fair value of investments and derivatives:			
Net realized loss		(122,516)	(89,631)
Net change in unrealized appreciation		99,693	(114,821)
Total revenue		449,890	60,125
Expenses			
BCI cost recoveries	4	916	847
Administrative fees		82	45
Commissions and stock exchange fees		4	7
Total operating expenses		1,002	899
Increase in net assets attributable to holders of redeemable units before distributions		448,888	59,226
Distributions to holders of redeemable units		(471,731)	(264,370)
Decrease in net assets attributable to holders of redeemable units		\$ (22,843)	\$ (205,144)

CDOR 1 FLOATING RATE FUND**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Balance, beginning of year	\$ 14,093,062	\$ 14,553,479
Decrease in net assets attributable to holders of redeemable units	(22,843)	(205,144)
Redeemable unit transactions:		
Proceeds from units issued	48,423,721	23,703,548
Reinvestment of distributions	471,731	264,370
Amounts paid for units redeemed	(43,819,447)	(24,223,191)
Net increase (decrease) from redeemable unit transactions	5,076,005	(255,273)
Balance, end of year	\$ 19,146,224	\$ 14,093,062

CDOR 1 FLOATING RATE FUND

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Operating activities	2022	2021
Decrease in net assets attributable to holders of redeemable units	\$ (22,843)	\$ (205,144)
Adjustments for:		
Foreign exchange (gain) loss	(237)	4,115
Interest income	(394,686)	(87,092)
Net realized loss from investments and derivatives	122,516	89,631
Net change in unrealized appreciation of investments and derivatives	(99,693)	114,821
Amortization of premiums and discounts	(19,858)	77,283
Non cash distributions	471,731	264,370
Other receivables	(33)	10
BCI cost recoveries payable	21	(185)
Other accounts payable	4	11
Interest received	351,867	102,756
Net sale (purchase) of investments and derivatives	(5,009,801)	162,850
	(4,601,012)	523,426
Financing activities		
Proceeds from issuance of redeemable units	48,420,554	23,733,584
Payments on redemption of redeemable units	(43,819,779)	(24,252,895)
	4,600,775	(519,311)
Net increase (decrease) in cash	(237)	4,115
Effect of exchange rate changes on cash	237	(4,115)
Cash, beginning and end of year	\$ —	\$ —

CDOR 1 FLOATING RATE FUND

Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Federal Government	\$ 5,236,278	\$ 5,262,543	\$ 6,723,410	\$ 6,732,447
Provincial Government	3,461,602	3,507,057	1,647,636	1,647,674
Corporate	6,275,666	6,345,085	828,949	827,844
Supranational and Sovereign	—	—	100	100
	14,973,546	15,114,685	9,200,095	9,208,065
Money Market Investments				
Federal Government	1,354,790	1,355,737	454,388	465,967
Provincial Government	—	—	105,445	105,616
Corporate	199,963	199,966	250,000	250,000
Units in BCI Pooled Investment Portfolio				
Fund ST1	178,513	178,513	167,827	167,829
	1,733,266	1,734,216	977,660	989,412
Floating Rate Funds				
Units in BCI Pooled Investment Portfolio				
CDOR 2 Floating Rate Fund	2,262,668	2,289,961	3,888,291	3,988,242
Total Investments	\$ 18,969,480	\$ 19,138,862	\$ 14,066,046	\$ 14,185,719

CDOR 1 FLOATING RATE FUND

Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022			2021		
	Notional Value ^(a)	Fair Value		Notional Value ^(a)	Fair Value	
		Derivative Assets ^(b)	Derivative Liabilities		Derivative Assets ^(b)	Derivative Liabilities
Currency derivatives						
OTC						
Swaps	\$ 239,532	\$ —	\$ (6,079)	\$ 280,576	\$ 19,693	\$ —
Interest rate derivatives						
Listed						
Futures ^(c)	124,750	—	—	—	—	—
OTC						
Swaps	11,275,305	180,855	(14,355)	7,206,822	7,949	(16,623)
Total	\$ 11,639,587	\$ 180,855	\$ (20,434)	\$ 7,487,398	\$ 27,642	\$ (16,623)

The terms to maturity based on notional value for the derivatives were as follows at December 31:

	2022	2021
Less than 1 year	\$ 5,379,262	\$ 6,848,270
1 to 2 years	1,314,325	569,128
Over 2 years	4,946,000	70,000
Total	\$ 11,639,587	\$ 7,487,398

- (a) Notional value represents the net absolute value of the contractual amount to which a rate or price is applied in order to calculate the exchange of cash flows and is therefore not recorded in the financial statements. Notional amounts do not necessarily indicate the amounts of future cash flows or the current fair value of the derivative contracts and, therefore do not necessarily indicate the Fund's exposure to credit or market risk.
- (b) The fair value of derivative contracts recorded as an asset represents the credit risk or the loss to which the Fund is potentially exposed should counterparties fail to perform under the derivative contract.
- (c) As futures derivative contracts are fair valued through profit and loss and settled daily, the gain or loss recognized on December 31 is recorded in other receivables or other accounts payable on the Statement of Financial Position and in realized gains and losses on the Statement of Comprehensive Income.

CDOR 1 FLOATING RATE FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The CDOR 1 Floating Rate Fund (the "Fund") allows participating BCI pooled Funds to earn a floating rate return that is linked to the benchmark reference rate, the Canadian Dollar Offered Rate. Ownership of the Fund is limited to BCI pooled funds and BCI clients through segregated investment accounts. The functional currency of the Fund is Canadian dollars.

The Fund can hold the following securities:

- government and corporate fixed income securities;
- money market investments;
- repurchase agreement investments secured by fixed income securities which are issued, insured, or guaranteed by the Government of Canada or a Provincial Government;
- publicly traded common stock, common stock equivalents or exchange traded funds of companies whose country is included in the Morgan Stanley Capital International All Country World Constituent Index, paired with derivative instruments;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- agreements to finance other BCI and QuadReal-managed entities and accounts; and
- Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), US Dollar Money Market Fund (ST3), US Dollar Money Market Fund (ST4), and other BCI short-term fixed income pooled funds for cash, currency hedging, and collateral management purposes.

The following restrictions apply to the Fund:

- fixed income investments are limited to issuers or entities with a minimum long-term credit rating of "BBB-" by Standard & Poor's, or short-term credit rating of A- 1 (low), or have an equivalent credit rating from another credit rating agency;
- the maximum term to maturity of a security is 5 years, unless it is a callable bond which has a high probability of being called within 5 years;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have the discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

CDOR 1 FLOATING RATE FUND

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

INVESTMENTS BY CREDIT RATING	2022		2021	
	Total	% of Total	Total	% Total
AAA/AA	\$ 7,632,448	46.1 %	\$ 7,001,537	69.9 %
A	8,439,525	51.1	2,508,173	25.1
BBB	306,326	1.9	295,336	3.0
Not rated	150,000	0.9	204,882	2.0
Total	\$ 16,528,299	100.0 %	\$ 10,009,928	100.0 %

The Fund invests in derivative contracts, which inherently have counterparty risk. Futures derivative contracts are not exposed to counterparty risk as they are settled daily. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of derivative instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

DERIVATIVES BY CREDIT RATING	2022			2021		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 6,332,127	\$ 114,333	\$ (13,024)	\$ 3,344,395	\$ 6,216	\$ (3,422)
A	5,182,710	66,522	(7,410)	4,143,003	21,426	(13,201)
Total Derivatives	\$ 11,514,837	\$ 180,855	\$ (20,434)	\$ 7,487,398	\$ 27,642	\$ (16,623)

Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 6 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2022	2021
Collateral received	\$ 162,741	18,893
Collateral pledged	2,951	96,898

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 assets and derivative financial liabilities as at December 31:

	2022				
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 180,855	\$ 49,175	\$ 33,696	\$ 97,984	\$ 180,855
Derivative liabilities	(20,434)	(15,451)	—	(4,983)	(20,434)
	\$ 160,421	\$ 33,724	\$ 33,696	\$ 93,001	\$ 160,421

CDOR 1 FLOATING RATE FUND

2021						
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total	
Derivative assets	\$ 27,642	\$ 23,617	\$ 2,888	\$ 1,137	\$ 27,642	
Derivative liabilities	(16,623)	(15,248)	(1,375)	—	(16,623)	
	\$ 11,019	\$ 8,369	\$ 1,513	\$ 1,137	\$ 11,019	

Interest Rate Risk

The current strategy of the Fund is to invest largely in fixed income securities and enter into derivative contracts whereby the fixed interest rate returns of the fixed income securities are swapped for a floating rate of return linked to CDOR. Therefore, the Fund is generally not exposed to fair value interest rate risk from the fixed income securities held within the Fund.

BONDS BY MATURITY DATE	2022		2021	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 6,956,054	4.8 %	\$ 7,991,899	0.4 %
1 to 2 years	2,472,910	4.7	978,500	0.6
2 to 5 years	5,544,582	4.4	229,696	1.0
Total Bonds	\$ 14,973,546	4.6 %	\$ 9,200,095	0.4 %

As at December 31, the Fund invested in money market investments with terms to maturity within 1 year, and a weighted average effective yield of 3.8%.

Currency Risk

As at December 31, 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.

2022				
	Net Investments and Investment-Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable	Net Exposure	% of Total Net Assets
Japanese Yen	\$ 205,607	\$ (205,381)	\$ 226	— %
United States Dollar	40,894	(40,649)	245	—
Net Foreign Exchange Exposure	\$ 246,501	\$ (246,030)	\$ 471	— %

2021				
	Net Investments and Investment-Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable	Net Exposure	% of Total Net Assets
British Pound Sterling	\$ 69,078	\$ (68,435)	\$ 643	— %
Japanese Yen	153,742	(153,568)	174	—
United States Dollar	38,654	(37,895)	759	—
Net Foreign Exchange Exposure	\$ 261,474	\$ (259,898)	\$ 1,576	— %

As at December 31, 2022, 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 \$5 (2021 - \$16), representing 0.0% (2021 - 0.0%) of the Fund's net assets. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

CDOR 1 FLOATING RATE FUND

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 investments are exposed to the Canadian market.

CDOR 1 FLOATING RATE FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 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.

As at December 31, all fair value measurements noted in the tables below are recurring.

	2022			2021		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	\$ 178,513	\$ —	\$ 178,513	\$ 167,827	\$ —	\$ 167,827
Floating rate funds	2,262,668	—	2,262,668	3,888,291	—	3,888,291
Money market investments	—	1,554,753	1,554,753	—	809,833	809,833
Bonds	—	14,973,546	14,973,546	—	9,200,095	9,200,095
Total investments	2,441,181	16,528,299	18,969,480	4,056,118	10,009,928	14,066,046
Swaps, net	—	160,421	160,421	—	11,019	11,019
Total	\$ 2,441,181	\$ 16,688,720	\$ 19,129,901	\$ 4,056,118	\$ 10,020,947	\$ 14,077,065

The carrying amount of the Fund's net assets attributable to holders of 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 2022 and 2021 there were no significant transfers between the three levels in the hierarchy.

CDOR 1 FLOATING RATE FUND

Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

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 2022 and 2021, 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 their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2022			2021		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,910,876	\$ 178,513	1	\$ 1,596,948	\$ 167,827
Investee floating rate funds administered by BCI	1	3,102,219	2,262,668	1	5,710,010	3,888,291

CDOR 2 FLOATING RATE FUND

Statement of Financial Position

(Expressed in thousands of dollars, except number of units)

As at December 31, 2022, with comparative information for 2021

Assets	NOTES	2022	2021
Interest receivable	\$	—	\$ 1,748
Dividends receivable		2,293	20,435
Other receivables		—	17
Derivative assets			
Swaps		16,682	4,373
Investments		3,086,242	5,789,448
Total assets		3,105,217	5,816,021
Liabilities			
Other accounts payable		2,315	20,407
Derivative liabilities			
Swaps		683	85,604
		2,998	106,011
Net assets attributable to holders of redeemable units	\$	3,102,219	\$ 5,710,010
Number of redeemable units outstanding	5	2,794.770	5,281.190
Net assets attributable to holders of redeemable units per unit	\$	1,110	\$ 1,081

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CDOR 2 FLOATING RATE FUND

Statement of Comprehensive Loss

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Revenue	NOTES	2022	2021
Interest income		\$ 42,207	\$ 2,513
Dividend income		72,832	225,336
Securities lending income		237	419
Other income	10	448	2
Foreign exchange loss		(737)	(3,543)
Change in fair value of investments and derivatives:			
Net realized gain (loss)		22,823	(207,473)
Net change in unrealized appreciation		(58,260)	(1,370)
Total revenue		79,550	15,884
Expenses			
Administrative fees		26	26
Commissions and stock exchange fees		7	5
Total operating expenses		33	31
Increase in net assets attributable to holders of redeemable units before distributions		79,517	15,853
Distributions to holders of redeemable units		(160,187)	(214,715)
Decrease in net assets attributable to holders of redeemable units		\$ (80,670)	\$ (198,862)

CDOR 2 FLOATING RATE FUND**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Balance, beginning of year	\$ 5,710,010	\$ 1,707,804
Decrease in net assets attributable to holders of redeemable units	(80,670)	(198,862)
Redeemable unit transactions:		
Proceeds from units issued	3,391,121	9,977,766
Reinvestment of distributions	160,187	214,715
Amounts paid for units redeemed	(6,078,429)	(5,991,413)
Net increase (decrease) from redeemable unit transactions	(2,527,121)	4,201,068
Balance, end of year	\$ 3,102,219	\$ 5,710,010

CDOR 2 FLOATING RATE FUND

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Operating activities	2022	2021
Decrease in net assets attributable to holders of redeemable units	\$ (80,670)	\$ (198,862)
Adjustments for:		
Foreign exchange loss	737	3,543
Interest income	(42,207)	(2,513)
Dividend income	(72,832)	(225,336)
Net realized (gain) loss from investments and derivatives	(22,823)	207,473
Net change in unrealized appreciation of investments and derivatives	58,260	1,370
Amortization of premiums and discounts	(2)	—
Non cash distributions	160,187	214,715
Other receivables	17	(17)
Other accounts payable	(18,092)	20,395
Interest received	43,955	765
Dividends received	90,974	215,352
Net sale (purchase) of investments and derivatives	2,570,541	(4,219,695)
	2,688,045	(3,982,810)
Financing activities		
Proceeds from issuance of redeemable units	3,391,121	9,977,766
Payments on redemption of redeemable units	(6,078,429)	(5,991,413)
	(2,687,308)	3,986,353
Net increase in cash	737	3,543
Effect of exchange rate changes on cash	(737)	(3,543)
Cash, beginning and end of year	\$ —	\$ —

CDOR 2 FLOATING RATE FUND

Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Equity Investments				
Publicly Traded	\$ 194,738	\$ 263,820	\$ 4,301,071	\$ 4,189,564
Money Market Investments				
Units in BCI Pooled Investment Portfolio				
Fund ST1	296	296	388	388
Fund ST3	6	6	7	7
	302	302	395	395
Internal Financing Transactions (note 4)				
Loan to Infrastructure & Renewable Resources program	1,328,209	1,314,121	436,519	436,000
Loan to QuadReal-managed entities	1,562,993	1,550,000	1,051,463	1,050,000
	2,891,202	2,864,121	1,487,982	1,486,000
Total Investments	\$ 3,086,242	\$ 3,128,243	\$ 5,789,448	\$ 5,675,959

CDOR 2 FLOATING RATE FUND

Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022			2021		
	Notional Value ^(a)	Fair Value		Notional Value ^(a)	Fair Value	
		Derivative Assets ^(b)	Derivative Liabilities		Derivative Assets ^(b)	Derivative Liabilities
Equity derivatives						
OTC						
Swaps	\$ 210,081	\$ 16,682	\$ —	\$ 4,218,735	\$ 4,373	\$ (85,308)
Interest rate derivatives						
OTC						
Swaps	1,250,000	—	(683)	750,000	—	(296)
Total	\$ 1,460,081	\$ 16,682	\$ (683)	\$ 4,968,735	\$ 4,373	\$ (85,604)

The terms to maturity based on notional value for the derivatives were as follows at December 31:

	2022	2021
Less than 1 year	\$ 1,460,081	\$ 4,718,735
1 to 2 years	—	250,000
Total	\$ 1,460,081	\$ 4,968,735

(a) Notional value represents the net absolute value of the contractual amount to which a rate or price is applied in order to calculate the exchange of cash flows and is therefore not recorded in the financial statements. Notional amounts do not necessarily indicate the amounts of future cash flows or the current fair value of the derivative contracts and, therefore do not necessarily indicate the Fund's exposure to credit or market risk.

(b) The fair value of derivative contracts recorded as an asset represents the credit risk or the loss to which the Fund is potentially exposed should counterparties fail to perform under the derivative contract.

CDOR 2 FLOATING RATE FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The CDOR 2 Floating Rate Fund (the "Fund") allows participating BCI pooled Funds to earn a floating rate return that is linked to the benchmark reference rate, the Canadian Dollar Offered Rate ("CDOR"). Ownership of the Fund is limited to BCI pooled funds. The functional currency of the Fund is Canadian dollars.

The Fund can hold the following securities:

- government and corporate fixed income securities;
- money market investments;
- repurchase agreement investments secured by fixed income securities which are issued, insured, or guaranteed by the Government of Canada or a Provincial Government;
- publicly traded common stock, common stock equivalents or exchange traded funds of companies whose country is included in the Morgan Stanley Capital International All Country World Constituent Index, paired with derivative instruments;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- agreements to finance other BCI and QuadReal-managed entities and accounts; and
- Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), US Dollar Money Market Fund (ST3), US Dollar Money Market Fund (ST4), and other BCI short-term fixed income pooled funds for cash, currency hedging, and collateral management purposes.

The following restrictions apply to the Fund:

- fixed income investments are limited to issuers or entities with a minimum long-term credit rating of "BBB-" by Standard & Poor's, or short-term credit rating of A- 1 (low), or have an equivalent credit rating from another credit rating agency;
- the maximum term to maturity of a security is 5 years, unless it is a callable bond which has a high probability of being called within 5 years;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have the discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

CDOR 2 FLOATING RATE FUND

Credit Risk

The Fund invests in derivative contracts, which inherently have counterparty risk. Futures derivative contracts are not exposed to counterparty risk as they are settled daily. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of derivative instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

DERIVATIVES BY CREDIT RATING	2022						2021					
	Fair Value			Fair Value			Fair Value			Fair Value		
	Notional Value	Derivative Assets	Derivative Liabilities	Notional Value	Derivative Assets	Derivative Liabilities	Notional Value	Derivative Assets	Derivative Liabilities	Notional Value	Derivative Assets	Derivative Liabilities
AAA/AA	\$ —	\$ —	\$ —	\$ 2,499,814	\$ —	\$ (60,864)	\$ 2,499,814	\$ —	\$ (60,864)	\$ 2,499,814	\$ —	\$ (60,864)
A	210,081	16,682	—	1,718,921	4,373	(24,444)	1,718,921	4,373	(24,444)	1,718,921	4,373	(24,444)
Not rated	1,250,000	—	(683)	750,000	—	(296)	750,000	—	(296)	750,000	—	(296)
Total Derivatives	\$ 1,460,081	\$ 16,682	\$ (683)	\$ 4,968,735	\$ 4,373	\$ (85,604)	\$ 4,968,735	\$ 4,373	\$ (85,604)	\$ 4,968,735	\$ 4,373	\$ (85,604)

The Fund's loans were made to related parties as described in note 4. Due to the private nature of the loans, they are not subject to rating by a rating agency. The maximum credit risk exposure is \$2,891,202 (2021 - \$1,487,982).

Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 6 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2022	2021
Collateral received	\$ 14,389	2,541

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 assets and derivative financial liabilities as at December 31:

2022					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 16,682	\$ 16,682	\$ —	\$ —	\$ 16,682
Derivative liabilities	(683)	(683)	—	—	(683)
	\$ 15,999	\$ 15,999	\$ —	\$ —	\$ 15,999

2021					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 4,373	\$ 4,373	\$ —	\$ —	\$ 4,373
Derivative liabilities	(85,604)	(85,526)	(78)	—	(85,604)
	\$ (81,231)	\$ (81,153)	\$ (78)	\$ —	\$ (81,231)

CDOR 2 FLOATING RATE FUND

Interest Rate Risk

As at December 31, the Fund held no fixed income instruments. The current strategy of the Fund is to invest in publicly traded equity securities and enter into derivative contracts, whereby the total return of the publicly traded equity securities is swapped for a floating rate of return linked to CDOR.

As the securities held within the Fund are swapped for a floating rate of return linked to CDOR and the internal financing transactions are linked to CDOR, the Fund is not exposed to significant fair value 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.

Other Price Risk

The current strategy of the Fund is to invest in publicly traded equity securities and enter into derivative contracts, whereby the total return of the publicly traded equity securities is swapped for a floating rate of return linked to CDOR. Because of the Fund's current strategy, the Fund is generally not exposed to other price risk from the publicly traded public equity securities. As the Fund's financial assets and liabilities are not exposed to significant other price risk, industry and geographic concentration information is not provided.

CDOR 2 FLOATING RATE FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 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.

As at December 31, all fair value measurements noted in the tables below are recurring.

	2022			2021		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Public equities	\$ 194,738	\$ —	\$ 194,738	\$ 4,301,071	\$ —	\$ 4,301,071
Money market funds	302	—	302	395	—	395
Internal financing transactions	—	2,891,202	2,891,202	—	1,487,982	1,487,982
Total investments	195,040	2,891,202	3,086,242	4,301,466	1,487,982	5,789,448
Swaps, net	—	15,999	15,999	—	(81,231)	(81,231)
Total	\$ 195,040	\$ 2,907,201	\$ 3,102,241	\$ 4,301,466	\$ 1,406,751	\$ 5,708,217

The carrying amount of the Fund's net assets attributable to holders of 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 2022 and 2021 there were no significant transfers between the three levels in the hierarchy.

CDOR 2 FLOATING RATE FUND

Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

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 2022 and 2021, 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 their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2022			2021		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	2	\$ 5,258,947	\$ 302	2	\$ 5,303,907	\$ 395

CDOR 3 FLOATING RATE FUND

Statement of Financial Position

(Expressed in thousands of dollars, except number of units)

As at December 31, 2022, with comparative information for 2021

Assets	NOTES	2022	2021
Cash		\$ 3	\$ —
Interest receivable		16,851	5,486
Derivative assets			
Swaps		33,375	25,512
Investments		5,884,055	6,161,871
Total assets		5,934,284	6,192,869
Liabilities			
Payable for purchase of investments		18,400	—
BCI cost recoveries payable	4	4	20
Other accounts payable		53	31
Derivative liabilities			
Swaps		4,405	7,431
		22,862	7,482
Net assets attributable to holders of redeemable units		\$ 5,911,422	\$ 6,185,387
Number of redeemable units outstanding	5	5,659.290	6,057.650
Net assets attributable to holders of redeemable units per unit		\$ 1,045	\$ 1,021

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CDOR 3 FLOATING RATE FUND

Statement of Comprehensive Loss

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Revenue	NOTES	2022	2021
Interest income		\$ 118,053	\$ 26,049
Dividend income		24,051	33,622
Securities lending income		4,094	3,207
Other income	10	138	42
Foreign exchange loss		(465)	(1,183)
Change in fair value of investments and derivatives:			
Net realized loss		(13,677)	(10,121)
Net change in unrealized appreciation		(1,729)	(29,774)
Total revenue		130,465	21,842
Expenses			
BCI cost recoveries	4	305	195
Administrative fees		48	31
Commissions and stock exchange fees		1	4
Total operating expenses		354	230
Increase in net assets attributable to holders of redeemable units before distributions		130,111	21,612
Distributions to holders of redeemable units		(145,529)	(61,493)
Decrease in net assets attributable to holders of redeemable units		\$ (15,418)	\$ (39,881)

CDOR 3 FLOATING RATE FUND**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022		2021	
Balance, beginning of year	\$	6,185,387	\$	3,970,059
Decrease in net assets attributable to holders of redeemable units		(15,418)		(39,881)
Redeemable unit transactions:				
Proceeds from units issued		1,031,858		4,489,020
Reinvestment of distributions		145,529		61,493
Amounts paid for units redeemed		(1,435,934)		(2,295,304)
Net increase (decrease) from redeemable unit transactions		(258,547)		2,255,209
Balance, end of year	\$	5,911,422	\$	6,185,387

CDOR 3 FLOATING RATE FUND

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Operating activities	2022	2021
Decrease in net assets attributable to holders of redeemable units	\$ (15,418)	\$ (39,881)
Adjustments for:		
Foreign exchange loss	465	1,183
Interest income	(118,053)	(26,049)
Net realized loss from investments and derivatives	13,677	10,121
Net change in unrealized appreciation of investments and derivatives	1,729	29,774
Amortization of premiums and discounts	(8,879)	35,713
Non cash distributions	145,529	61,493
BCI cost recoveries payable	(16)	20
Other accounts payable	22	8
Interest received	106,688	29,218
Net sale (purchase) of investments and derivatives	278,800	(2,294,133)
	404,544	(2,192,533)
Financing activities		
Proceeds from issuance of redeemable units	1,031,858	4,489,020
Payments on redemption of redeemable units	(1,435,934)	(2,295,304)
	(404,076)	2,193,716
Net increase in cash	468	1,183
Effect of exchange rate changes on cash	(465)	(1,183)
Cash, beginning of year	—	—
Cash, end of year	\$ 3	\$ —

CDOR 3 FLOATING RATE FUND

Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Federal Government	\$ 1,935,672	\$ 1,945,025	\$ 2,942,917	\$ 2,942,289
Provincial Government	788,836	792,942	769,377	767,456
Corporate	1,522,811	1,536,190	587,678	588,328
	4,247,319	4,274,157	4,299,972	4,298,073
Money Market Investments				
Federal Government	623,398	626,046	440,896	464,774
Corporate	41,897	41,890	73,787	73,768
Units in BCI Pooled Investment Portfolio				
Fund ST1	131,890	131,890	31,687	31,687
	797,185	799,826	546,370	570,229
Floating Rate Funds				
Units in BCI Pooled Investment Portfolio				
CDOR 2 Floating Rate Fund	839,551	871,970	1,315,529	1,342,849
Total Investments	\$ 5,884,055	\$ 5,945,953	\$ 6,161,871	\$ 6,211,151

CDOR 3 FLOATING RATE FUND

Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022			2021		
	Notional Value ^(a)	Fair Value		Notional Value ^(a)	Fair Value	
		Derivative Assets ^(b)	Derivative Liabilities		Derivative Assets ^(b)	Derivative Liabilities
Currency derivatives						
OTC						
Swaps	\$ —	\$ —	\$ —	\$ 265,033	\$ 23,845	\$ —
Interest rate derivatives						
OTC						
Swaps	3,281,000	33,375	(4,405)	3,282,000	1,667	(7,431)
Total	\$ 3,281,000	\$ 33,375	\$ (4,405)	\$ 3,547,033	\$ 25,512	\$ (7,431)

The terms to maturity based on notional value for the derivatives were as follows at December 31:

	2022	2021
Less than 1 year	\$ 1,607,000	\$ 3,242,033
1 to 2 years	145,000	305,000
Over 2 years	1,529,000	—
Total	\$ 3,281,000	\$ 3,547,033

(a) Notional value represents the net absolute value of the contractual amount to which a rate or price is applied in order to calculate the exchange of cash flows and is therefore not recorded in the financial statements. Notional amounts do not necessarily indicate the amounts of future cash flows or the current fair value of the derivative contracts and, therefore do not necessarily indicate the Fund's exposure to credit or market risk.

(b) The fair value of derivative contracts recorded as an asset represents the credit risk or the loss to which the Fund is potentially exposed should counterparties fail to perform under the derivative contract.

CDOR 3 FLOATING RATE FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The CDOR 3 Floating Rate Fund (the "Fund") allows participating BCI pooled Funds to earn a floating rate return that is linked to the benchmark reference rate, the Canadian Dollar Offered Rate ("CDOR"). Ownership of the Fund is limited to BCI pooled funds and BCI clients through segregated investment accounts. The functional currency of the Fund is Canadian dollars.

The Fund can hold the following securities:

- government and corporate fixed income securities;
- money market investments;
- repurchase agreement investments secured by fixed income securities which are issued, insured, or guaranteed by the Government of Canada or a Provincial Government;
- publicly traded common stock, common stock equivalents or exchange traded funds of companies whose country is included in the Morgan Stanley Capital International All Country World Constituent Index, paired with derivative instruments;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- agreements to finance other BCI and QuadReal-managed entities and accounts; and
- Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), US Dollar Money Market Fund (ST3), US Dollar Money Market Fund (ST4), and other BCI short-term fixed income pooled funds for cash, currency hedging, and collateral management purposes.

The following restrictions apply to the Fund:

- fixed income investments are limited to issuers or entities with a minimum long-term credit rating of "BBB-" by Standard & Poor's, or short-term credit rating of A- 1 (low), or have an equivalent credit rating from another credit rating agency;
- the maximum term to maturity of a security is 5 years, unless it is a callable bond which has a high probability of being called within 5 years;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have the discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

CDOR 3 FLOATING RATE FUND

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

INVESTMENTS BY CREDIT RATING	2022		2021	
	Total	% of Total	Total	% Total
AAA/AA	\$ 2,632,523	53.6 %	\$ 3,234,081	67.2 %
A	2,191,554	44.6	1,448,693	30.1
BBB	88,537	1.8	131,881	2.7
Total	\$ 4,912,614	100.0 %	\$ 4,814,655	100.0 %

The Fund invests in derivative contracts, which inherently have counterparty risk. Futures derivative contracts are not exposed to counterparty risk as they are settled daily. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of derivative instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

DERIVATIVES BY CREDIT RATING	2022			2021		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 1,704,000	\$ 19,766	\$ (1,252)	\$ 1,927,000	\$ 1,082	\$ (947)
A	1,577,000	13,609	(3,153)	1,620,033	24,430	(6,484)
Total Derivatives	\$ 3,281,000	\$ 33,375	\$ (4,405)	\$ 3,547,033	\$ 25,512	\$ (7,431)

Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 6 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2022	2021
Collateral received	\$ 29,065	\$ 21,324
Collateral pledged	21,418	19,688

CDOR 3 FLOATING RATE 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 assets and derivative financial liabilities as at December 31:

2022					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 33,375	\$ 11,509	\$ 2,059	\$ 19,807	\$ 33,375
Derivative liabilities	(4,405)	(2,823)	—	(1,582)	(4,405)
	\$ 28,970	\$ 8,686	\$ 2,059	\$ 18,225	\$ 28,970

2021					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 25,512	\$ 24,594	\$ 918	\$ —	\$ 25,512
Derivative liabilities	(7,431)	(5,507)	(1,924)	—	(7,431)
	\$ 18,081	\$ 19,087	\$ (1,006)	\$ —	\$ 18,081

Interest Rate Risk

The current strategy of the Fund is to invest largely in fixed income securities and enter into derivative contracts whereby the fixed interest rate returns of the fixed income securities are swapped for a floating rate of return linked to CDOR. Therefore, the Fund is generally not exposed to fair value interest rate risk from the fixed income securities held within the Fund.

BONDS BY MATURITY DATE	2022		2021	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 2,032,543	4.7 %	\$ 3,506,699	0.4 %
1 to 2 years	503,457	4.9	653,082	0.6
2 to 5 years	1,711,319	4.2	140,191	0.7
Total Bonds	\$ 4,247,319	4.5 %	\$ 4,299,972	0.4 %

As at December 31, the Fund invested in money market investments with terms to maturity within 1 year, and a weighted average effective yield of 4.4%.

Currency Risk

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

CDOR 3 FLOATING RATE FUND

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

As at December 31, the Fund's debt securities are concentrated in the following geographical regions:

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
Canada	\$ 4,203,449	99.0 %	\$ 4,299,972	100.0 %
United States	43,870	1.0	—	0.0
Total	\$ 4,247,319	100.0 %	\$ 4,299,972	100.0 %

CDOR 3 FLOATING RATE FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 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.

As at December 31, all fair value measurements noted in the tables below are recurring.

	2022			2021		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	\$ 131,890	\$ —	\$ 131,890	\$ 31,687	\$ —	\$ 31,687
Floating rate funds	839,551	—	839,551	1,315,529	—	1,315,529
Money market investments	—	665,295	665,295	—	514,683	514,683
Bonds	—	4,247,319	4,247,319	—	4,299,972	4,299,972
Total investments	971,441	4,912,614	5,884,055	1,347,216	4,814,655	6,161,871
Swaps, net	—	28,970	28,970	—	18,081	18,081
Total	\$ 971,441	\$ 4,941,584	\$ 5,913,025	\$ 1,347,216	\$ 4,832,736	\$ 6,179,952

The carrying amount of the Fund's net assets attributable to holders of 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 2022 and 2021 there were no significant transfers between the three levels in the hierarchy.

CDOR 3 FLOATING RATE FUND

Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

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 2022 and 2021, 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 their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2022			2021		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,910,876	\$ 131,890	1	\$ 1,596,948	\$ 31,687
Investee floating rate funds administered by BCI	1	3,102,219	839,551	1	5,710,010	1,315,529

CDOR 4 FLOATING RATE FUND

Statement of Financial Position

(Expressed in thousands of dollars, except number of units)

As at December 31, 2022, with comparative information for 2021

Assets	NOTES	2022	2021
Receivable from issuance of units		\$ 50,364	\$ —
Interest receivable		1,969	399
Derivative assets			
Swaps		2,218	57
Investments		687,739	570,988
Total assets		742,290	571,444
Liabilities			
Payable for purchase of investments		27,600	—
Other accounts payable		16	13
Derivative liabilities			
Swaps		—	49
		27,616	62
Net assets attributable to holders of redeemable units		\$ 714,674	\$ 571,382
Number of redeemable units outstanding	5	688.217	561.921
Net assets attributable to holders of redeemable units per unit		\$ 1,038	\$ 1,017

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CDOR 4 FLOATING RATE FUND

Statement of Comprehensive Loss

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Revenue	NOTES	2022	2021
Interest income		\$ 18,407	\$ 1,306
Securities lending income		67	7
Other income	10	—	8
Change in fair value of investments and derivatives:			
Net realized gain (loss)		(2,640)	336
Net change in unrealized appreciation		445	(349)
Total revenue		16,279	1,308
Expenses			
BCI cost recoveries	4	1	1
Administrative fees		18	19
Total operating expenses		19	20
Increase in net assets attributable to holders of redeemable units before distributions		16,260	1,288
Distributions to holders of redeemable units		(18,454)	(1,637)
Decrease in net assets attributable to holders of redeemable units		\$ (2,194)	\$ (349)

CDOR 4 FLOATING RATE FUND**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Balance, beginning of year	\$ 571,382	\$ 306,477
Decrease in net assets attributable to holders of redeemable units	(2,194)	(349)
Redeemable unit transactions:		
Proceeds from units issued	2,704,949	1,188,272
Reinvestment of distributions	18,454	1,637
Amounts paid for units redeemed	(2,577,917)	(924,655)
Net increase from redeemable unit transactions	145,486	265,254
Balance, end of year	\$ 714,674	\$ 571,382

CDOR 4 FLOATING RATE FUND

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Operating activities	2022	2021
Decrease in net assets attributable to holders of redeemable units	\$ (2,194)	\$ (349)
Adjustments for:		
Interest income	(18,407)	(1,306)
Net realized (gain) loss from investments and derivatives	2,640	(336)
Net change in unrealized appreciation of investments and derivatives	(445)	349
Amortization of premiums and discounts	(3,857)	2,573
Non cash distributions	18,454	1,637
BCI cost recoveries payable	—	(1)
Other accounts payable	3	3
Interest received	16,837	1,158
Net purchase of investments and derivatives	(89,699)	(267,345)
	(76,668)	(263,617)
Financing activities		
Proceeds from issuance of redeemable units	2,654,585	1,188,272
Payments on redemption of redeemable units	(2,577,917)	(924,655)
	76,668	263,617
Cash, beginning and end of year	\$ —	\$ —

CDOR 4 FLOATING RATE FUND

Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Federal Government	\$ 338,965	\$ 339,656	\$ 345,849	\$ 345,937
Provincial Government	229,060	230,229	163,261	163,263
	568,025	569,885	509,110	509,200
Money Market Investments				
Federal Government	96,589	96,596	34,960	34,971
Units in BCI Pooled Investment Portfolio				
Fund ST1	23,125	23,125	26,918	26,919
	119,714	119,721	61,878	61,890
Total Investments	\$ 687,739	\$ 689,606	\$ 570,988	\$ 571,090

CDOR 4 FLOATING RATE FUND

Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022			2021		
	Notional Value ^(a)	Fair Value		Notional Value ^(a)	Fair Value	
		Derivative Assets ^(b)	Derivative Liabilities		Derivative Assets ^(b)	Derivative Liabilities
Interest rate derivatives						
OTC						
Swaps	287,000	2,218	—	105,000	57	(49)
Total	\$ 287,000	\$ 2,218	\$ —	\$ 105,000	\$ 57	\$ (49)

The terms to maturity based on notional value for the derivatives were as follows at December 31:

	2022	2021
Less than 1 year	\$ 100,000	\$ 105,000
Over 2 years	187,000	—
Total	\$ 287,000	\$ 105,000

(a) Notional value represents the net absolute value of the contractual amount to which a rate or price is applied in order to calculate the exchange of cash flows and is therefore not recorded in the financial statements. Notional amounts do not necessarily indicate the amounts of future cash flows or the current fair value of the derivative contracts and, therefore do not necessarily indicate the Fund's exposure to credit or market risk.

(b) The fair value of derivative contracts recorded as an asset represents the credit risk or the loss to which the Fund is potentially exposed should counterparties fail to perform under the derivative contract.

CDOR 4 FLOATING RATE FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The CDOR 4 Floating Rate Fund (the "Fund") allows participating BCI pooled funds to earn a floating rate return that is linked to the benchmark reference rate, the Canadian Dollar Offered Rate. Ownership of the Fund is limited to BCI pooled funds and BCI clients through segregated investment accounts. The functional currency of the Fund is Canadian dollars.

The Fund can hold the following securities:

- government and corporate fixed income securities;
- money market investments;
- repurchase agreement investments secured by fixed income securities which are issued, insured, or guaranteed by the Government of Canada or a Provincial Government;
- publicly traded common stock, common stock equivalents or exchange traded funds of companies whose country is included in the Morgan Stanley Capital International All Country World Constituent Index, paired with derivative instruments;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- agreements to finance other BCI and QuadReal-managed entities and accounts; and
- Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), US Dollar Money Market Fund (ST3), US Dollar Money Market Fund (ST4), and other BCI short-term fixed income pooled funds for cash, currency hedging, and collateral management purposes.

The following restrictions apply to the Fund:

- fixed income investments are limited to issuers or entities with a minimum long-term credit rating of "BBB-" by Standard & Poor's, or short-term credit rating of A- 1 (low), or have an equivalent credit rating from another credit rating agency;
- the maximum term to maturity of a security is 5 years, unless it is a callable bond which has a high probability of being called within 5 years;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have the discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

CDOR 4 FLOATING RATE FUND

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

INVESTMENTS BY CREDIT RATING	2022		2021	
	Total	% of Total	Total	% Total
AAA/AA	\$ 389,084	58.5 %	\$ 396,303	72.8 %
A	275,530	41.5	147,767	27.2
Total	\$ 664,614	100.0 %	\$ 544,070	100.0 %

The Fund invests in derivative contracts, which inherently have counterparty risk. Futures derivative contracts are not exposed to counterparty risk as they are settled daily. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of derivative instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

DERIVATIVES BY CREDIT RATING	2022			2021		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 187,000	\$ 2,137	\$ —	\$ 20,000	\$ 31	\$ —
A	100,000	81	—	85,000	26	(49)
Total Derivatives	\$ 287,000	\$ 2,218	\$ —	\$ 105,000	\$ 57	\$ (49)

Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 6 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2022	2021
Collateral received	\$ 2,218	\$ 57

CDOR 4 FLOATING RATE 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 assets and derivative financial liabilities as at December 31:

2022						
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total	
Derivative assets	\$ 2,218	\$ 81	\$ —	\$ 2,137	\$ 2,218	
Derivative liabilities	—	—	—	—	—	
	\$ 2,218	\$ 81	\$ —	\$ 2,137	\$ 2,218	

2021						
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total	
Derivative assets	\$ 57	\$ 57	\$ —	\$ —	\$ 57	
Derivative liabilities	(49)	(49)	—	—	(49)	
	\$ 8	\$ 8	\$ —	\$ —	\$ 8	

Interest Rate Risk

The Fund is not exposed to significant interest rate risk as the securities held within the Fund are floating rate instruments or fixed rate instruments whose cash flows have been swapped for a floating rate cash flow through an interest rate derivative.

BONDS BY MATURITY DATE	2022		2021	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 320,527	4.5 %	\$ 368,318	0.3 %
1 to 2 years	70,300	4.6	140,792	0.2
2 to 5 years	177,198	3.9	—	—
Total Bonds	\$ 568,025	4.3 %	\$ 509,110	0.3 %

As at December 31, the Fund invested in money market investments with terms to maturity within 1 year, and a weighted average effective yield of 4.5%.

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 investments are exposed to the Canadian market.

CDOR 4 FLOATING RATE FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 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.

As at December 31, all fair value measurements noted in the tables below are recurring.

	2022			2021		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	\$ 23,125	\$ —	\$ 23,125	\$ 26,918	\$ —	\$ 26,918
Money market investments	—	96,589	96,589	—	34,960	34,960
Bonds	—	568,025	568,025	—	509,110	509,110
Total investments	23,125	664,614	687,739	26,918	544,070	570,988
Swaps, net	—	2,218	2,218	—	8	8
Total	\$ 23,125	\$ 666,832	\$ 689,957	\$ 26,918	\$ 544,078	\$ 570,996

The carrying amount of the Fund's net assets attributable to holders of 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 2022 and 2021 there were no significant transfers between the three levels in the hierarchy.

CDOR 4 FLOATING RATE FUND

Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

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 2022 and 2021, 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 their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2022			2021		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,910,876	\$ 23,125	1	\$ 1,596,948	\$ 26,918

SHORT TERM BOND FUND

Statement of Financial Position

(Expressed in thousands of dollars, except number of units)

As at December 31, 2022, with comparative information for 2021

Assets	NOTES	2022	2021
Receivable from sale of investments		\$ 33,897	\$ —
Interest receivable		6,744	2,983
Investments		1,549,182	937,894
Total assets		1,589,823	940,877
Liabilities			
Payable for purchase of investments		39,343	—
BCI cost recoveries payable	4	55	40
Other accounts payable		18	15
		39,416	55
Net assets attributable to holders of redeemable units		\$ 1,550,407	\$ 940,822
Number of redeemable units outstanding	5	570.428	333.441
Net assets attributable to holders of redeemable units per unit		\$ 2,718	\$ 2,822

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

SHORT TERM BOND FUND

Statement of Comprehensive Loss

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Revenue	NOTES	2022	2021
Interest income		\$ 26,515	\$ 7,829
Securities lending income		532	260
Other income	10	—	940
Change in fair value of investments:			
Net realized gain (loss)		(33,402)	1,402
Net change in unrealized appreciation		(48,044)	(20,667)
Total revenue (loss)		(54,399)	(10,236)
Expenses			
BCI cost recoveries	4	497	472
Administrative fees		19	16
Total operating expenses		516	488
Decrease in net assets attributable to holders of redeemable units before distributions		(54,915)	(10,724)
Distributions to holders of redeemable units		(26,531)	(9,943)
Decrease in net assets attributable to holders of redeemable units		\$ (81,446)	\$ (20,667)

SHORT TERM BOND FUND**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Balance, beginning of year	\$ 940,822	\$ 977,993
Decrease in net assets attributable to holders of redeemable units	(81,446)	(20,667)
Redeemable unit transactions:		
Proceeds from units issued	1,032,000	33
Reinvestment of distributions	26,531	9,943
Amounts paid for units redeemed	(367,500)	(26,480)
Net increase (decrease) from redeemable unit transactions	691,031	(16,504)
Balance, end of year	\$ 1,550,407	\$ 940,822

SHORT TERM BOND FUND

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Operating activities	2022	2021
Decrease in net assets attributable to holders of redeemable units	\$ (81,446)	\$ (20,667)
Adjustments for:		
Interest income	(26,515)	(7,829)
Net realized (gain) loss from investments	33,402	(1,402)
Net change in unrealized appreciation of investments	48,044	20,667
Amortization of premiums and discounts	2,892	10,171
Non cash distributions	26,531	9,943
BCI cost recoveries payable	15	(991)
Other accounts payable	3	2
Interest received	22,754	7,462
Net sale (purchase) of investments	(690,180)	9,091
	(664,500)	26,447
Financing activities		
Proceeds from issuance of redeemable units	1,032,000	33
Payments on redemption of redeemable units	(367,500)	(26,480)
	664,500	(26,447)
Cash, beginning and end of year	\$ —	\$ —

SHORT TERM BOND FUND

Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Federal Government	\$ 1,089,132	\$ 1,124,597	\$ 624,760	\$ 631,349
Provincial Government	442,537	464,041	306,591	309,004
Supranational and Sovereign	10,241	10,318	—	—
	1,541,910	1,598,956	931,351	940,353
Money Market Investments				
Units in BCI Pooled Investment Portfolio				
Fund ST1	7,272	7,272	6,543	6,543
Total Investments	\$ 1,549,182	\$ 1,606,228	\$ 937,894	\$ 946,896

SHORT TERM BOND FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The investment objective of the Short Term Bond Fund (the "Fund") is to exceed the return of the benchmark, the FTSE Canada Short Term Government Bond Index, by 13 basis points per annum, net of all investment expenses incurred. The Fund is actively managed. The benchmark is the FTSE Canada Short Term Government Bond Index; 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 can hold the following securities:

- fixed income securities which are issued or guaranteed by the Government of Canada or a provincial or municipal government;
- Canadian dollar denominated fixed income securities which are issued, insured or guaranteed by a sovereign government;
- Canadian dollar denominated fixed income securities which are issued, insured 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;
- swapped deposits, defined as fully hedged US-dollar denominated securities that meet investment guideline criteria;
- units in BCI's Canadian Money Market Fund (ST1) for cash management purposes;
- exchange-traded and cleared over-the-counter derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- units in BCI's Floating Rate Funds.

The following restrictions apply to the Fund:

- 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;
- the maximum term to maturity is 5 years, unless it is a callable bond which has a high probability of being called within 5 years;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency;
- if any security or counterparty is downgraded below the approved credit standard, BCI will have the discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

SHORT TERM BOND FUND

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

BONDS BY CREDIT RATING	2022		2021	
	Total	% of Total	Total	% Total
AAA/AA	\$ 1,247,033	80.9 %	\$ 686,243	73.7 %
A	294,877	19.1	245,108	26.3
Total	\$ 1,541,910	100.0 %	\$ 931,351	100.0 %

Liquidity Risk

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

Interest Rate Risk

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

BONDS BY MATURITY DATE	2022		2021	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 45,288	4.6 %	\$ —	0.0 %
1 to 2 years	330,738	4.3	341,697	1.0
2 to 5 years	1,165,884	3.8	589,654	1.3
Total Bonds	\$ 1,541,910	3.9 %	\$ 931,351	1.2 %

The duration is to be managed within ± 20 percent of the benchmark duration, which was 2.66 years as at December 31, 2022 (2021 - 2.68 years). As at December 31, 2022, the Fund had an average duration of 2.64 years (2021 - 2.68 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 \$41,015 (2021 - \$25,146), representing 2.6% of the Fund's net assets (2021 - 2.7%). In practice, actual trading 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.

Investments by geographic region

As at December 31, the Fund's debt securities are concentrated in the following geographical regions:

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
Canada	\$ 1,531,669	99.3 %	\$ 931,351	100.0 %
Supranational	10,241	0.7	—	0.0
Total	\$ 1,541,910	100.0 %	\$ 931,351	100.0 %

SHORT TERM BOND FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 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.

As at December 31, all fair value measurements noted in the tables below are recurring.

	2022			2021		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	7,272	—	7,272	6,543	—	6,543
Bonds	—	1,541,910	1,541,910	—	931,351	931,351
Total	\$ 7,272	\$ 1,541,910	\$ 1,549,182	\$ 6,543	\$ 931,351	\$ 937,894

The carrying amount of the Fund's net assets attributable to holders of 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 2022 and 2021 there were no significant transfers between the three levels in the hierarchy.

SHORT TERM BOND FUND

Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

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 2022 and 2021, 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 their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2022			2021		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,910,876	\$ 7,272	1	\$ 1,596,948	\$ 6,543

CANADIAN UNIVERSE BOND FUND

Statement of Financial Position

(Expressed in thousands of dollars, except number of units)

As at December 31, 2022, with comparative information for 2021

Assets	NOTES	2022	2021
Receivable from sale of investments		\$ —	\$ 104,192
Interest receivable		840	45,784
Investments		155,145	12,153,136
Total assets		155,985	12,303,112
Liabilities			
Payable for purchase of investments		—	143,982
BCI cost recoveries payable	4	—	710
Other accounts payable		85	68
		85	144,760
Net assets attributable to holders of redeemable units		\$ 155,900	\$ 12,158,352
Number of redeemable units outstanding	5	84,408	5,851,630
Net assets attributable to holders of redeemable units per unit		\$ 1,847	\$ 2,078

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CANADIAN UNIVERSE BOND FUND

Statement of Comprehensive Loss

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Revenue	NOTES	2022	2021
Interest income		\$ 91,730	\$ 265,919
Securities lending income		1,935	2,386
Other income	10	(2)	8,563
Change in fair value of investments:			
Net realized gain (loss)		(934,114)	95,945
Net change in unrealized appreciation		(236,071)	(851,029)
Total revenue (loss)		(1,076,522)	(478,216)
Expenses			
BCI cost recoveries	4	2,095	9,418
Administrative fees		67	64
Commissions and stock exchange fees		2	—
Total operating expenses		2,164	9,482
Decrease in net assets attributable to holders of redeemable units before distributions		(1,078,686)	(487,698)
Distributions to holders of redeemable units		(91,500)	(367,268)
Decrease in net assets attributable to holders of redeemable units		\$ (1,170,186)	\$ (854,966)

CANADIAN UNIVERSE BOND FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Balance, beginning of year	\$ 12,158,352	\$ 20,930,042
Decrease in net assets attributable to holders of redeemable units	(1,170,186)	(854,966)
Redeemable unit transactions:		
Proceeds from units issued	292,817	2,444,511
Reinvestment of distributions	91,500	367,268
Amounts paid for units redeemed	(11,216,583)	(10,728,503)
Net decrease from redeemable unit transactions	(10,832,266)	(7,916,724)
Balance, end of year	\$ 155,900	\$ 12,158,352

CANADIAN UNIVERSE BOND FUND

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Operating activities		
Decrease in net assets attributable to holders of redeemable units	\$ (1,170,186)	\$ (854,966)
Adjustments for:		
Interest income	(91,730)	(265,919)
Net realized (gain) loss from investments	934,114	(95,945)
Net change in unrealized appreciation of investments	236,071	851,029
Amortization of premiums and discounts	14,823	65,437
Non cash distributions	91,500	367,268
BCI cost recoveries payable	(710)	(7,974)
Other accounts payable	17	25
Interest received	136,674	288,244
Net sale of investments	10,773,193	7,936,793
	10,923,766	8,283,992
Financing activities		
Proceeds from issuance of redeemable units	292,817	2,444,511
Payments on redemption of redeemable units	(11,216,583)	(10,728,503)
	(10,923,766)	(8,283,992)
Cash, beginning and end of year	\$ —	\$ —

CANADIAN UNIVERSE BOND FUND

Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Federal Government	\$ 56,568	\$ 57,413	\$ 3,758,418	\$ 3,734,188
Provincial Government	50,737	59,071	4,794,830	4,660,871
Municipal Government	4,777	4,991	182,002	168,559
Corporate	29,990	30,492	3,087,406	3,030,152
Supranational and Sovereign	11,786	13,000	111,144	114,961
	153,858	164,967	11,933,800	11,708,731
Money Market Investments				
Federal Government	—	—	109,494	109,601
Units in BCI Pooled Investment Portfolio				
Fund ST1	1,287	1,287	109,842	109,842
	1,287	1,287	219,336	219,443
Total Investments	\$ 155,145	\$ 166,254	\$ 12,153,136	\$ 11,928,174

CANADIAN UNIVERSE BOND FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Canadian Universe Bond Fund (the "Fund") invests in both government and investment-grade corporate debt securities, denominated in Canadian dollars. The investment objective of the Fund is to exceed the return of the Fund's benchmark, the FTSE Canada Universe Bond Index. 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 can hold the following securities:

- fixed income securities which are issued, insured or guaranteed by the Government of Canada or a provincial or municipal government;
- Canadian dollar denominated fixed income securities which are issued, insured or guaranteed by a sovereign government;
- Canadian dollar denominated fixed income securities which are issued, insured 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;
- Canadian dollar denominated fixed income securities issued by corporations, trusts, income trusts, limited partnerships, and non-profit entities;
- units in BCI's Canadian Money Market Fund (ST1) and Canadian Money Market Fund (ST2);
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- units in BCI's Floating Rate Funds.

The following restrictions apply to the Fund:

- corporate debt securities, and government 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;
- not more than 10% of the market value of the Fund can 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 5 percentage points above the weighting of BBB bonds within the Index;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

CANADIAN UNIVERSE BOND FUND

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

INVESTMENTS BY CREDIT RATING	2022		2021	
	Total	% of Total	Total	% Total
AAA/AA	\$ 93,232	60.6 %	\$ 6,218,372	51.6 %
A	46,763	30.4	4,106,588	34.1
BBB	13,863	9.0	1,718,334	14.3
Total	\$ 153,858	100.0 %	\$ 12,043,294	100.0 %

Liquidity Risk

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

Interest Rate Risk

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

BONDS BY MATURITY DATE	2022		2021	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ —	0.0 %	\$ 251,383	0.9 %
1 to 2 years	10,797	4.1	958,133	1.2
2 to 5 years	46,615	4.1	2,903,462	1.5
5 to 10 years	41,707	4.2	3,512,652	1.8
10 to 20 years	31,004	4.0	1,903,016	2.3
20 to 30 years	16,783	4.6	2,183,446	2.5
Over 30 years	6,952	3.9	221,708	2.4
Total Bonds	\$ 153,858	4.2 %	\$ 11,933,800	1.9 %

As at December 31, 2022, the Fund held no money market investments. As at December 31, 2021, the Fund invested in money market investments with terms to maturity within 1 year, and a weighted average effective yield of 0.6%.

The duration is to be managed within ± 20 percent of the benchmark duration, which was 7.35 years as at December 31, 2022 (2021 - 8.40 years). As at December 31, 2022, the Fund had an average duration of 7.35 years (2021 - 8.41 years). At December 31, the longest term to maturity for a debt instrument within the Fund is 31 years (2021 - 33 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 \$11,401 (2021 - \$1,022,476), representing 7.3% of the Fund's net assets (2021 - 8.4%). In practice, actual trading 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.

CANADIAN UNIVERSE BOND FUND

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 investments are exposed to the Canadian market.

CANADIAN UNIVERSE BOND FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 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.

As at December 31, all fair value measurements noted in the tables below are recurring.

	2022			2021		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	1,287	—	1,287	109,842	—	109,842
Money market investments	—	—	—	—	109,494	109,494
Bonds	—	153,858	153,858	—	11,933,800	11,933,800
Total	\$ 1,287	\$ 153,858	\$ 155,145	\$ 109,842	\$ 12,043,294	\$ 12,153,136

The carrying amount of the Fund's net assets attributable to holders of 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 2022 and 2021 there were no significant transfers between the three levels in the hierarchy.

CANADIAN UNIVERSE BOND FUND

Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

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 2022 and 2021, 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 their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2022			2021		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,910,876	\$ 1,287	1	\$ 1,596,948	\$ 109,842

CORPORATE BOND FUND

Statement of Financial Position

(Expressed in thousands of dollars, except number of units)

As at December 31, 2022, with comparative information for 2021

Assets	NOTES	2022	2021
Cash		\$ 20,005	\$ 21,501
Receivable from sale of investments		—	55,878
Interest receivable		116,591	104,268
Derivative assets			
Forwards		5,705	37,268
Investments		11,117,047	13,458,690
Total assets		11,259,348	13,677,605
Liabilities			
Payable for purchase of investments		—	24,994
BCI cost recoveries payable	4	1,152	783
Other accounts payable		63	54
Derivative liabilities			
Forwards		428,330	168,714
		429,545	194,545
Net assets attributable to holders of redeemable units		\$ 10,829,803	\$ 13,483,060
Number of redeemable units outstanding	5	8,719.830	9,659.050
Net assets attributable to holders of redeemable units per unit		\$ 1,242	\$ 1,396

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CORPORATE BOND FUND

Statement of Comprehensive Loss

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Revenue	NOTES	2022	2021
Interest income		\$ 713,038	\$ 459,252
Dividend income		14,556	—
Securities lending income		6,210	613
Other income	10	92	2,094
Foreign exchange loss		(41,652)	(12,260)
Change in fair value of investments and derivatives:			
Net realized gain (loss)		(1,547,089)	260,487
Net change in unrealized appreciation		(688,785)	(412,348)
Total revenue		(1,543,630)	297,838
Expenses			
BCI cost recoveries	4	13,981	9,630
Administrative fees		111	50
Commissions and stock exchange fees		496	313
Total operating expenses		14,588	9,993
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(1,558,218)	287,845
Distributions to holders of redeemable units		(677,868)	(714,744)
Decrease in net assets attributable to holders of redeemable units		\$ (2,236,086)	\$ (426,899)

CORPORATE BOND FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Balance, beginning of year	\$ 13,483,060	\$ 7,912,071
Decrease in net assets attributable to holders of redeemable units	(2,236,086)	(426,899)
Redeemable unit transactions:		
Proceeds from units issued	2,081,475	5,474,405
Reinvestment of distributions	677,868	714,744
Amounts paid for units redeemed	(3,176,514)	(191,261)
Net increase (decrease) from redeemable unit transactions	(417,171)	5,997,888
Balance, end of year	\$ 10,829,803	\$ 13,483,060

CORPORATE BOND FUND

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Operating activities	2022	2021
Decrease in net assets attributable to holders of redeemable units	\$ (2,236,086)	\$ (426,899)
Adjustments for:		
Foreign exchange loss	41,652	12,260
Interest income	(713,038)	(459,252)
Net realized (gain) loss from investments and derivatives	1,547,089	(260,487)
Net change in unrealized appreciation of investments and derivatives	688,785	412,348
Amortization of premiums and discounts	(153,385)	(44,849)
Non cash distributions	677,868	714,744
Other receivables	—	1,526
BCI cost recoveries payable	369	(1,490)
Other accounts payable	9	(1,754)
Interest received	700,715	435,678
Net sale (purchase) of investments and derivatives	581,217	(5,645,460)
	1,135,195	(5,263,635)
Financing activities		
Proceeds from issuance of redeemable units	2,081,475	5,474,405
Payments on redemption of redeemable units	(3,176,514)	(191,261)
	(1,095,039)	5,283,144
Net increase in cash	40,156	19,509
Effect of exchange rate changes on cash	(41,652)	(12,260)
Cash, beginning of year	21,501	14,252
Cash, end of year	\$ 20,005	\$ 21,501

CORPORATE BOND FUND

Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Equity Investments				
Exchange Traded Funds	\$ 490,756	\$ 479,068	\$ —	\$ —
Bonds				
Federal Government	1,659,670	1,675,103	2,262,851	2,278,297
Corporate	7,655,345	8,025,336	10,381,862	10,343,391
	9,315,015	9,700,439	12,644,713	12,621,688
Money Market Investments				
Units in BCI Pooled Investment Portfolio				
Fund ST1	161,549	161,550	312,433	312,436
Fund ST3	1,149,727	1,156,349	501,544	507,319
	1,311,276	1,317,899	813,977	819,755
Total Investments	\$ 11,117,047	\$ 11,497,406	\$ 13,458,690	\$ 13,441,443

CORPORATE BOND FUND

Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022			2021		
	Notional Value ^(a)	Fair Value		Notional Value ^(a)	Fair Value	
		Derivative Assets ^(b)	Derivative Liabilities		Derivative Assets ^(b)	Derivative Liabilities
Currency derivatives						
OTC						
Forwards	\$ 8,915,301	\$ 5,705	\$ (428,330)	\$ 10,978,528	\$ 37,268	\$ (168,714)
Interest rate derivatives						
Listed						
Futures ^(c)	752,200	—	—	779,924	—	—
Total	\$ 9,667,501	\$ 5,705	\$ (428,330)	\$ 11,758,452	\$ 37,268	\$ (168,714)

The terms to maturity based on notional value for the derivatives were as follows at December 31:

	2022	2021
Less than 1 year	\$ 9,667,501	\$ 11,758,452
Total	\$ 9,667,501	\$ 11,758,452

- (a) Notional value represents the net absolute value of the contractual amount to which a rate or price is applied in order to calculate the exchange of cash flows and is therefore not recorded in the financial statements. Notional amounts do not necessarily indicate the amounts of future cash flows or the current fair value of the derivative contracts and, therefore do not necessarily indicate the Fund's exposure to credit or market risk.
- (b) The fair value of derivative contracts recorded as an asset represents the credit risk or the loss to which the Fund is potentially exposed should counterparties fail to perform under the derivative contract.
- (c) As futures derivative contracts are fair valued through profit and loss and settled daily, the gain or loss recognized on December 31 is recorded in other receivables or other accounts payable on the Statement of Financial Position and in realized gains and losses on the Statement of Comprehensive Income.

CORPORATE BOND FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The investment objective of the Corporate Bond Fund (the "Fund") is to provide a diversified portfolio of fixed income securities. The Fund primarily invests in corporate investment grade and high yield securities issued in the United States and Canada. The Fund's benchmarks are the Bank of America Merrill Lynch US Corporate Index (CAD Hedged) and the Bank of America Merrill Lynch BB-B US Cash Pay High Yield Constrained Index (CAD Hedged; collectively, "the Indexes"). The objective of the Fund is to exceed the benchmark return of the Fund's Indexes by 55 basis points per annum, net of all investment expenses incurred.

The Fund can hold the following securities:

- fixed income securities;
- equity securities;
- exchange traded funds;
- derivatives for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- units in the Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), US Dollar Money Market Fund (ST3), US Dollar Money Market Fund (ST4), and other BCI short-term fixed income pooled funds; and
- units in BCI's Floating Rate Funds.

The following restrictions apply to the Fund:

- no more than 15% of the market value of the Fund can be invested in the securities of one company;
- no more than 70% of the market value of the Fund can be invested in the aggregate of (i) debt securities rated at or below BB+ by Standard & Poor's or an equivalent rating from another credit rating agency, (ii) preferred shares rated at or below P-4 by Standard & Poor's or an equivalent rating from another credit rating agency, and (iii) unrated debt securities;
- no more than 10% of the market value of the Fund can be invested in the aggregate of (i) debt securities rated at or below CCC+ by Standard & Poor's or an equivalent rating from another credit rating agency, and (ii) unrated debt securities;
- not more than 20% of the market value of the Fund can be invested in equity securities (including preferred shares, but excluding fixed income exchange traded funds);
- the Fund may not borrow money or use derivatives to create leverage;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- If any security or counterparty is downgraded below the approved credit standard, BCI will have the discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

CORPORATE BOND FUND

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

BONDS BY CREDIT RATING	2022		2021	
	Total	% of Total	Total	% Total
AAA/AA	\$ 1,765,665	19.0 %	\$ 2,351,384	18.6 %
A	1,363,165	14.6	1,046,460	8.3
BBB	2,690,922	28.9	2,827,482	22.4
BB	2,378,445	25.5	4,645,450	36.6
B	1,116,818	12.0	1,716,302	13.6
CCC	—	—	57,635	0.5
Total	\$ 9,315,015	100.0 %	\$ 12,644,713	100.0 %

In addition, the Fund is exposed to credit risk through the underlying securities held in exchange traded funds.

The Fund invests in derivative contracts, which inherently have counterparty risk. Futures derivative contracts are not exposed to counterparty risk as they are settled daily. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of derivative instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

DERIVATIVES BY CREDIT RATING	2022			2021		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 2,042,537	\$ 791	\$ (95,842)	\$ 3,363,582	\$ 3,365	\$ (66,901)
A	6,872,764	4,914	(332,488)	7,614,946	33,903	(101,813)
Total Derivatives	\$ 8,915,301	\$ 5,705	\$ (428,330)	\$ 10,978,528	\$ 37,268	\$ (168,714)

Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 6 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2022	2021
Collateral pledged	\$ 18,290	\$ 22,296

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 assets and derivative financial liabilities as at December 31:

	2022				
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 5,705	\$ 5,705	\$ —	\$ —	\$ 5,705
Derivative liabilities	(428,330)	(428,330)	—	—	(428,330)
	\$ (422,625)	\$ (422,625)	\$ —	\$ —	\$ (422,625)

CORPORATE BOND FUND

2021					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 37,268	\$ 37,268	\$ —	\$ —	37,268
Derivative liabilities	(168,714)	(168,714)	—	—	(168,714)
	\$ (131,446)	\$ (131,446)	\$ —	\$ —	(131,446)

Interest Rate Risk

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

BONDS BY MATURITY DATE	2022		2021	
	Total	Avg Effective Yield	Total	Avg Effective Yield
1 to 2 years	\$ 16,737	6.4 %	\$ —	0.0 %
2 to 5 years	1,790,908	5.6	2,635,799	3.1
5 to 10 years	3,556,928	6.5	5,808,020	3.8
10 to 20 years	1,265,088	5.4	1,822,272	2.4
20 to 30 years	747,095	4.6	777,479	2.3
Over 30 years	1,938,259	7.7	1,601,143	0.7
Total Bonds	\$ 9,315,015	6.3 %	\$ 12,644,713	3.0 %

As at December 31, 2022, the Fund had an average duration of 5.62 years (2021 - 7.27 years). As at December 31, the Fund invested in fixed income instruments with the longest term to maturity of 77 years (2021 - 78 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 \$603,613 (2021 - \$920,535), representing 5.6% of the Fund's net assets (2021 - 6.83%). In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

In addition, the Fund is exposed to interest rate risk through the underlying securities held in exchange traded funds.

Currency Risk

At December 31, 2022, 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.

2022					
	Net Investments and Investments-Related Receivable/(Payable)	Net Foreign Currency Contracts Receivable/(Payable)	Net exposure	% of total net asset	
United States Dollar	\$ 9,253,117	\$ (9,349,155)	\$ (96,038)	(0.9) %	

2021				
	Net Investment Related Receivable/(Payable)	Net Foreign Currency Contracts Receivable/(Payable)	Net exposure	% of total net asset
United States Dollar	11,185,350	(11,096,773)	88,577	0.7

As at December 31, 2022, if the Canadian dollar had strengthened/weakened by 1% in relation to the U.S. currency, holding all other variables constant, net assets would have decreased/increased, respectively, by \$(960) (2021 - \$886). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

CORPORATE BOND FUND

Other Price Risk

The Fund's fixed income instruments are not exposed to significant other price risk. Management monitors the concentration of risk for debt securities based on counterparties and geographic location.

Investments by geographic region

As at December 31, the Fund's debt securities are concentrated in the following geographical regions:

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
Canada	\$ 2,928,265	31.4 %	\$ 3,052,130	24.1 %
Ireland	—	—	50,170	0.4
Netherlands	37,002	0.4	32,041	0.3
United States	6,349,748	68.2	9,510,372	75.2
Total Bonds	\$ 9,315,015	100.0 %	\$ 12,644,713	100.0 %

CORPORATE BOND FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 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.

As at December 31, all fair value measurements noted in the tables below are recurring.

	2022			2021		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Exchange traded funds	490,756	—	490,756	—	—	—
Money market funds	\$ 1,311,276	\$ —	\$ 1,311,276	\$ 813,977	\$ —	\$ 813,977
Bonds	—	9,315,015	9,315,015	—	12,644,713	12,644,713
Total investments	1,802,032	9,315,015	11,117,047	813,977	12,644,713	13,458,690
Forwards, net	—	(422,625)	(422,625)	—	(131,446)	(131,446)
Total	\$ 1,802,032	\$ 8,892,390	\$ 10,694,422	\$ 813,977	\$ 12,513,267	\$ 13,327,244

The carrying amount of the Fund's net assets attributable to holders of 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 2022 and 2021 there were no significant transfers between the three levels in the hierarchy.

CORPORATE BOND FUND

Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

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 2022 and 2021, 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 their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2022			2021		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	2	\$ 5,258,947	\$ 1,311,276	2	\$ 5,303,907	\$ 813,977

LEVERAGED BOND FUND

Statement of Financial Position

(Expressed in thousands of dollars, except number of units)

As at December 31, 2022, with comparative information for 2021

Assets	NOTES	2022	2021
Cash		\$ —	\$ 671
Receivable from sale of investments		325,540	82,043
Interest receivable		71,596	39,863
Derivative assets			
Swaps		10,815	1,208
Investments		17,372,277	16,627,415
Total assets		17,780,228	16,751,200
Liabilities			
Payable for purchase of investments		228,476	79,846
BCI cost recoveries payable	4	1,000	550
Interest payable		117,800	9,471
Amounts payable under repurchase agreements		15,771,504	15,669,270
Other accounts payable		98	653
Derivative liabilities			
Swaps		12,347	942
		16,131,225	15,760,732
Net assets attributable to holders of redeemable units		\$ 1,649,003	\$ 990,468
Number of redeemable units outstanding	5	1,703,399.260	1,403.250
Net assets attributable to holders of redeemable units per unit		\$ 1	\$ 706

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

LEVERAGED BOND FUND

Statement of Comprehensive Loss

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Revenue	NOTES	2022	2021
Interest income		\$ 404,286	\$ 227,552
Other income	10	3	356
Change in fair value of investments and derivatives:			
Net realized loss		(998,756)	(247,360)
Net change in unrealized appreciation		(1,449,305)	(411,292)
Total revenue (loss)		(2,043,772)	(430,744)
Expenses			
BCI cost recoveries	4	10,227	6,665
Administrative fees		77	167
Interest expense		292,340	40,703
Commissions and stock exchange fees		49	73
Total operating expenses		302,693	47,608
Decrease in net assets attributable to holders of redeemable units before distributions		(2,346,465)	(478,352)
Distributions to holders of redeemable units		(101,596)	(180,300)
Decrease in net assets attributable to holders of redeemable units		\$ (2,448,061)	\$ (658,652)

LEVERAGED BOND FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Balance, beginning of year	\$ 990,468	\$ 918,609
Decrease in net assets attributable to holders of redeemable units	(2,448,061)	(658,652)
Redeemable unit transactions:		
Proceeds from units issued	3,561,996	797,211
Reinvestment of distributions	101,596	180,300
Amounts paid for units redeemed	(556,996)	(247,000)
Net increase from redeemable unit transactions	3,106,596	730,511
Balance, end of year	\$ 1,649,003	\$ 990,468

LEVERAGED BOND FUND

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Operating activities	2022	2021
Decrease in net assets attributable to holders of redeemable units	\$ (2,448,061)	\$ (658,652)
Adjustments for:		
Interest income	(404,286)	(227,552)
Interest expense	292,340	40,703
Net realized loss from investments and derivatives	998,756	247,360
Net change in unrealized appreciation of investments and derivatives	1,449,305	411,292
Amortization of premiums and discounts	28,514	85,522
Non cash distributions	101,596	180,300
BCI cost recoveries payable	450	170
Other accounts payable	(555)	614
Interest received	372,553	212,989
Interest paid	(184,011)	(41,939)
Net purchase of investments and derivatives	(3,314,506)	(3,317,774)
	(3,107,905)	(3,066,967)
Financing activities		
Proceeds from issuance of redeemable units	3,561,996	797,211
Payments on redemption of redeemable units	(556,996)	(247,000)
Net proceeds and repayments from borrowings	102,234	2,517,281
	3,107,234	3,067,492
Net increase (decrease) in cash	(671)	525
Cash, beginning of year	671	146
Cash, end of year	\$ —	\$ 671

LEVERAGED BOND FUND

Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Pledged financial assets at FVTPL				
Federal Government	\$ 9,978,091	\$ 10,305,575	\$ 8,200,747	\$ 8,199,842
Provincial Government	6,530,880	7,562,144	7,652,719	7,719,579
Non-pledged financial assets at FVTPL				
Federal Government	—	—	255,145	252,822
Provincial Government	848,141	995,565	163,566	159,650
	17,357,112	18,863,284	16,272,177	16,331,893
Money Market Investments				
Federal Government	—	—	348,529	348,727
Units in BCI Pooled Investment Portfolio				
Fund ST1	3,947	3,947	6,709	6,709
	3,947	3,947	355,238	355,436
Investment Related Receivables				
Securities purchased under reverse repurchase agreements	11,218	11,218	—	—
Total Investments	\$ 17,372,277	\$ 18,878,449	\$ 16,627,415	\$ 16,687,329

LEVERAGED BOND FUND

Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022			2021		
	Notional Value ^(a)	Fair Value		Notional Value ^(a)	Fair Value	
		Derivative Assets ^(b)	Derivative Liabilities		Derivative Assets ^(b)	Derivative Liabilities
Interest rate derivatives						
Listed						
Futures ^(c)	\$ —	\$ —	\$ —	\$ 56,800	\$ —	\$ —
OTC						
Swaps	2,340,000	10,815	(12,347)	4,706,000	1,208	(942)
Total	\$ 2,340,000	\$ 10,815	\$ (12,347)	\$ 4,762,800	\$ 1,208	\$ (942)

The terms to maturity based on notional value for the derivatives were as follows at December 31:

	2022	2021
Less than 1 year	\$ 2,340,000	\$ 4,762,800
Total	\$ 2,340,000	\$ 4,762,800

(a) Notional value represents the net absolute value of the contractual amount to which a rate or price is applied in order to calculate the exchange of cash flows and is therefore not recorded in the financial statements. Notional amounts do not necessarily indicate the amounts of future cash flows or the current fair value of the derivative contracts and, therefore do not necessarily indicate the Fund's exposure to credit or market risk.

(b) The fair value of derivative contracts recorded as an asset represents the credit risk or the loss to which the Fund is potentially exposed should counterparties fail to perform under the derivative contract.

(c) As futures derivative contracts are fair valued through profit and loss and settled daily, the gain or loss recognized on December 31 is recorded in other receivables or other accounts payable on the Statement of Financial Position and in realized gains and losses on the Statement of Comprehensive Income.

LEVERAGED BOND FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The investment objective of the Leveraged Bond Fund (the "Fund") is to provide leveraged high-quality interest rate exposure. The Fund's benchmark is the FTSE Canada Universe All Government Bond Index (the "Index") and realized cost of financing.

The Fund can hold the following securities:

- fixed income securities issued or guaranteed by the Government of Canada or its provinces or the Government of the United States;
- money market instruments, including repurchase agreements; and
- units in the Canadian Money Market Fund (ST1) and other BCI pooled funds that meet the Pool's Investment Policies criteria.

The following restrictions apply to the Fund:

- the Fund may issue unsecured debt instruments or raise collateralized financing for the purpose of financing Fund assets;
- derivative instruments may be used for the purposes of synthetic indexing, risk control, lowering transaction costs, liquidity management and/or leverage;
- the Fund may borrow money to create leverage and/or to finance investments;
- the value of Fund liabilities will not exceed the value of Fund assets by more than 35%;
- the Fund may not sell a security which it does not own (i.e. short sale), and
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- If any issuer or counterparty is downgraded below the approved credit standard, BCI will have discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 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 security or issuer credit ratings.

INVESTMENTS BY CREDIT RATING	2022		2021	
	Total	% of Total	Total	% Total
AAA/AA	\$ 12,945,775	74.6 %	\$ 11,118,329	66.9 %
A	4,411,337	25.4	5,502,377	33.1
Total	\$ 17,357,112	100.0 %	\$ 16,620,706	100.0 %

The Fund invests in derivative contracts, which inherently have counterparty risk. Futures derivative contracts are not exposed to counterparty risk as they are settled daily. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of derivative instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

DERIVATIVES BY CREDIT RATING	2022			2021		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 1,050,000	\$ 5,131	\$ (5,513)	\$ 1,976,000	\$ 749	\$ (224)
A	1,290,000	5,684	(6,834)	2,730,000	459	(718)
Total Derivatives	\$ 2,340,000	\$ 10,815	\$ (12,347)	\$ 4,706,000	\$ 1,208	\$ (942)

LEVERAGED BOND FUND

Collateral Pledged and Received

The Fund is party to repurchase and sell buy back agreements, which involve pledging and holding collateral. The following table illustrates the fair values of such collateral and the securities under these agreements at:

	2022	2021
Amounts payable under repurchase agreements	\$ 15,771,504	\$ 15,669,270
Collateral received	5,684	987
Collateral pledged	16,508,971	15,853,466

Liquidity Risk

The Fund's non-derivative liabilities and amounts payable under repurchase agreements are due within three months and one year of the year-end of the Fund, respectively.

The following were the contractual maturities of derivative financial assets and derivative financial liabilities as at December 31:

2022						
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total	
Derivative assets	\$ 10,815	\$ 10,815	\$ —	\$ —	\$ 10,815	
Derivative liabilities	(12,347)	(12,347)	—	—	(12,347)	
	\$ (1,532)	\$ (1,532)	\$ —	\$ —	\$ (1,532)	

2021						
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total	
Derivative assets	\$ 1,208	\$ 1,208	\$ —	\$ —	\$ 1,208	
Derivative liabilities	(942)	(942)	—	—	(942)	
	\$ 266	\$ 266	\$ —	\$ —	\$ 266	

LEVERAGED BOND FUND

Interest Rate Risk

The Fund's investment objective results in the Fund being exposed to leveraged interest rate risk. The Fund finances bond purchases with repurchase agreements which are generally of shorter duration than the bond investments, resulting in significant interest rate risk. The Fund's investment in bonds is approximately 11 times the net asset value of the Fund (2021 - 16), resulting in significantly greater interest rate risk than an unleveraged bond investment.

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

BONDS BY MATURITY DATE	2022		2021	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ —	— %	\$ 676,318	0.7 %
1 to 2 years	1,428,925	4.1	1,330,425	1.1
2 to 5 years	4,948,157	3.7	3,451,717	1.3
5 to 10 years	5,494,839	3.6	4,721,817	1.7
10 to 20 years	2,660,241	4.1	2,603,255	2.2
20 to 30 years	2,238,480	4.3	3,054,540	2.3
Over 30 years	586,470	3.9	434,105	2.3
Total Bonds	\$ 17,357,112	3.8 %	\$ 16,272,177	1.7 %

As at December 31, 2022, the Fund held no money market investments. As at December 31, 2021, the Fund invested in money market investments with terms to maturity within 1 year, and a weighted average effective yield of 0.6%.

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 \$1,377,309 (2021 - 1,492,539), representing 83.5% of the Fund's net assets (2021 - 150.7%). In practice, actual trading 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.

Investments by geographic region

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

LEVERAGED BOND FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 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.

As at December 31, all fair value measurements noted in the tables below are recurring.

	2022			2021		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	3,947	—	3,947	6,709	—	6,709
Money market investments	—	—	—	—	348,529	348,529
Bonds	—	17,357,112	17,357,112	—	16,272,177	16,272,177
Securities purchased under reverse repurchase agreements	—	11,218	11,218	—	—	—
Total investments	3,947	17,368,330	17,372,277	6,709	16,620,706	16,627,415
Swaps, net	—	(1,532)	(1,532)	—	266	266
Amounts payable under repurchase agreements	—	(15,771,504)	(15,771,504)	—	(15,669,270)	(15,669,270)
Total	\$ 3,947	\$ 1,595,294	\$ 1,599,241	\$ 6,709	\$ 951,702	\$ 958,411

The carrying amount of the Fund's net assets attributable to holders of 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 2022 and 2021 there were no significant transfers between the three levels in the hierarchy.

LEVERAGED BOND FUND

Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

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 2022 and 2021, 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 their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2022			2021		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,910,876	\$ 3,947	1	\$ 1,596,948	\$ 6,709

GOVERNMENT BOND FUND

Statement of Financial Position

(Expressed in thousands of dollars, except number of units)

As at December 31, 2022, with comparative information for 2021

Assets	NOTES	2022	2021
Receivable from sale of investments		\$ 539,742	\$ 24,221
Interest receivable		66,394	26,322
Investments		15,025,418	12,109,810
Total assets		15,631,554	12,160,353
Liabilities			
Payable for purchase of investments		538,679	60,085
BCI cost recoveries payable	4	718	339
Other accounts payable		28	23
		539,425	60,447
Net assets attributable to holders of redeemable units		\$ 15,092,129	\$ 12,099,906
Number of redeemable units outstanding	5	17,488,850	12,342,140
Net assets attributable to holders of redeemable units per unit		\$ 863	\$ 980

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

GOVERNMENT BOND FUND

Statement of Comprehensive Loss

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

Revenue	NOTES	2022	2021
Interest income		\$ 387,151	\$ 108,523
Securities lending income		7,674	1,141
Other income	10	(1)	121
Change in fair value of investments:			
Net realized loss		(1,123,218)	(137,901)
Net change in unrealized appreciation		(1,078,114)	19,571
Total loss		(1,806,508)	(8,545)
Expenses			
BCI cost recoveries	4	7,489	3,490
Administrative fees		47	33
Commissions and stock exchange fees		43	—
Total operating expenses		7,579	3,523
Decrease in net assets attributable to holders of redeemable units before distributions		(1,814,087)	(12,068)
Distributions to holders of redeemable units		(387,245)	(106,262)
Decrease in net assets attributable to holders of redeemable units		\$ (2,201,332)	\$ (118,330)

GOVERNMENT BOND FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Balance, beginning of period	\$ 12,099,906	\$ —
Decrease in net assets attributable to holders of redeemable units	(2,201,332)	(118,330)
Redeemable unit transactions:		
Proceeds from units issued	9,780,445	12,272,905
Reinvestment of distributions	387,245	106,262
Amounts paid for units redeemed	(4,974,135)	(160,931)
Net increase from redeemable unit transactions	5,193,555	12,218,236
Balance, end of period	\$ 15,092,129	\$ 12,099,906

GOVERNMENT BOND FUND

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Operating activities		
Decrease in net assets attributable to holders of redeemable units	\$ (2,201,332)	\$ (118,330)
Adjustments for:		
Interest income	(387,151)	(108,523)
Net realized loss from investments	1,123,218	137,901
Net change in unrealized appreciation of investments	1,078,114	(19,571)
Amortization of premiums and discounts	10,260	37,596
Non cash distributions	387,245	106,262
BCI cost recoveries payable	379	339
Other accounts payable	5	23
Interest received	347,079	82,201
Net purchase of investments	(5,164,127)	(12,229,872)
	(4,806,310)	(12,111,974)
Financing activities		
Proceeds from issuance of redeemable units	9,780,445	12,272,905
Payments on redemption of redeemable units	(4,974,135)	(160,931)
	4,806,310	12,111,974
Cash, beginning and end of period	\$ —	\$ —

GOVERNMENT BOND FUND

Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2022, with comparative information for 2021

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Federal Government	\$ 8,504,912	\$ 8,714,136	\$ 5,769,233	\$ 5,765,268
Provincial Government	6,136,980	6,963,098	5,958,186	5,940,553
Municipal Government	313,082	334,545	55,396	56,961
Supranational and Sovereign	66,958	68,696	9,723	10,000
	15,021,932	16,080,475	11,792,538	11,772,782
Money Market Investments				
Federal Government	—	—	259,181	259,365
Units in BCI Pooled Investment Portfolio				
Fund ST1	3,486	3,486	58,091	58,092
	3,486	3,486	317,272	317,457
Total Investments	\$ 15,025,418	\$ 16,083,961	\$ 12,109,810	\$ 12,090,239

GOVERNMENT BOND FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Government Bond Fund (the "Fund") primarily invests in bonds issued or guaranteed by the Canadian government and its Provinces. The investment objective of the Fund is to exceed the Fund's benchmark, the FTSE Canada All Government Bond Index, by 15 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 actively managing the interest rate and credit exposure of the Fund.

The Fund can hold the following securities:

- fixed income securities issued or guaranteed by the Government of Canada, a Canadian provincial or municipal government, Canadian government-related entities, or the Government of the United States;
- Canadian dollar denominated fixed income securities which are issued or guaranteed by a sovereign government;
- Canadian dollar denominated fixed income securities which are issued or guaranteed by supranational entities;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- units in BCI's Short Term Money Market Fund (ST1) and other BCI pooled funds that meet the Fund's Investment Policies criteria.

The following restrictions apply to the Fund:

- fixed income securities issued by municipalities, Canadian government-related entities, and non-Canadian entities must be rated BBB- or better by Standard & Poor's or have an equivalent rating from another credit rating agency;
- the Fund's weighting of municipal bonds and Canadian government-related entities shall not exceed 10 percentage points above the weighting of such bonds within the FTSE Canada All Government Bond Index;
- not more than 25 percent of the market value of the Fund can be invested in securities issued or guaranteed by an entity other than the Government of Canada or a Canadian provincial or municipal government, except on a temporary basis with documented CIO approval;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency;
- if any security or counterparty is downgraded below the approved credit standard, BCI will have discretion with respect to the sale of any affected security or the termination of any affected derivative transaction;

Note 6 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 security or issuer credit ratings.

INVESTMENTS BY CREDIT RATING	2022		2021	
	Total	% of Total	Total	% Total
AAA/AA	\$ 11,676,870	77.7 %	\$ 8,051,189	66.8 %
A	3,345,062	22.3	4,000,530	33.2
Total	\$ 15,021,932	100.0 %	\$ 12,051,719	100.0 %

Liquidity Risk

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

GOVERNMENT BOND FUND

Interest Rate Risk

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

BONDS BY MATURITY DATE	2022		2021	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ —	— %	\$ 149,488	0.7 %
1 to 2 years	848,067	4.1	853,460	1.1 %
2 to 5 years	3,988,599	3.8	2,903,968	1.2
5 to 10 years	5,169,910	3.6	3,499,074	1.7
10 to 20 years	2,529,191	4.2	1,796,669	2.3
20 to 30 years	1,834,931	4.4	2,328,242	2.3
Over 30 years	651,234	4.0	261,637	2.4
Total Bonds	\$ 15,021,932	3.9 %	\$ 11,792,538	1.7 %

As at December 31, 2022, the Fund held no money market investments. As at December 31, 2021, the Fund invested in money market investments with terms to maturity within 1 year, and a weighted average effective yield of 0.5%.

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 \$1,192,741 (2021 - 1,089,475), representing 7.9% (2021 - 9.0%) of the Fund's net assets. In practice, actual trading 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.

Investments by geographic region

As at December 31, the Fund's debt securities are concentrated in the following geographical regions:

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
Canada	\$ 14,954,974	99.6 %	\$ 11,782,815	99.9 %
Supranational	66,958	0.4	9,723	0.1
Total	\$ 15,021,932	100.0 %	\$ 11,792,538	100.0 %

GOVERNMENT BOND FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 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.

As at December 31, all fair value measurements noted in the tables below are recurring.

	2022			2021		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	\$ 3,486	\$ —	\$ 3,486	58,091	—	58,091
Money market investments	—	—	—	—	259,181	259,181
Bonds	—	15,021,932	15,021,932	—	11,792,538	11,792,538
Total	\$ 3,486	\$ 15,021,932	\$ 15,025,418	\$ 58,091	\$ 12,051,719	\$ 12,109,810

The carrying amount of the Fund's net assets attributable to holders of 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 2022 and 2021 there were no significant transfers between the three levels in the hierarchy.

GOVERNMENT BOND FUND

Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

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 2022 and 2021, 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 their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2022			2021		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,910,876	\$ 3,486	1	\$ 1,596,948	\$ 58,091

1. THE PORTFOLIOS

British Columbia Investment Management Corporation ("BCI") 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 BCI's registered office is at 750 Pandora Avenue, Victoria, British Columbia, Canada. These financial statements have been prepared by BCI and are the responsibility of BCI management.

Under the *Act* and the *Pooled Investment Portfolios Regulation*, B.C. Reg. 447/99 (the "Regulations"), BCI may establish and operate Funds "... 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, Funds previously established under the *Financial Administration Act* and the *Pooled Investment Portfolios Regulation*, B.C. Reg. 84/86, were continued under the Regulations, to be held in trust by BCI and invested by the Chief Investment Officer ("CIO") of BCI.

The pooled investment portfolios (the "Funds") were established on the following dates:

Pooled Investment Portfolios	Dates Established
Canadian Money Market Fund ST1	April 21, 1986
Canadian Money Market Fund ST2	September 19, 1986
U.S. Dollar Money Market Fund ST3	August 1, 1990
U.S. Dollar Money Market Fund ST4	April 1, 2022
CDOR 1 Floating Rate Fund	March 13, 2017
CDOR 2 Floating Rate Fund	October 11, 2018
CDOR 3 Floating Rate Fund	October 10, 2019
CDOR 4 Floating Rate Fund	October 16, 2019
Short Term Bond Fund	November 1, 1995
Canadian Universe Bond Fund	April 20, 2006
Corporate Bond Fund	January 8, 2016
Leveraged Bond Fund	September 19, 2019
Government Bond Fund	January 7, 2021

The U.S. Dollar Money Market Fund ST4 was established in 2022, therefore no comparative information has been presented in the financial statements.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"). These financial statements were authorized for issue by the Chief Executive Officer / Chief Investment Officer on April 11, 2023.

(b) Accounting for investments

The Funds qualify as investment entities as they meet the following definition of an investment entity outlined in IFRS 10, *Consolidated Financial Statements (IFRS 10)*:

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services.
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

(c) Basis of measurement

These financial statements have been prepared on a historical cost basis except for investments, derivative financial instruments, amounts payable under repurchase agreements, and redeemable units which are measured at fair value.

(d) Functional and presentation currency

These financial statements are presented in Canadian dollars which is the Funds' functional currency, except for U.S. Dollar Money Market Fund ST3 and U.S. Dollar Money Market Fund ST4, which are presented in U.S. dollars and whose functional currency is U.S. dollars.

(e) 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, revenue and expenses. Financial results as determined by actual events could differ from those estimates and assumptions, and the difference could be material.

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

3. MATERIAL 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: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). 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 FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities 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. The Funds derecognize a financial liability when its contractual obligations are discharged, cancelled or expired.

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 intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and sell financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Funds may irrevocably elect to measure financial assets

that otherwise meet the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

Financial assets are not reclassified subsequent to their initial recognition, unless the Funds change their business models for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Funds have not classified any of its financial assets as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivative financial liabilities. On initial recognition the Funds irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

(ii) Fair value through profit or loss

Financial instruments classified as 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.

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' 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 non-publicly traded derivative financial instruments, is determined using valuation techniques. Valuation techniques 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 BCI, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

(iii) Amortized cost

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses.

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) Classification of financial assets and liabilities

The following table summarizes the classification of the Funds' financial assets and liabilities:

FINANCIAL ASSET OR LIABILITY	CLASSIFICATION
Investments	FVTPL
Derivative financial instruments	FVTPL
Amounts payable under repurchase agreements	FVTPL
Redeemable units	FVTPL
Cash	Amortized cost
Receivable from sale of investments	Amortized cost
Receivable from issuance of units	Amortized cost
Dividend receivable	Amortized cost
Interest receivable	Amortized cost
Other receivables	Amortized cost
Security lending revenue receivable	Amortized cost
Other accounts payable	Amortized cost
Payable for purchase of investments	Amortized cost
Payable for redemption of units	Amortized cost
BCI cost recoveries payable	Amortized cost

(b) Receivables and payables under repurchase agreements

The Funds are party to repurchase agreements and reverse repurchase agreements. These agreements involve the sale of securities by one counterparty with a simultaneous agreement to repurchase such securities at a specified price and at a specified future date.

When the Funds purchase a financial asset and simultaneously enter into an agreement to resell the same or a substantially similar asset at a fixed price on a future date (reverse repurchase agreement), the arrangement is recognized in the Statement of Financial Position within Investments as securities purchased under reverse repurchase agreement, and the underlying asset is not recognized in the Funds' financial statements as the counterparty retains the risks and rewards of ownership of the underlying asset.

When the Funds sell a financial asset and simultaneously enter into an agreement to repurchase the same or a similar asset at a fixed price on a future date (repurchase agreement), the Funds retain substantially all of the risks and rewards of ownership of the asset. Therefore, the arrangement is accounted for as a borrowing and is recognized in the Statement of Financial Position as amounts payable under repurchase agreement and the underlying asset is not derecognized.

(c) 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 the Statement of Comprehensive Income when they are authorized and no longer at the discretion of BCI.

(d) Issues and redemption of units

Participation in each Fund is expressed in units. The initial value of a unit on inception is \$1 million (\$U.S. 1 million for the U.S. Dollar Money Market Fund ST3 and U.S. Dollar Money Market Fund ST4). 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.

(e) Foreign exchange

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 and the U.S. Dollar Money Market Fund ST4) 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.

(f) 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 using the average cost basis of the respective investments.

(g) Fees and commission expense

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.

(h) 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.

(i) Income taxes

The Funds are immune from income taxation in Canada under the Constitution Act. All of a Fund's net income for tax purposes and net capital gains realized in any period are required to be distributed to unitholders pursuant to the Regulations. Income taxes associated with any of the Funds' underlying investments are accounted for in determining the fair value of the respective investments.

(j) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations as listed below are not yet effective for the year ended December 31, 2022, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Funds.

Effective on January 1, 2023:

- IFRS 17 - Insurance contracts
- Amendments to IFRS 17
- Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of accounting estimates (Amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12 Income Taxes
- Initial Application of IFRS 17 and IFRS 9 - Comparative information (Amendments to IFRS 17)

Effective on January 1, 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Lease liability in a sale and leaseback (Amendments to IFRS 16)
- Non-current liabilities with covenants (Amendments to IAS 1)

4. RELATED PARTY TRANSACTIONS

The Funds' related parties include BCI, QuadReal Property Group Limited Partnership and affiliates ("QuadReal"), the Province of British Columbia and related entities, investments where a Fund has a controlling interest or significant influence, entities with common ownership, and other related entities for which a Fund provides investment management services. QuadReal is an independently operated company, owned by BCI, which manages the Mortgage and Real Estate Programs pursuant to an Asset Management Agreement as agreed between BCI and QuadReal. The Funds had the following transactions with related parties during the year.

BCI cost recoveries

Third party costs that are attributable to a specific Fund are charged to that Fund. Other costs initially borne by BCI are recovered from the various Funds on a cost recovery basis. BCI cost recoveries and corresponding payable are disclosed in each Fund's Statement of Comprehensive Income and Statement of Financial Position, respectively.

Investments

Where one Fund invests in another Fund, the unit issuances and redemptions are transacted on a basis equivalent to those in an arm's length transaction.

The Funds enter into investment transactions with related parties in the normal course of business. The terms of the respective purchases and sales are equivalent to those prevailing in an arm's length transaction, with each Fund's interests represented by different BCI personnel.

Internal financing transactions

In the normal course of business, CDOR 2 Floating Rate Fund extended internal fixed term financing linked to the Canadian Dollar Offered Rate (the "Benchmark"), to the below entities managed by BCI which are classified as related parties. These transactions are governed by the BCI's *Internal Transaction Directive*. The amounts in the table represent outstanding amounts as at:

Borrowing entity	Initial principal financing commitment (CAD)	December 31, 2022	December 31, 2021
Infrastructure & Renewable Resources ¹	Up to \$2,000,000	\$ 1,328,209	\$ —
Infrastructure & Renewable Resources ²	Up to \$500,000	—	436,519
Total Loans to Infrastructure & Renewable Resources Program		\$ 1,328,209	\$ 436,519

¹The borrowing entities are stopper corporations within Bolsena Fund, Bolsena (Public) Fund and client segregated accounts within the Infrastructure and Renewable Resources program. The Facilities earn a floating rate return that is linked to the Canadian Dollar Offered Rate plus 0.385% - 0.77% and matures in January 2023.

²The borrowing entities are stopper corporations within Bolsena Fund, Bolsena (Public) Fund and client segregated accounts within the Infrastructure and Renewable Resources program. The Facility earns a floating rate return that is linked to the Canadian Dollar Offered Rate plus 0.2%. In January 2022, the Facility was repaid in full.

Borrowing entity	Initial principal financing commitment (CAD)	December 31, 2022	December 31, 2021
QuadReal Multi Asset Realty ³	\$500,000 ⁴	505,073	—
QuadReal Multi Asset Realty ⁵	\$500,000 ⁴	504,672	500,878
QuadReal Multi Asset Realty ⁶	\$250,000 ⁴	250,933	250,248
QuadReal Global I REIT Investment LP ⁷	Up to \$500,000	302,315	—
QuadReal Global I REIT Investment LP ⁸	Up to \$500,000	—	300,337
Total Loans to QuadReal-managed entities		\$ 1,562,993	\$ 1,051,463

Internal transactions between Funds are not secured in that specific assets are not pledged by the borrowing Fund to secure its obligations; however, the obligations of the borrowing Funds are supported by assurances from BCI's Strategic Asset Allocation Department that client assets will be reallocated to the borrowing pool as necessary to ensure satisfaction of payment obligations at the end of the financing term.

³The borrowing entity is QuadReal Multi Asset Realty, a pooled fund managed by QuadReal. The Facility earns a floating rate return that is linked to the Canadian Dollar Offered Rate plus 1.15%. The Facility matures in July 2023.

⁴To ensure client fairness and reflect savings from the scale of BCI's impact on lowering financing costs, a savings sharing mechanism ("SSM") was introduced, whereby 50% of returns earned by the Facility are distributed directly to participating BCI clients. The SSM will be distributed directly to clients by way of interest rate swaps entered into by CDOR 2 Floating Rate Fund and the respective client segregated accounts with a total notional value of up to \$1,250 million (December 31, 2021 - \$750 million) which matures on the same day as the respective internal financing transactions.

⁵The borrowing entity is QuadReal Multi Asset Realty, a pooled fund managed by QuadReal. The Facility earned a floating rate return that is linked to the Canadian Dollar Offered Rate plus 0.625%. In November 2022, this Facility was rolled over for additional 11 months to October 2023. The extended facility earns a floating rate return that is linked to the Canadian Dollar Offered Rate plus 1.29%.

⁶The borrowing entity is QuadReal Multi Asset Realty, a pooled fund managed by QuadReal. The Facility earns a floating rate return that is linked to the Canadian Dollar Offered Rate plus 1.075%. The Facility matures in December 2023.

⁷The borrowing entity is QuadReal Global I REIT Investment LP, a limited partnership primarily held by a pooled investment portfolio within the Real Estate program. The Facility earns a floating rate return that is linked to the Canadian Dollar Offered Rate plus a set percentage based on loan-to-value of securities held within QuadReal Global I REIT Investment LP ranging from 0.585 – 0.835%. The Facility matures in May 2023.

⁸The borrowing entity is QuadReal Global I REIT Investment LP, a limited partnership primarily held by a pooled investment portfolio within the Real Estate program. The Facility earns a floating rate return that is linked to the Canadian Dollar Offered Rate plus a set percentage based on loan-to-value of securities held within QuadReal Global I REIT Investment LP ranging from 0.25 – 0.5%. The Facility matured in August 2022.

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. BCI 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 December 31:

	CANADIAN MONEY MARKET FUND ST1		CANADIAN MONEY MARKET FUND ST2		U.S. DOLLAR MONEY MARKET FUND ST3	
	2022	2021	2022	2021	2022	2021
Outstanding, beginning of period	405,370	485,915	984,743	895,487	1,276,337	339,560
Issued for cash	13,444,103	11,688,392	1,491,342	2,171,898	10,013,664	10,708,336
Issued on reinvestment of distributions	10,688	1,203	11,657	2,252	13,182	0,438
Consolidation of units	(10,688)	(1,203)	(11,657)	(2,252)	(13,182)	(0,438)
Redeemed	(13,373,469)	(11,768,937)	(1,895,766)	(2,082,642)	(10,232,821)	(9,771,559)
Outstanding, end of period	476,004	405,370	580,319	984,743	1,057,180	1,276,337

	U.S. MONEY MARKET ST4	CDOR 1 FLOATING RATE FUND		CDOR 2 FLOATING RATE FUND	
	2022	2022	2021	2022	2021
Outstanding, beginning of period	—	13,149,430	13,635,495	5,281,190	1,586,960
Issued for cash	486,710	44,860,562	22,160,988	3,122,099	9,253,602
Issued on reinvestment of distributions	—	435,023	247,153	146,210	199,073
Consolidation of units	—	(435,023)	(247,153)	(146,210)	(199,073)
Redeemed	(7,297)	(40,554,062)	(22,647,053)	(5,608,519)	(5,559,372)
Outstanding, end of period	479,413	17,455,930	13,149,430	2,794,770	5,281,190

	CDOR 3 FLOATING RATE FUND		CDOR 4 FLOATING RATE FUND		SHORT TERM BOND FUND	
	2022	2021	2022	2021	2022	2021
Outstanding, beginning of period	6,057,650	3,903,478	561,921	302,175	333,441	342,744
Issued for cash	1,000,461	4,409,807	2,646,556	1,170,000	372,340	0,020
Issued on reinvestment of distributions	140,874	60,345	17,962	1,612	9,579	3,504
Consolidation of units	(140,874)	(60,345)	(17,962)	(1,612)	(9,579)	(3,504)
Redeemed	(1,398,821)	(2,255,635)	(2,520,260)	(910,254)	(135,353)	(9,323)
Outstanding, end of period	5,659,290	6,057,650	688,217	561,921	570,428	333,441

	CANADIAN UNIVERSE BOND FUND		CORPORATE BOND FUND		LEVERAGED BOND FUND	
	2022	2021	2022	2021	2022	2021
Outstanding, beginning of period	5,851,630	9,815,212	9,659,050	5,803,828	1,403,250	349,135
Issued for cash	145,742	1,196,867	1,586,900	3,992,682	1,791,169,211	1,360,599
Issued on reinvestment of distributions	46,627	174,457	513,945	518,071	203,214	57,480
Consolidation of units	(46,627)	(174,457)	(513,945)	(518,071)	(203,214)	(57,480)
Redeemed	(5,912,964)	(5,160,449)	(2,526,120)	(137,460)	(89,173,201)	(306,484)
Outstanding, end of period	84,408	5,851,630	8,719,830	9,659,050	1,703,399,260	1,403,250

	GOVERNMENT BOND FUND	
	2022	2021
Outstanding, beginning of period	12,342.140	—
Issued for cash	10,915.458	12,508.975
Issued on reinvestment of distributions	420.148	—
Consolidation of units	(420.148)	—
Redeemed	(5,768.748)	(166.835)
Outstanding, end of period	17,488.850	12,342.140

6. 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.

See additional discussion in the Financial Risk Management Discussion in the notes specific to each Fund.

(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 Funds, resulting in a financial loss to the Funds. It arises principally from debt securities held, and also from derivative financial assets, receivables from reverse repurchase agreements, cash and other receivables due to the Fund. The carrying value of these financial instruments as recorded in the Statement of Financial Position reflects the Funds' maximum exposure to credit risk.

BCI 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, BCI 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, BCI 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 required to transact with counterparties and to invest in investees. Counterparty risk represents the credit risk from current and potential future exposure related to transactions involving derivative contracts and securities lending. For certain investments and derivative contracts, counterparties are required to provide adequate collateral and meet minimum credit rating requirements. BCI management frequently monitors the credit rating of its counterparties as determined by recognized credit rating agencies. With respect to derivative contracts, BCI has the ability to terminate all trades with counterparties whose credit rating is downgraded below its requirements, which may be below the credit rating required for entering into new transactions.

For OTC derivatives, BCI's policy also requires the use of the International Swaps and Derivative Association (ISDA) Master Agreement with all counterparties to derivative contracts. The ISDA Master Agreement provides the contractual framework within which dealing activities across a full range of OTC products are conducted. In the case of OTC-cleared derivatives, trading activities are regulated between parties under terms that are customary to such transactions.

As a credit mitigation technique, the ISDA Master Agreement contractually binds counterparties to close-out netting provisions in the case of default by one of the counterparties. Additionally, the Credit Support

Annex (CSA) to the ISDA Master Agreement enables BCI to realize any collateral placed with it in the case of default of the counterparty. The CSA also requires BCI to contribute further collateral when requested. All collateral transactions under the CSA are high-quality debt instruments or securities. The CSA also regulates the exchange of collateral when the credit exposure to a counterparty exceeds a predetermined threshold. BCI and its counterparties are generally not authorized to sell, repledge or otherwise use collateral held with respect to derivative contracts.

For repurchase and reverse repurchase agreements, BCI requires the use of the Global Master Repurchase Agreement (GMRA) with all counterparties, which provides a contractual framework for transacting repurchase agreements. These transactions are conducted under terms that are usual and customary to repurchase transactions. Collateral requirements are in place to mitigate counterparty risk for repurchase agreements. Eligible collateral is limited to full-recourse high-quality government bonds. The Funds and counterparties are authorized to sell, re-pledge, or otherwise use collateral held.

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 in the notes specific to each Fund.

(c) Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset. BCI'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 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 BCI Money Market Funds are expected to be highly liquid. BCI 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 helps to ensure that sufficient cash reserves are available to meet forecasted cash outflows.

See additional discussion of liquidity risk in the Financial Risk Management Discussion in the notes specific to each Fund.

(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.

Money market investments and bonds 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 low interest rate risk.

See additional discussion of interest rate risk in the Financial Risk Management Discussion in the notes specific to each Fund.

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks has been taking place globally. The reform aims to replace some interbank offered rates ("IBORs") with Risk-Free Rates ("RFRs") for certain products (referred to as "IBOR reform"). The Funds' exposure to IBOR reform is through their investments in bonds and derivatives that are being replaced or reformed as part of this market-wide initiative.

The main risks to which the Funds have been exposed as a result of IBOR reform are operational resulting from, for example, communicating with counterparties, amending contracts or existing fallback clauses, updating systems and processes that use IBOR curves and the revision of operational controls related to the reform. Financial risk is predominantly limited to interest rate risk.

BCI established a working group which includes stakeholders from key impacted departments to monitor and manage the Funds' transition to RFRs. The working group evaluates the extent to which operational systems are impacted by the IBOR reform, updates and guidance on the transition to relevant stakeholders, and promoting awareness of changes to relevant stakeholders. To date, BCI has successfully adapted internal systems and processes and continues to monitor market and regulatory development to ensure ongoing organizational readiness.

For derivative financial instruments, the Funds have adhered to the International Swaps and Derivatives Association ("ISDA") Fallbacks Protocol that took effect January 25, 2021, which provides an efficient mechanism to switch to Alternative Benchmark Rates ("ABRs") as IBORs become unavailable.

The following table presents the fair value of non-derivative financial instruments and the notional value of derivative financial instruments referencing IBORs subject to IBOR reform that have yet to transition to ABRs and maturing after the date of permanent cessation as at December 31:

Pooled Investment Portfolios	Non-derivative financial assets	Derivative financial assets (notional)
CDOR 1 Floating Rate Fund	\$ 999,511	\$ 5,636,000
CDOR 3 Floating Rate Fund	400,423	1,599,000
CDOR 4 Floating Rate Fund	50,232	187,000

(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 in the notes specific to each Fund.

(iii) Other price risk

Other price risk is the risk that the fair value of a 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. There are established investment criteria for each Fund related to diversification of investments and investment mandates for external managers to avoid undue market risk. BCI 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 in the notes specific to each Fund.

The COVID-19 pandemic, geopolitical tensions, and rising inflation and interest rates are continuing to disrupt global economic activity and create high levels of uncertainty and volatility on financial markets.

7. 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 in the notes specific to each Fund.

(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.

(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, dividends receivable, interest receivable, other receivables, security lending revenue receivable, payable for purchase of investments, amounts payable under repurchase agreements, payable for redemption of units, BCI cost recoveries payable, and other accounts 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.

8. TAXES

Net cumulative capital losses and non-capital losses for the Funds with tax losses are as follows as of December 31, 2022:

Pooled Investment Portfolios	Net Capital Losses	Non Capital Losses
CDOR 1 Floating Rate Fund	\$ 278,023	\$ —
CDOR 2 Floating Rate Fund	257,823	—
CDOR 3 Floating Rate Fund	35,029	—
CDOR 4 Floating Rate Fund	2,640	—
Short Term Bond Fund	32,646	—
Canadian Universe Bond Fund	932,934	—
Corporate Bond Fund	1,546,759	—
Leveraged Bond Fund	1,244,469	—
Government Bond Fund	1,253,619	—

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.

9. 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		Percentage of securities on loan	
	2022	2021	2022	2021
CDOR 1 Floating Rate Fund	\$ 5,637,085	\$ 5,334,978	34.1 %	53.3 %
CDOR 2 Floating Rate Fund	65,332	550,198	33.5	12.8
CDOR 3 Floating Rate Fund	1,950,823	2,723,223	39.7	56.6
CDOR 4 Floating Rate Fund	9,433	19,996	1.4	3.7
Short Term Bond Fund	687,882	457,378	44.6	49.1
Canadian Universe Bond Fund	52,150	3,426,057	33.9	28.4
Corporate Bond Fund	1,942,136	1,383,418	19.8	10.9
Government Bond Fund	5,110,416	4,712,954	34.0	39.1

10. RECIPROCAL TAX AGREEMENT ("RTA") RECOVERY

On March 10, 2021, the BC Ministry of Finance and the Department of Finance Canada agreed to amend Schedule A of the RTA to more explicitly acknowledge the Funds' entitlement to a rebate of the amounts paid in lieu of the goods and services tax ("GST") under the RTA between the B.C. and Federal governments. Furthermore, Finance Canada has confirmed that prior year GST assessments will be vacated by the Canada Revenue Agency and no further GST assessments will be issued against BCI for past filing periods in respect of costs recovered from the Funds.

Therefore, the RTA accrued liability, which represented a liability from the years ended December 31, 2017 to December 31, 2020, with no offsetting receivable in respect of a rebate, was reversed and the resulting recovery was recorded in other income. This recovery represents a non-recurring income for the year ended December 31, 2021.

The RTA recovery for each Fund is as follows:

Pooled Investment Portfolios	RTA recovery
Canadian Money Market Fund ST1	\$ 853
Canadian Money Market Fund ST2	1,375
U.S. Dollar Money Market Fund ST3 (\$U.S)	134
CDOR 1 Floating Rate Fund	260
CDOR 2 Floating Rate Fund	2
CDOR 3 Floating Rate Fund	40
CDOR 4 Floating Rate Fund	1
Short Term Bond Fund	940
Canadian Universe Bond Fund	8,458
Corporate Bond Fund	2,130
Leveraged Bond Fund	356
Government Bond Fund	106

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