



**PUBLIC EQUITY**

# Pooled Fund Financial Statements

DECEMBER 2022

---

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION**

**PUBLIC EQUITY - POOLED INVESTMENT PORTFOLIOS**

**GROUP OF FUNDS**

---

Active Canadian Equity Fund  
Active Canadian Small Cap Equity Fund  
Canadian Quantitative Active Equity Fund  
Indexed Canadian Equity Fund  
Active U.S. Small Cap Equity Fund  
Active Global Equity Fund  
Global Quantitative Active Equity Fund  
Indexed Global Equity Fund 1  
Indexed Global Equity Fund 2  
Active Emerging Markets Equity Fund  
Indexed Emerging Markets Equity Fund  
Thematic Public Equity Fund  
Global Quantitative ESG Equity Fund  
Indexed EAFE Equity 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:

Active Canadian Equity Fund	Indexed Global Equity Fund 2
Active Canadian Small Cap Equity Fund	Active Emerging Markets Equity Fund
Canadian Quantitative Active Equity Fund	Indexed Emerging Markets Equity Fund
Indexed Canadian Equity Fund	Thematic Public Equity Fund
Active U.S. Small Cap Equity Fund	Global Quantitative ESG Equity Fund
Active Global Equity Fund	Indexed EAFE Equity Fund
Global Quantitative Active Equity Fund	
Indexed Global Equity Fund 1	

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



KPMG LLP  
PO Box 10426 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

## INDEPENDENT AUDITOR'S REPORT

To the unitholders of the following Public Equity – Pooled Investment Portfolios:

Active Canadian Equity Fund  
Active Canadian Small Cap Equity Fund  
Canadian Quantitative Active Equity Fund  
Indexed Canadian Equity Fund  
Active U.S. Small Cap Equity Fund  
Active Global Equity Fund  
Global Quantitative Active Equity Fund  
Indexed Global Equity Fund 1  
Indexed Global Equity Fund 2  
Active Emerging Markets Equity Fund  
Indexed Emerging Markets Equity Fund  
Thematic Public Equity Fund  
Global Quantitative ESG Equity Fund  
Indexed EAFE Equity 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 August 10, 2022 to December 31, 2022 only for the Indexed EAFE Equity Fund)
- the statements of changes in net assets attributable to holders of redeemable units for the year then ended (period from inception on August 10, 2022 to December 31, 2022 only for the Indexed EAFE Equity Fund)
- the statements of cash flows for the year then ended (period from inception on August 10, 2022 to December 31, 2022 only for the Indexed EAFE Equity Fund)
- 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 August 10, 2022 to December 31, 2022 only for the Indexed EAFE Equity Fund) 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

## ACTIVE CANADIAN EQUITY 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		\$ 95,069	\$ 5,601
Dividends receivable		5,636	9,404
Investments		3,279,336	3,852,932
Total assets		3,380,041	3,867,937
<b>Liabilities</b>			
Payable for purchase of investments		94,690	39,173
BCI cost recoveries payable	4	480	293
Other accounts payable		59	49
		95,229	39,515
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 3,284,812</b>	<b>\$ 3,828,422</b>
Number of redeemable units outstanding	5	181,642	199,172
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 18,084</b>	<b>\$ 19,222</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## ACTIVE CANADIAN EQUITY 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		\$ 2,770	\$ 92
Dividend income		86,010	117,655
Securities lending income		227	258
Other income	11	—	9,299
Foreign exchange loss		(21)	(87)
Change in fair value of investments:			
Net realized gain		229,699	1,822,478
Net change in unrealized appreciation		(539,593)	(715,721)
Total revenue		(220,908)	1,233,974
<b>Expenses</b>			
BCI cost recoveries	4	5,336	4,215
External management fees		—	3,535
Administrative fees		66	83
Commissions and stock exchange fees		7,300	5,158
Pursuit costs		—	15
Total operating expenses		12,702	13,006
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(233,610)	1,220,968
Distributions to holders of redeemable units		(320,943)	(1,933,190)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>\$ (554,553)</b>	<b>\$ (712,222)</b>

## ACTIVE CANADIAN EQUITY 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	\$ 3,828,422	\$ 5,831,699
Decrease in net assets attributable to holders of redeemable units	(554,553)	(712,222)
Redeemable unit transactions:		
Proceeds from units issued	1,734,870	1,001,658
Reinvestment of distributions	320,943	1,933,190
Amounts paid for units redeemed	(2,044,870)	(4,225,903)
Net increase (decrease) from redeemable unit transactions	10,943	(1,291,055)
<b>Balance, end of year</b>	<b>\$ 3,284,812</b>	<b>\$ 3,828,422</b>



## ACTIVE CANADIAN EQUITY 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	\$ (554,553)	\$ (712,222)
Adjustments for:		
Foreign exchange loss	21	87
Interest income	(2,770)	(92)
Dividend income	(86,010)	(117,655)
Net realized gain from investments	(229,699)	(1,822,478)
Net change in unrealized appreciation of investments	539,593	715,721
Amortization of premiums and discounts	(134)	3
Non cash distributions	320,943	1,933,190
BCI cost recoveries payable	187	(6,812)
Other accounts payable	10	28
Interest received	2,770	92
Dividends received	89,778	118,730
External management fees payable	—	(2,097)
Net sale of investments	229,885	3,084,189
	310,021	3,190,684
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	1,734,870	1,001,658
Payments on redemption of redeemable units	(2,044,870)	(4,225,903)
	(310,000)	(3,224,245)
Net increase (decrease) in cash	21	(33,561)
Effect of exchange rate changes on cash	(21)	(87)
Cash, beginning of year	—	33,648
<b>Cash, end of year</b>	<b>\$ —</b>	<b>\$ —</b>

See accompanying Notes to the Financial Statements

## ACTIVE CANADIAN EQUITY 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
<b>Equity Investments</b>				
Publicly Traded	\$ 3,123,835	\$ 3,070,209	\$ 3,733,497	\$ 3,140,406
Exchange Traded Funds	3,800	3,929	—	—
	3,127,635	3,074,138	3,733,497	3,140,406
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	151,701	151,701	119,435	119,436
<b>Total Investments</b>	<b>\$ 3,279,336</b>	<b>\$ 3,225,839</b>	<b>\$ 3,852,932</b>	<b>\$ 3,259,842</b>

## ACTIVE CANADIAN EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Active Canadian Equity Fund (the "Fund") provides clients with a diversity of active management investment styles (e.g., value, growth, and market oriented), exposure to a variety of market outlooks, and exposure to the various segments of the Canadian equity market (primarily large and mid-cap). As an actively managed portfolio, the focus is on selecting quality companies that will generate higher returns than the Fund's benchmark. The Fund's benchmark is the S&P/TSX Capped Composite Index (the "Index"). The Fund is designed to complement clients' indexed fund holdings and give them a broader exposure to the Canadian equity market. The performance objective of the Fund is to exceed the return of the Fund's benchmark return on a risk-adjusted basis.

The Fund is comprised of portfolios managed by BCI as well as external investment managers (the "Managers") under contract to BCI. BCI selects the Managers on the basis of their approach, process, historical track record, and the strength of their investment team. The Managers operate independently of each other and are given specific value-added targets, consistent with their expected risk profile. In addition to the potential for higher returns, the Fund provides clients with: a diversity of active management investment styles; exposure to a variety of market outlooks; and exposure to the various segments of Canadian equity markets (primarily large and mid-cap).

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of Canadian companies;
- publicly traded income trust units;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- units in the Managers' pooled funds, provided such holdings are permissible investments for the Fund;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- money market securities rated A-1 (low) or better, and units of BCI's Canadian Money Market Fund (ST1), and/or Canadian Money Market Fund (ST2); and
- units in BCI's Floating Rate Funds.

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested in the securities of a single company;
- 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 has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

Note 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## ACTIVE CANADIAN EQUITY FUND

### Credit Risk

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

### Liquidity Risk

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

### Interest Rate Risk

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

### Currency Risk

The Fund is not exposed to significant currency risk since the majority of the Fund's assets and liabilities are denominated in Canadian dollars and amounts denominated in other currencies are considered nominal.

### Other Price Risk

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

INDUSTRY SECTOR	2022		2021	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 111,634	3.6 %	\$ 204,506	5.5 %
Consumer Staples	89,897	2.9	—	0.0
Energy	224,731	7.2	208,403	5.6
Financials	947,310	30.3	1,403,270	37.6
Health Care	20,417	0.7	81,350	2.2
Industrials	660,624	21.1	518,063	13.9
Information Technology	225,113	7.2	668,371	17.9
Materials	235,425	7.5	187,734	5.0
Real Estate	30,300	1.0	72,362	1.9
Telecommunication Services	106,368	3.4	92,641	2.5
Utilities	472,016	15.1	296,797	7.9
<b>Total</b>	<b>\$ 3,123,835</b>	<b>100.0 %</b>	<b>\$ 3,733,497</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$265,920 (2021 - \$363,560) or 8.1% (2021 - 9.5%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2022 and 2021, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Equity by Geographic Region

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

## ACTIVE CANADIAN EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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
Publicly traded	\$ 3,123,835	\$ —	\$ 3,123,835	\$ 3,733,497	\$ —	\$ 3,733,497
Exchange traded funds	3,800	—	3,800	—	—	—
Money market funds	151,701	—	151,701	119,435	—	119,435
<b>Total</b>	<b>\$ 3,279,336</b>	<b>\$ —</b>	<b>\$ 3,279,336</b>	<b>\$ 3,852,932</b>	<b>\$ —</b>	<b>\$ 3,852,932</b>

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.



## ACTIVE CANADIAN EQUITY 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	\$ 151,701	1	\$ 1,596,948	\$ 119,435
Investee funds administered by external manager	1	8,909,400	3,800	—	—	—

## ACTIVE CANADIAN SMALL CAP EQUITY 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		\$ 2,451	\$ 167
Dividends receivable		2,164	2,632
Investments		885,481	1,543,505
Total assets		890,096	1,546,304
<b>Liabilities</b>			
Payable for purchase of investments		5,118	175
BCI cost recoveries payable	4	179	254
Other accounts payable		22	30
		5,319	459
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 884,777</b>	<b>\$ 1,545,845</b>
Number of redeemable units outstanding	5	342.738	528.280
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 2,581</b>	<b>\$ 2,926</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

**ACTIVE CANADIAN SMALL CAP EQUITY FUND****Statement of Comprehensive Income (Loss)**

(Expressed in thousands of dollars)

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

<b>Revenue</b>	<b>NOTES</b>	<b>2022</b>	<b>2021</b>
Interest income		\$ 487	\$ 42
Dividend income		18,959	23,138
Securities lending income		92	114
Other income	11	—	2,975
Foreign exchange loss		(6)	(33)
Change in fair value of investments:			
Net realized gain		182,068	264,714
Net change in unrealized appreciation		(370,971)	32,715
<b>Total revenue</b>		<b>(169,371)</b>	<b>323,665</b>
<b>Expenses</b>			
BCI cost recoveries	4	2,809	3,220
Administrative fees		33	41
Commissions and stock exchange fees		1,626	1,676
<b>Total operating expenses</b>		<b>4,468</b>	<b>4,970</b>
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(173,839)	318,695
Distributions to holders of redeemable units		(202,286)	(179,213)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ (376,125)</b>	<b>\$ 139,482</b>

**ACTIVE CANADIAN SMALL CAP EQUITY 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

	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ 1,545,845	\$ 1,677,078
Increase (decrease) in net assets attributable to holders of redeemable units	(376,125)	139,482
Redeemable unit transactions:		
Proceeds from units issued	295,779	248,412
Reinvestment of distributions	202,286	179,213
Amounts paid for units redeemed	(783,008)	(698,340)
Net decrease from redeemable unit transactions	(284,943)	(270,715)
<b>Balance, end of year</b>	<b>\$ 884,777</b>	<b>\$ 1,545,845</b>

## ACTIVE CANADIAN SMALL CAP EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

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

	2022	2021
<b>Operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (376,125)	\$ 139,482
Adjustments for:		
Foreign exchange loss	6	33
Interest income	(487)	(42)
Dividend income	(18,959)	(23,138)
Net realized gain from investments	(182,068)	(264,714)
Net change in unrealized appreciation of investments	370,971	(32,715)
Amortization of premiums and discounts	(24)	2
Non cash distributions	202,286	179,213
BCI cost recoveries payable	(75)	(2,857)
Other accounts payable	(8)	14
Interest received	487	42
Dividends received	19,427	23,646
Net sale of investments	471,804	430,995
	487,235	449,961
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	295,779	248,412
Payments on redemption of redeemable units	(783,008)	(698,340)
	(487,229)	(449,928)
Net increase in cash	6	33
Effect of exchange rate changes on cash	(6)	(33)
<b>Cash, beginning and end of year</b>	<b>\$ —</b>	<b>\$ —</b>



## ACTIVE CANADIAN SMALL CAP EQUITY 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
<b>Equity Investments</b>				
Publicly Traded	\$ 872,177	\$ 776,943	\$ 1,529,084	\$ 1,062,879
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio Fund ST1	13,304	13,304	14,421	14,421
<b>Total Investments</b>	<b>\$ 885,481</b>	<b>\$ 790,247</b>	<b>\$ 1,543,505</b>	<b>\$ 1,077,300</b>

## ACTIVE CANADIAN SMALL CAP EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Active Canadian Small Cap Equity Fund (the "Fund") provides clients with a diversity of active management investment styles (e.g., value, growth, and market oriented), exposure to a variety of market outlooks, and exposure to the various segments of the Canadian small cap equity markets. As an actively managed portfolio, the investment objective is to exceed the benchmark return on a risk-adjusted basis. The Fund's benchmark is the S&P/TSX Small Cap Index (the "Index"). The Fund differs from BCI's other Canadian equity funds in that it primarily invests in Canadian small cap securities.

The Fund is comprised of portfolios managed by BCI as well as external investment managers (the "Managers") under contract to BCI. BCI selects the Managers on the basis of their approach, process, historical track record, and the strength of their investment team. The Managers operate independently of each other and are given specific value-added targets, consistent with their expected risk profile. In addition to the potential for higher returns, the Fund provides clients with: a diversity of active management investment styles; exposure to a variety of market outlooks; and exposure to the various segments of Canadian small cap equity market (e.g., industry sectors).

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of Canadian companies within a small to mid-level range of capitalization;
- publicly traded income trust units,
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- units in the Managers' pooled funds, provided such holdings are permissible investments for the Fund;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- money market securities rated A-1 (low) or better; and units of BCI's Canadian Money Market Fund (ST1), and/or Canadian Money Market Fund (ST2); and
- units in BCI's Floating Rate Funds.

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested in the securities of one company;
- 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 has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

Note 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## ACTIVE CANADIAN SMALL CAP EQUITY FUND

### Credit Risk

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

### Liquidity Risk

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

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

### Interest Rate Risk

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

### Currency Risk

The Fund is not exposed to significant currency risk since the majority of the Fund's assets and liabilities are denominated in Canadian dollars and amounts denominated in other currencies are considered nominal.

### Other Price Risk

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

INDUSTRY SECTOR	2022		2021	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 78,738	9.0 %	\$ 156,897	10.3 %
Consumer Staples	64,210	7.4	101,958	6.7
Energy	164,969	18.9	268,502	17.6
Financials	119,945	13.8	183,916	12.0
Health Care	28,820	3.3	47,214	3.1
Industrials	112,674	12.9	274,946	17.9
Information Technology	82,116	9.4	215,337	14.1
Materials	96,178	11.0	48,046	3.1
Real Estate	122,301	14.0	220,654	14.4
Telecommunication Services	2,226	0.3	11,614	0.8
<b>Total</b>	<b>\$ 872,177</b>	<b>100.0 %</b>	<b>\$ 1,529,084</b>	<b>100.0 %</b>

As at December 31, 2022, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$63,216 (2021 - \$106,586) or 7.1% (2021 - 6.9%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2022 and 2021, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Equity by Geographic Region

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

## ACTIVE CANADIAN SMALL CAP EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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
Publicly traded	\$ 872,177	\$ —	\$ 872,177	\$ 1,529,084	\$ —	\$ 1,529,084
Money market funds	13,304	—	13,304	14,421	—	14,421
<b>Total</b>	<b>\$ 885,481</b>	<b>\$ —</b>	<b>\$ 885,481</b>	<b>\$ 1,543,505</b>	<b>\$ —</b>	<b>\$ 1,543,505</b>

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.

## ACTIVE CANADIAN SMALL CAP EQUITY 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	\$ 13,304	1	\$ 1,596,948	\$ 14,421



## CANADIAN QUANTITATIVE ACTIVE EQUITY 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		\$ 12	\$ —
Dividends receivable		2,069	3,065
Investments		787,187	1,192,712
Total assets		789,268	1,195,777
<b>Liabilities</b>			
BCI cost recoveries payable	4	125	131
Other accounts payable		26	20
		151	151
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 789,117</b>	<b>\$ 1,195,626</b>
Number of redeemable units outstanding	5	151.858	214.128
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 5,196</b>	<b>\$ 5,584</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### 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		\$ 112	\$ 12
Dividend income		31,925	30,240
Securities lending income		340	239
Other income	11	668	5,255
Foreign exchange gain		12	7
Change in fair value of investments:			
Net realized gain		74,976	59,782
Net change in unrealized appreciation		(192,389)	155,674
Total revenue		(84,356)	251,209
<b>Expenses</b>			
BCI cost recoveries	4	1,848	1,663
Administrative fees		32	19
Commissions and stock exchange fees		273	299
Total operating expenses		2,153	1,981
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(86,509)	249,228
Distributions to holders of redeemable units		(105,727)	(81,036)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ (192,236)</b>	<b>\$ 168,192</b>

## CANADIAN QUANTITATIVE ACTIVE EQUITY 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	\$ 1,195,626	\$ 946,398
Increase (decrease) in net assets attributable to holders of redeemable units	(192,236)	168,192
Redeemable unit transactions:		
Proceeds from units issued	440,000	—
Reinvestment of distributions	105,727	81,036
Amounts paid for units redeemed	(760,000)	—
Net increase (decrease) from redeemable unit transactions	(214,273)	81,036
<b>Balance, end of year</b>	<b>\$ 789,117</b>	<b>\$ 1,195,626</b>

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of 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	\$ (192,236)	\$ 168,192
Adjustments for:		
Foreign exchange gain	(12)	(7)
Interest income	(112)	(12)
Dividend income	(31,925)	(30,240)
Net realized gain from investments	(74,976)	(59,782)
Net change in unrealized appreciation of investments	192,389	(155,674)
Amortization of premiums and discounts	(6)	1
Non cash distributions	105,727	81,036
BCI cost recoveries payable	(6)	(5,179)
Other accounts payable	6	5
Interest received	112	12
Dividends received	32,921	29,279
Net sale (purchase) of investments	288,118	(27,643)
	320,000	(12)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	440,000	—
Payments on redemption of redeemable units	(760,000)	—
	(320,000)	—
Net decrease in cash	—	(12)
Effect of exchange rate changes on cash	12	7
Cash, beginning of year	—	5
<b>Cash, end of year</b>	<b>\$ 12</b>	<b>\$ —</b>

See accompanying Notes to the Financial Statements

## CANADIAN QUANTITATIVE ACTIVE EQUITY 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
<b>Equity Investments</b>				
Publicly Traded	\$ 778,424	\$ 694,935	\$ 1,183,250	\$ 907,372
Investee Funds	2,566	5,149	2,566	5,149
	780,990	700,084	1,185,816	912,521
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio Fund ST1	6,197	6,206	6,896	6,905
<b>Total Investments</b>	<b>\$ 787,187</b>	<b>\$ 706,290</b>	<b>\$ 1,192,712</b>	<b>\$ 919,426</b>

See accompanying Notes to the Financial Statements

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Canadian Quantitative Active Equity Fund (the "Fund") invests in a portfolio of actively managed Canadian securities and international stocks. The Fund differs from the Active Canadian Equity Fund in that it relies on financial modelling to identify and rank under- or over-valued securities. The Fund is also permitted to employ derivatives to a greater extent than other Funds to manage risks and exposures, including their use to take short positions on over-valued securities and leverage to enhance exposure to under-valued securities. The Fund is comprised of portfolios managed by BCI as well as external investment managers (the "Managers") under contract to BCI. The Fund's benchmark is the S&P/TSX Capped Composite Index (the "Index"). The Fund's objective is to exceed the benchmark return on a risk-adjusted basis.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of issuers listed on recognized exchanges in developed or emerging markets;
- publicly traded income trust units;
- limited partnership interests, royalty trusts, and real estate investment trusts that trade on recognized exchanges;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- units in the Managers' pooled funds, provided the holdings of such funds are permissible investments for the Fund;
- derivative instruments for the purposes of managing risk, enhancing returns and liquidity, lowering transaction costs, implementing synthetic indexing, and managing stock exposures;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- money market securities rated A-1 (low) or better, and units of BCI's Canadian Money Market Fund (ST1) and/or Canadian Money Market Fund (ST2);
- units in BCI's Floating Rate Funds;
- the Fund may use the sale proceeds realized from shorting permitted securities to provide leveraged positions on other permitted securities; and
- the Fund may borrow money to satisfy cash flow needs, to finance the acquisition of securities, and/or to avoid the untimely sale of assets.

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested, long or short, in the securities of a single company;
- the Fund may maintain short positions on Canadian and international common stock or common stock equivalents with a market value of up to 35% of the net asset value of the Fund;
- the value of short equity positions shall be approximately equal to the value of leveraged long positions and, once established, the difference between the two shall not exceed 5% of the net asset value of the Fund;
- The Pool may borrow money to satisfy cash flow needs, to finance the acquisition of securities, and/or to avoid the untimely sale of assets;
- at inception, all 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 has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

Note 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Credit Risk

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

### Liquidity Risk

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

### Interest Rate Risk

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

### Currency Risk

The Fund is not exposed to significant currency risk since the majority of the Fund's assets and liabilities are denominated in Canadian dollars and amounts denominated in other currencies are considered nominal.

### Other Price Risk

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

INDUSTRY SECTOR	2022		2021	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 24,328	3.1 %	\$ 45,339	3.8 %
Consumer Staples	29,400	3.8	38,404	3.2
Energy	143,017	18.4	150,125	12.7
Financials	241,049	31.0	379,268	32.1
Health Care	2,127	0.3	16,521	1.4
Industrials	108,261	13.9	140,367	11.9
Information Technology	49,344	6.3	127,605	10.8
Materials	91,979	11.8	140,762	11.9
Real Estate	16,436	2.1	34,230	2.9
Telecommunication Services	41,086	5.3	61,945	5.2
Utilities	31,039	4.0	48,684	4.1
Other	358	0.0	—	0.0
<b>Total</b>	<b>\$ 778,424</b>	<b>100.0 %</b>	<b>\$ 1,183,250</b>	<b>100.0 %</b>

As at December 31, 2022, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$78,184 (2021 - \$117,237) or 9.9% (2021 - 9.8%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2022 and 2021, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

The Fund is also subject to other price risk through its investment in the Investee Fund. The external manager utilizes risk parity and asset diversification to moderate this risk. The expected impact on the net assets of the Fund of a 10% increase/decrease in the value of the investment fund over the next year, would be an increase/decrease, respectively of \$257 (2021 - \$257) or 0.0% (2021 - 0.0%) of net assets.

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### *Equity by Geographic Region*

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

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
Canada	\$ 761,873	97.9 %	\$ 1,154,281	97.6 %
United States	16,551	2.1 %	28,969	2.4
<b>Total</b>	<b>\$ 778,424</b>	<b>100.0 %</b>	<b>\$ 1,183,250</b>	<b>100.0 %</b>



## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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
Publicly traded	\$ 778,424	\$ —	\$ 778,424	\$ 1,183,250	\$ —	\$ 1,183,250
Money market funds	6,197	—	6,197	6,896	—	6,896
Investee funds	—	2,566	2,566	—	2,566	2,566
<b>Total</b>	<b>\$ 784,621</b>	<b>\$ 2,566</b>	<b>\$ 787,187</b>	<b>\$ 1,190,146</b>	<b>\$ 2,566</b>	<b>\$ 1,192,712</b>

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 QUANTITATIVE ACTIVE EQUITY 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	\$ 6,197	1	\$ 1,596,948	\$ 6,896
Investee funds administered by external manager	1	2,566	2,566	1	2,566	2,566

## INDEXED CANADIAN EQUITY 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		\$ 17,752	\$ 31,198
Receivable from sale of investments		—	1,143
Dividends receivable		676	2,034
Derivative assets:			
Swaps		8,490	41,513
Forwards		—	11
Investments		1,190,666	4,283,880
Total assets		1,217,584	4,359,779
<b>Liabilities</b>			
Payable for purchase of investments		—	8,400
BCI cost recoveries payable	4	29	231
Other accounts payable		59	50
Derivative liabilities:			
Swaps		17,903	27,286
		17,991	35,967
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 1,199,593</b>	<b>\$ 4,323,812</b>
Number of redeemable units outstanding	5	102.922	350.725
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 11,655</b>	<b>\$ 12,328</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## INDEXED CANADIAN EQUITY 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		\$ 22,123	\$ 13,526
Dividend income		19,100	86,965
Securities lending income		1,189	2,243
Other income	11	246	3,598
Foreign exchange loss		(235)	(712)
Change in fair value of investments and derivatives:			
Net realized gain		17,940	1,018,329
Net change in unrealized appreciation		(119,623)	(234,554)
Total revenue		(59,260)	889,395
<b>Expenses</b>			
BCI cost recoveries	4	1,036	2,516
Administrative fees		62	54
Commissions and stock exchange fees		10	41
Total operating expenses		1,108	2,611
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(60,368)	886,784
Distributions to holders of redeemable units		(48,456)	(1,008,376)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>\$ (108,824)</b>	<b>\$ (121,592)</b>

## INDEXED CANADIAN EQUITY 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	\$ 4,323,812	\$ 3,909,282
Decrease in net assets attributable to holders of redeemable units	(108,824)	(121,592)
Redeemable unit transactions:		
Proceeds from units issued	534,530	2,751,553
Reinvestment of distributions	48,456	1,008,376
Amounts paid for units redeemed	(3,598,381)	(3,223,807)
Net increase (decrease) from redeemable unit transactions	(3,015,395)	536,122
<b>Balance, end of year</b>	<b>\$ 1,199,593</b>	<b>\$ 4,323,812</b>

## INDEXED CANADIAN EQUITY 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	\$ (108,824)	\$ (121,592)
Adjustments for:		
Foreign exchange loss	235	712
Interest income	(22,123)	(13,526)
Dividend income	(19,100)	(86,965)
Net realized gain from investments and derivatives	(17,940)	(1,018,329)
Net change in unrealized appreciation of investments and derivatives	119,623	234,554
Amortization of premiums and discounts	1,548	13,443
Non cash distributions	48,456	1,008,376
BCI cost recoveries payable	(202)	(3,454)
Other accounts payable	9	(81)
Interest received	22,123	13,526
Dividends received	20,458	93,773
Net sale of investments and derivatives	3,006,377	372,399
	3,050,640	492,836
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	534,530	2,751,553
Payments on redemption of redeemable units	(3,598,381)	(3,223,807)
	(3,063,851)	(472,254)
Net increase (decrease) in cash	(13,211)	20,582
Effect of exchange rate changes on cash	(235)	(712)
Cash, beginning of year	31,198	11,328
<b>Cash, end of year</b>	<b>\$ 17,752</b>	<b>\$ 31,198</b>

## INDEXED CANADIAN EQUITY 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
<b>Equity Investments</b>				
Publicly Traded	\$ 250,330	\$ 246,450	\$ 1,033,108	\$ 910,014
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 1 Floating Rate Fund	940,336	939,470	3,250,772	3,273,148
<b>Total Investments</b>	<b>\$ 1,190,666</b>	<b>\$ 1,185,920</b>	<b>\$ 4,283,880</b>	<b>\$ 4,183,162</b>

## INDEXED CANADIAN EQUITY 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 <sup>(a)</sup>	Fair Value		Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>Listed</b>						
Futures <sup>(c)</sup>	\$ 15	\$ —	\$ —	\$ 15	\$ —	\$ —
<b>OTC</b>						
Swaps	936,007	8,490	(17,903)	3,249,376	41,513	(27,286)
<b>Currency derivatives</b>						
<b>OTC</b>						
Forwards	—	—	—	11,379	11	—
<b>Total</b>	<b>\$ 936,022</b>	<b>\$ 8,490</b>	<b>\$ (17,903)</b>	<b>\$ 3,260,770</b>	<b>\$ 41,524</b>	<b>\$ (27,286)</b>

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

	2022	2021
Less than 1 year	\$ 936,022	\$ 3,260,770
<b>Total</b>	<b>\$ 936,022</b>	<b>\$ 3,260,770</b>

(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.



## INDEXED CANADIAN EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of benchmark member companies;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- money market securities rated A-1 (low) or better; and units of BCI's Canadian Money Market Fund (ST1), and/or Canadian Money Market Fund (ST2); and
- units in BCI's Floating Rate Funds.

The following restrictions apply to the Fund:

- 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 has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

Note 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

#### Credit Risk

The Fund invests in derivative contracts, which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. 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 (excluding listed 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	\$ 867,883	\$ 8,490	\$ (15,131)	\$ 3,702,163	\$ 28,190	\$ (16,178)
A	68,124	—	(2,772)	(441,408)	13,334	(11,108)
<b>Total Derivatives</b>	<b>\$ 936,007</b>	<b>\$ 8,490</b>	<b>\$ (17,903)</b>	<b>\$ 3,260,755</b>	<b>\$ 41,524</b>	<b>\$ (27,286)</b>

#### Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 7 (b). The following table illustrates the fair value of such collateral:

## INDEXED CANADIAN EQUITY FUND

COLLATERAL	2022	2021
Collateral received	3,199	26,218
Collateral pledged	1,500	2,000

### 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	\$ 8,490	\$ 8,490	\$ —	\$ —	8,490
Derivative liabilities	(17,903)	(17,903)	—	—	(17,903)
	<b>\$ (9,413)</b>	<b>\$ (9,413)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>(9,413)</b>

2021					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 41,524	\$ 41,524	\$ —	\$ —	41,524
Derivative liabilities	(27,286)	(27,286)	—	—	(27,286)
	<b>\$ 14,238</b>	<b>\$ 14,238</b>	<b>\$ —</b>	<b>\$ —</b>	<b>14,238</b>

### Interest Rate Risk

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

### Currency Risk

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

### Other Price Risk

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

INDUSTRY SECTOR	2022		2021	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 43,162	3.7 %	\$ 156,700	3.6 %
Consumer Staples	49,847	4.2	160,067	3.7
Energy	213,058	18.0	564,253	13.1
Financials	363,106	30.8	1,378,702	32.1
Health Care	4,394	0.4	32,949	0.8
Industrials	156,960	13.3	515,332	12.0
Information Technology	66,842	5.7	459,519	10.7
Materials	142,035	12.0	496,399	11.6
Real Estate	30,877	2.6	133,745	3.1
Telecommunication Services	57,582	4.9	203,348	4.7
Utilities	52,239	4.4	196,158	4.6
<b>Total</b>	<b>\$ 1,180,102</b>	<b>100.0 %</b>	<b>\$ 4,297,172</b>	<b>100.0 %</b>

## INDEXED CANADIAN EQUITY FUND

As at December 31, 2022, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$120,174 (2021 - \$434,264) or 10.0% (2021 - 10.0%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2022 and 2021, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

### *Equity by Geographic Region*

The Fund's equity investments and equity derivative financial instruments are concentrated in the following geographic regions:

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
Brazil	\$ 9,874	0.8 %	\$ 32,675	0.8 %
Canada	1,150,894	97.5	4,188,667	97.4
United States	19,334	1.7	75,830	1.8
<b>Total</b>	<b>1,180,102</b>	<b>100.0 %</b>	<b>\$ 4,297,172</b>	<b>100.0 %</b>

## INDEXED CANADIAN EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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
Publicly traded	\$ 250,330	\$ —	\$ 250,330	\$ 1,033,108	\$ —	\$ 1,033,108
Floating rate funds	940,336	—	940,336	3,250,772	—	3,250,772
Total investments	1,190,666	—	1,190,666	4,283,880	—	4,283,880
Swaps, net	—	(9,413)	(9,413)	—	14,227	14,227
Forwards, net	—	—	—	—	11	11
Total derivatives	—	(9,413)	(9,413)	—	14,238	14,238
<b>Total</b>	<b>\$ 1,190,666</b>	<b>\$ (9,413)</b>	<b>\$ 1,181,253</b>	<b>\$ 4,283,880</b>	<b>\$ 14,238</b>	<b>\$ 4,298,118</b>

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.

## INDEXED CANADIAN EQUITY 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 floating rate funds administered by BCI	1	\$ 19,146,224	\$ 940,336	1	\$ 14,093,062	\$ 3,250,772

## ACTIVE U.S. SMALL CAP EQUITY 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		\$ 6,620	\$ 39,345
Receivable from sale of investments		496	1,168
Dividends receivable		1,123	1,197
Investments		1,957,804	2,495,221
Total assets		1,966,043	2,536,931
<b>Liabilities</b>			
Payable for purchase of investments		—	576
BCI cost recoveries payable	4	228	196
External management fees payable		1,949	2,555
Other accounts payable		47	37
		2,224	3,364
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 1,963,819</b>	<b>\$ 2,533,567</b>
Number of redeemable units outstanding	5	400.362	400.143
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 4,905</b>	<b>\$ 6,332</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## ACTIVE U.S. SMALL CAP EQUITY 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		\$ 174	\$ 13
Dividend income		15,546	17,565
Securities lending income		1,042	946
Other income	11	115	5,994
Foreign exchange gain		296	205
Change in fair value of investments:			
Net realized gain (loss)		(59,838)	634,369
Net change in unrealized appreciation		(516,920)	(236,933)
Total revenue		(559,585)	422,159
<b>Expenses</b>			
BCI cost recoveries	4	2,748	2,936
External management fees		7,729	11,289
Administrative fees		53	76
Commissions and stock exchange fees		741	754
Total operating expenses		11,271	15,055
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(570,856)	407,104
Distributions to holders of redeemable units		(6,732)	(642,928)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>\$ (577,588)</b>	<b>\$ (235,824)</b>

**ACTIVE U.S. SMALL CAP EQUITY 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

	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ 2,533,567	\$ 2,957,181
Decrease in net assets attributable to holders of redeemable units	(577,588)	(235,824)
Redeemable unit transactions:		
Proceeds from units issued	276,108	178,599
Reinvestment of distributions	6,732	642,928
Amounts paid for units redeemed	(275,000)	(1,009,317)
Net increase (decrease) from redeemable unit transactions	7,840	(187,790)
<b>Balance, end of year</b>	<b>\$ 1,963,819</b>	<b>\$ 2,533,567</b>



## ACTIVE U.S. SMALL CAP EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

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

<b>Operating activities</b>	<b>2022</b>	<b>2021</b>
Decrease in net assets attributable to holders of redeemable units	\$ (577,588)	\$ (235,824)
Adjustments for:		
Foreign exchange gain	(296)	(205)
Interest income	(174)	(13)
Dividend income	(15,546)	(17,565)
Net realized (gain) loss from investments	59,838	(634,369)
Net change in unrealized appreciation of investments	516,920	236,933
Amortization of premiums and discounts	—	(9)
Non cash distributions	6,732	642,928
BCI cost recoveries payable	32	(5,934)
Other accounts payable	10	19
Interest received	174	13
Dividends received	15,620	17,643
External management fees payable	(606)	(542)
Net sale (purchase) of investments	(39,245)	840,234
	(34,129)	843,309
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	276,108	178,599
Payments on redemption of redeemable units	(275,000)	(1,009,317)
	1,108	(830,718)
Net increase (decrease) in cash	(33,021)	12,591
Effect of exchange rate changes on cash	296	205
Cash, beginning of year	39,345	26,549
<b>Cash, end of year</b>	<b>\$ 6,620</b>	<b>\$ 39,345</b>

## ACTIVE U.S. SMALL CAP EQUITY 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
<b>Equity Investments</b>				
Publicly Traded	\$ 1,839,649	\$ 1,753,797	\$ 2,483,276	\$ 1,882,930
Exchange Traded Funds	104,177	107,035	—	—
	1,943,826	1,860,832	2,483,276	1,882,930
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	178	178	77	77
Fund ST3	13,800	13,377	11,868	11,877
	13,978	13,555	11,945	11,954
<b>Total Investments</b>	<b>\$ 1,957,804</b>	<b>\$ 1,874,387</b>	<b>\$ 2,495,221</b>	<b>\$ 1,894,884</b>

See accompanying Notes to the Financial Statements

## ACTIVE U.S. SMALL CAP EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Active U.S. Small Cap Equity Fund (the "Fund") invests in a portfolio of actively managed U.S. equity investments in companies with smaller capitalization. The Fund provides clients with a diversity of active management investment styles, exposure to a variety of market outlooks, and exposure to the various segments of U.S. small cap equity markets. The Fund's objective is to exceed the benchmark return on the Russell 2000 Total Return Index (the "Index") on a risk-adjusted basis.

The Fund is comprised of portfolios managed by BCI as well as external investment managers (the "Managers") under contract to BCI. BCI selects the Managers on the basis of their approach, process, historical track record, and the strength of their investment team. The Managers operate independently of each other and are given specific value-added targets, consistent with their expected risk profile. In addition to the potential for higher returns, the Fund provides clients with: a diversity of active management investment styles; exposure to a variety of market outlooks; and exposure to the various segments of U.S. small cap equity market (e.g., industry sectors).

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of U.S. companies with a small to mid-level range of capitalization;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- units in the Manager's pooled funds, provided such holdings are permissible investments for the Pool;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- money market securities rated A-1 (low) or better, and units of BCI's Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), and U.S. Dollar Money Market Fund (ST3), and/or US Dollar Money Market Fund (ST4); and
- units in BCI's Floating Rate Funds.

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested in the securities of one company;
- 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 has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

Note 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## ACTIVE U.S. SMALL CAP EQUITY FUND

### Credit Risk

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

### Liquidity Risk

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

### Interest Rate Risk

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

### Currency Risk

The Fund holds net assets denominated in U.S. currency, totalling \$1,963,792 CAD which represents 100.0% of the net asset value of the Fund (2021 - \$2,533,592 CAD which represented 100.0% of the net asset value of the Fund). 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, by \$19,638 (2021 - \$25,336), representing 1.0% of the Fund's net assets (2021 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Other Price Risk

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

INDUSTRY SECTOR	2022		2021	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 249,486	13.6 %	\$ 490,071	19.8 %
Consumer Staples	109,004	5.9	133,500	5.4
Energy	37,699	2.0	—	0.0
Financials	321,611	17.5	435,191	17.5
Health Care	227,728	12.4	305,400	12.3
Industrials	386,374	21.0	496,064	20.0
Information Technology	329,464	17.9	420,649	16.9
Materials	100,253	5.4	86,600	3.5
Real Estate	43,584	2.4	48,072	1.9
Telecommunication Services	15,993	0.9	44,875	1.8
Utilities	18,453	1.0	15,304	0.6
Other	—	0.0	7,550	0.3
<b>Total</b>	<b>\$ 1,839,649</b>	<b>100.0 %</b>	<b>\$ 2,483,276</b>	<b>100.0 %</b>

The Fund is also subject to other price risk through its investment in exchange traded funds. Had the exchange traded funds held by the Fund increased or decreased by 10%, net assets attributable to redeemable units would have increased or decreased, respectively, by approximately \$10,418 (2021 - nil), or 0.5% (2021 - 0.0%) of net assets.

As at December 31, 2022, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$184,621 (2021 - \$229,443) or 9.4% (2021 - 9.1%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2022 and 2021, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

## ACTIVE U.S. SMALL CAP EQUITY FUND

### *Equity by Geographic Region*

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

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
Argentina	\$ 24,269	1.3 %	\$ —	0.0 %
Israel	34,969	1.9	57,113	2.3
United States	1,780,411	96.8	2,426,163	97.7
<b>Total</b>	<b>\$ 1,839,649</b>	<b>100.0 %</b>	<b>\$ 2,483,276</b>	<b>100.0 %</b>

## ACTIVE U.S. SMALL CAP EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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
Publicly traded	\$ 1,839,649	\$ —	\$ 1,839,649	\$ 2,483,276	\$ —	\$ 2,483,276
Exchange traded funds	104,177	—	104,177	—	—	—
Money market funds	13,978	—	13,978	11,945	—	11,945
<b>Total</b>	<b>\$ 1,957,804</b>	<b>\$ —</b>	<b>\$ 1,957,804</b>	<b>\$ 2,495,221</b>	<b>\$ —</b>	<b>\$ 2,495,221</b>

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.

## ACTIVE U.S. SMALL CAP EQUITY 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	\$ 13,978	2	\$ 5,303,907	\$ 11,945
Investee funds administered by external manager	3	60,261,350	104,177	—	—	—

## ACTIVE GLOBAL EQUITY 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		\$ 43,561	\$ 22,540
Dividends receivable		799	825
Withholding tax reclaims receivable	6	4,816	3,865
Investments		2,175,393	2,560,487
Total assets		2,224,569	2,587,717
<b>Liabilities</b>			
BCI cost recoveries payable	4	229	376
External management fees payable		1,559	1,894
Other accounts payable		240	184
		2,028	2,454
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 2,222,541</b>	<b>\$ 2,585,263</b>
Number of redeemable units outstanding	5	581.604	580.704
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 3,821</b>	<b>\$ 4,452</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer



## ACTIVE GLOBAL EQUITY 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	\$ 16
Dividend income		28,129	41,447
Securities lending income		345	1,547
Other income	11	417	9,881
Foreign exchange gain		2,261	2,659
Change in fair value of investments:			
Net realized gain		41,114	1,217,931
Net change in unrealized appreciation		(425,818)	(601,683)
Total revenue		(353,534)	671,798
<b>Expenses</b>			
BCI cost recoveries	4	4,033	4,642
External management fees		6,245	11,030
Administrative fees		201	229
Commissions and stock exchange fees		363	682
Withholding taxes	6	1,755	4,626
Total operating expenses		12,597	21,209
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(366,131)	650,589
Distributions to holders of redeemable units		(60,589)	(1,253,475)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>\$ (426,720)</b>	<b>\$ (602,886)</b>

See accompanying Notes to the Financial Statements

**ACTIVE GLOBAL EQUITY 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

	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ 2,585,263	\$ 3,810,972
Decrease in net assets attributable to holders of redeemable units	(426,720)	(602,886)
Redeemable unit transactions:		
Proceeds from units issued	109,810	447,209
Reinvestment of distributions	60,589	1,253,475
Amounts paid for units redeemed	(106,401)	(2,323,507)
Net increase (decrease) from redeemable unit transactions	63,998	(622,823)
<b>Balance, end of year</b>	<b>\$ 2,222,541</b>	<b>\$ 2,585,263</b>

## ACTIVE GLOBAL EQUITY 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	\$ (426,720)	\$ (602,886)
Adjustments for:		
Foreign exchange gain	(2,261)	(2,659)
Interest income	(18)	(16)
Dividend income	(28,129)	(41,447)
Withholding taxes	1,755	4,626
Net realized gain from investments	(41,114)	(1,217,931)
Net change in unrealized appreciation of investments	425,818	601,683
Amortization of premiums and discounts	(1)	1
Non cash distributions	60,589	1,253,475
BCI cost recoveries payable	(147)	(9,659)
Other accounts payable	56	112
Interest received	18	16
Dividends received	28,155	42,112
Withholding taxes paid	(2,706)	(5,693)
External management fees payable	(335)	(1,447)
Net sale of investments	391	1,841,290
	15,351	1,861,577
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	109,810	447,209
Payments on redemption of redeemable units	(106,401)	(2,323,507)
	3,409	(1,876,298)
Net increase (decrease) in cash	18,760	(14,721)
Effect of exchange rate changes on cash	2,261	2,659
Cash, beginning of year	22,540	34,602
<b>Cash, end of year</b>	<b>\$ 43,561</b>	<b>\$ 22,540</b>

## ACTIVE GLOBAL EQUITY 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
<b>Equity Investments</b>				
Publicly Traded	\$ 2,165,715	\$ 1,439,093	\$ 2,539,343	\$ 1,388,239
Exchange Traded Funds	6,966	6,845	10,046	8,546
Direct Private Equity	1,735	1,752	1,149	1,212
	2,174,416	1,447,690	2,550,538	1,397,997
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	854	854	9,466	9,466
Fund ST2	122	121	329	329
Fund ST3	1	1	154	150
	977	976	9,949	9,945
<b>Total Investments</b>	<b>\$ 2,175,393</b>	<b>\$ 1,448,666</b>	<b>\$ 2,560,487</b>	<b>\$ 1,407,942</b>

## ACTIVE GLOBAL EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Active Global Equity Fund (the "Fund") provides clients with exposure to a portfolio of actively managed stocks from across the globe, a diversity of active management investment styles, exposure to a variety of market outlooks, and market exposure across geographic lines, industry sectors, and market capitalizations. The Fund's benchmark is the Morgan Stanley Capital International (MSCI) World ex-Canada Net Index (the "Index"). The investment objective of the Fund is to exceed the benchmark return on a risk-adjusted basis. As an actively managed portfolio, the focus is on selecting quality companies, sectors, and country allocations that will generate higher returns than the Index.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of companies whose country is classified as a developed or emerging market by MSCI;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- private placement securities that will become freely tradable on a recognized exchange within six months of issuance, or with CIO approval;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- money market securities rated A-1 (low) or better, and units of BCI's Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), and U.S. Dollar Money Market Fund (ST3), and/or US Dollar Money Market Fund (ST4); and
- units in BCI's Floating Rate Funds.

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested in the securities of a single company;
- investments in emerging markets are limited to 10% of the market value of the Fund;
- investments in the frontier markets are prohibited;
- 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;
- BCI shall have discretion to determine the appropriate timing of implementing MSCI Index changes, including constituent and market classification changes;
- 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 has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

Note 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## ACTIVE GLOBAL EQUITY FUND

### **Credit Risk**

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

### **Liquidity Risk**

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

### **Interest Rate Risk**

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

## ACTIVE GLOBAL EQUITY FUND

### 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					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
British Pound Sterling	\$ 71,680	\$ —	\$ 71,680	3.2 %	
Danish Krone	147,587	—	147,587	6.6	
Euro	190,355	—	190,355	8.6	
Hong Kong Dollar	69,274	—	69,274	3.1	
Indian Rupee	47,552	—	47,552	2.1	
Indonesian Rupiah	41,627	—	41,627	1.9	
Japanese Yen	167,688	—	167,688	7.5	
South African Rand	6	—	6	—	
South Korean Won	14,785	—	14,785	0.7	
Swedish Krona	71,493	—	71,493	3.2	
Swiss Franc	86,737	—	86,737	3.9	
Taiwan Dollar	19,040	—	19,040	0.9	
United States Dollar	1,289,294	—	1,289,294	58.0	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 2,217,118</b>	<b>\$ —</b>	<b>\$ 2,217,118</b>	<b>99.8 %</b>	

2021					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
British Pound Sterling	\$ 70,104	\$ —	\$ 70,104	2.7 %	
Danish Krone	129,877	—	129,877	5.0	
Euro	230,633	—	230,633	8.9	
Hong Kong Dollar	56,317	—	56,317	2.2	
Indian Rupee	48,380	—	48,380	1.9	
Indonesian Rupiah	13,120	—	13,120	0.5	
Japanese Yen	251,613	—	251,613	9.7	
South African Rand	6	—	6	0.0	
South Korean Won	20,726	—	20,726	0.8	
Swedish Krona	91,605	—	91,605	3.5	
Swiss Franc	96,045	—	96,045	3.7	
Taiwan Dollar	27,001	—	27,001	1.0	
United States Dollar	1,537,391	—	1,537,391	59.5	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 2,572,818</b>	<b>\$ —</b>	<b>\$ 2,572,818</b>	<b>99.5 %</b>	

As at December 31, 2022, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by \$22,171 (2021 - \$25,728), representing 1.0% of the Fund's net assets (2021 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

## ACTIVE GLOBAL EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2022		2021	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 244,331	11.3 %	\$ 388,200	15.3 %
Consumer Staples	156,460	7.2	214,894	8.5
Energy	35,376	1.6	21,290	0.8
Financials	339,737	15.7	308,740	12.2
Health Care	362,681	16.7	386,151	15.2
Industrials	196,555	9.1	259,543	10.2
Information Technology	475,336	21.9	569,869	22.4
Materials	100,098	4.6	59,031	2.3
Real Estate	40,932	1.9	52,683	2.1
Telecommunication Services	155,616	7.2	217,941	8.6
Utilities	58,593	2.7	61,001	2.4
Total Publicly Traded	2,165,715	99.9	2,539,343	100.0
Information Technology	1,735	0.1	1,149	0.0
Total Direct Private Equity	1,735	0.1	1,149	0.0
<b>Total</b>	<b>\$ 2,167,450</b>	<b>100.0 %</b>	<b>\$ 2,540,492</b>	<b>100.0 %</b>

As at December 31, 2022, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$205,143 (2021 - 227,953) or 9.2% (2021 - 8.8%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2022 and 2021, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Equity by Geographic Region

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

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
China	\$ 9,451	0.4 %	\$ 6,607	0.3 %
Denmark	147,175	6.8	128,985	5.1
France	63,110	2.9	30,108	1.2
Germany	54,530	2.5	63,794	2.5
Hong Kong	58,798	2.7	49,691	2.0
India	47,552	2.2	48,380	1.9
Indonesia	41,627	1.9	13,120	0.5
Japan	166,160	7.7	250,876	9.9
Korea	14,703	0.7	20,645	0.8
Netherlands	70,758	3.3	133,276	5.2
Sweden	71,332	3.3	91,188	3.6
Switzerland	86,684	4.0	95,060	3.7
Taiwan	18,941	0.9	26,899	1.1
United Kingdom	71,679	3.3	70,103	2.8
United States	1,243,215	57.3	1,510,611	59.4
Total Publicly Traded	2,165,715	99.9	2,539,343	100.0
Netherlands	1,735	0.1	1,149	0.0
Total Direct Private Equity	1,735	0.1	1,149	0.0
<b>Total</b>	<b>\$ 2,167,450</b>	<b>100.0 %</b>	<b>\$ 2,540,492</b>	<b>100.0 %</b>



## ACTIVE GLOBAL EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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)	Level 3 (Significant Unobservable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Publicly traded	\$ 2,165,715	\$ —	\$ —	\$ 2,165,715	\$ 2,539,343	\$ —	\$ —	\$ 2,539,343
Exchange traded funds	6,966	—	—	6,966	10,046	—	—	10,046
Money market funds	977	—	—	977	9,949	—	—	9,949
Private equity investment	—	—	1,735	1,735	—	—	1,149	1,149
Total investments	2,173,658	—	1,735	2,175,393	2,559,338	—	1,149	2,560,487
<b>Total</b>	<b>\$ 2,173,658</b>	<b>\$ —</b>	<b>\$ 1,735</b>	<b>\$ 2,175,393</b>	<b>\$ 2,559,338</b>	<b>\$ —</b>	<b>\$ 1,149</b>	<b>\$ 2,560,487</b>

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.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	2022	2021
Opening balance, beginning of year	\$ 1,149	\$ 624
Total gains (losses) recognized in profit or loss	47	(63)
Purchases	539	588
Sales	—	—
<b>Closing balance, end of year</b>	<b>\$ 1,735</b>	<b>\$ 1,149</b>
Total unrealized gains (losses) for the period included in profit or loss related to level 3 investments held at the reporting date	\$ 47	\$ (63)

### Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of the private equity investment categorized as Level 3 in the fair value hierarchy as at December 31:

	2022				
	Fair Value	Valuation Technique	Unobservable Input	Amount/ Range	Sensitivity to Change in Significant Unobservable Input
Private equity investment	\$ 1,735	Market approach	Revenue Multiples	8.6	The estimated fair value would increase (decrease) if the EV multiples was higher (lower).

## ACTIVE GLOBAL EQUITY FUND

2021					
	Fair Value	Valuation Technique	Unobservable Input	Amount/Range	Sensitivity to Change in Significant Unobservable Input
Private equity investment	\$ 1,149	Market approach	Revenue Multiples	17.4	The estimated fair value would increase (decrease) if the EV multiples was higher (lower).

Significant unobservable inputs are developed as follows:

Revenue multiples:

Revenue multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its revenue and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and the specific company.

### Effects of Unobservable Input on Fair Value Measurement

The private equity investment is valued based on information received from the management of the investee. Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to holders of redeemable units. The following table shows how the net assets attributable to holders of redeemable units would change if the valuation of the private equity investment was calculated by adjusting the investment's fair market value by 10%.

	2022	2021
Favourable	\$ 174	\$ 115
Unfavourable	(174)	(115)

## ACTIVE GLOBAL EQUITY 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	3	\$ 7,776,734	\$ 977	3	\$ 9,497,081	\$ 9,949
Investee funds administered by external manager	1	17,265,016	6,966	2	29,300,164	10,046

## GLOBAL QUANTITATIVE ACTIVE EQUITY 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		\$ 164	\$ 360
Withholding tax reclaims receivable	6	1,885	1,863
Derivative assets:			
Swaps		—	14,043
Investments		298,747	313,009
Total assets		300,796	329,275
<b>Liabilities</b>			
BCI cost recoveries payable	4	47	16
Other accounts payable		17	28
Derivative liabilities:			
Swaps		2,452	822
		2,516	866
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 298,280</b>	<b>\$ 328,409</b>
Number of redeemable units outstanding	5	75.146	75.146
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 3,969</b>	<b>\$ 4,370</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## GLOBAL QUANTITATIVE ACTIVE EQUITY 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		\$ 5,914	\$ 1,693
Dividend income		1,247	1,732
Securities lending income		207	188
Other income	11	9	2,415
Foreign exchange gain (loss)		15	(198)
Change in fair value of investments and derivatives:			
Net realized gain (loss)		(21,561)	121,514
Net change in unrealized appreciation		(15,475)	(43,336)
Total revenue		(29,644)	84,008
<b>Expenses</b>			
BCI cost recoveries	4	459	622
Administrative fees		6	—
Withholding taxes	6	20	(3)
Total operating expenses		485	619
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(30,129)	83,389
Distributions to holders of redeemable units		(6,907)	(126,738)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>\$ (37,036)</b>	<b>\$ (43,349)</b>

## GLOBAL QUANTITATIVE ACTIVE EQUITY 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	\$ 328,409	\$ 1,072,326
Decrease in net assets attributable to holders of redeemable units	(37,036)	(43,349)
Redeemable unit transactions:		
Reinvestment of distributions	6,907	126,738
Amounts paid for units redeemed	—	(827,306)
Net increase (decrease) from redeemable unit transactions	6,907	(700,568)
<b>Balance, end of year</b>	<b>\$ 298,280</b>	<b>\$ 328,409</b>

## GLOBAL QUANTITATIVE ACTIVE EQUITY 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	\$ (37,036)	\$ (43,349)
Adjustments for:		
Foreign exchange (gain) loss	(15)	198
Interest income	(5,914)	(1,693)
Dividend income	(1,247)	(1,732)
Withholding taxes	20	(3)
Net realized (gain) loss from investments and derivatives	21,561	(121,514)
Net change in unrealized appreciation of investments and derivatives	15,475	43,336
Amortization of premiums and discounts	(458)	2,169
Non cash distributions	6,907	126,738
BCI cost recoveries payable	31	(2,650)
Other accounts payable	(11)	(73)
Interest received	5,914	1,693
Dividends received	1,247	1,732
Withholding taxes paid	(42)	313
Net sale (purchase) of investments and derivatives	(6,643)	822,547
	(211)	827,712
<b>Financing activities</b>		
Payments on redemption of redeemable units	—	(827,306)
	—	(827,306)
Net increase (decrease) in cash	(211)	406
Effect of exchange rate changes on cash	15	(198)
Cash, beginning of year	360	152
<b>Cash, end of year</b>	<b>\$ 164</b>	<b>\$ 360</b>

## GLOBAL QUANTITATIVE ACTIVE EQUITY 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
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	\$ 109	\$ 109	\$ 246	\$ 246
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 3 Floating Rate Fund	298,638	300,749	312,763	315,072
<b>Total Investments</b>	<b>\$ 298,747</b>	<b>\$ 300,858</b>	<b>\$ 313,009</b>	<b>\$ 315,318</b>



## GLOBAL QUANTITATIVE ACTIVE EQUITY 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 <sup>(a)</sup>	Fair Value		Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>OTC</b>						
Swaps	\$ 300,022	\$ —	\$ (2,452)	\$ 308,204	\$ 14,043	\$ (822)
<b>Total</b>	<b>\$ 300,022</b>	<b>\$ —</b>	<b>\$ (2,452)</b>	<b>\$ 308,204</b>	<b>\$ 14,043</b>	<b>\$ (822)</b>

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

	2022		2021	
Less than 1 year	\$	300,022	\$	308,204
<b>Total</b>	<b>\$</b>	<b>300,022</b>	<b>\$</b>	<b>308,204</b>

(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.

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Global Quantitative Active Equity Fund (the "Fund") provides clients with exposure to equity markets from across the globe. The Fund differs from the Active Global Equity Fund in that it relies on financial modelling to identify and rank under- or over-valued securities relative to other securities in its benchmark. The benchmark used is the Morgan Stanley Capital International ("MSCI") World ex-Canada Net Index (the "Index"). The Fund's objective is to exceed the benchmark return on a risk-adjusted basis.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of Index member companies;
- publicly traded income trust units;
- limited partnership interests, royalty trusts, and real estate investment trusts that trade on recognized exchanges;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- derivative instruments for the purposes of managing risk, enhancing returns and liquidity, lowering transaction costs, implementing synthetic indexing, and managing stock exposures;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- money market securities rated A-1 (low) or better and units of BCI's Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), and/or U.S. Dollar Money Market Fund (ST3), and/or US Dollar Money Market Fund (ST4);
- units in the Floating Rate Funds;
- the Fund may use the sale proceeds realized from shorting permitted securities to provide leveraged positions on other permitted securities; and
- the Fund may borrow money to satisfy cash flow needs, to finance the acquisition of securities, and/or to avoid the untimely sale of assets.

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested, long or short, in the securities of a single company;
- the Fund may maintain short positions on common stock or common stock equivalents of benchmark member companies with a market value of up to 35% of the net asset value of the Fund;
- the value of short equity positions shall be approximately equal to the value of leveraged long positions and, once established, the difference between the two shall not exceed 5% of the net asset value of the Fund;
- the Fund may use sale proceeds realized from shorting permitted securities to provide leveraged positions on other permitted securities;
- 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 has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

Note 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Credit Risk

The Fund invests in derivative contracts, which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. 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	\$	246,197	\$	—	\$ (1,069)	\$	193,213	\$	11,027	\$ —
A		53,825		—	(1,383)		114,991		3,016	(822)
<b>Total Derivatives</b>	<b>\$</b>	<b>300,022</b>	<b>\$</b>	<b>—</b>	<b>\$ (2,452)</b>	<b>\$</b>	<b>308,204</b>	<b>\$</b>	<b>14,043</b>	<b>\$ (822)</b>

### Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 7 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2022	2021
Collateral received	\$ —	\$ 13,221

### 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	\$ —	\$ —	\$ —	\$ —	—
Derivative liabilities	(2,452)	(2,452)	—	—	(2,452)
	<b>\$ (2,452)</b>	<b>\$ (2,452)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>(2,452)</b>

2021					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 14,043	\$ 14,043	\$ —	\$ —	14,043
Derivative liabilities	(822)	(822)	—	—	(822)
	<b>\$ 13,221</b>	<b>\$ 13,221</b>	<b>\$ —</b>	<b>\$ —</b>	<b>13,221</b>

### Interest Rate Risk

The majority of the Fund's financial assets and liabilities are non-interest bearing and the Fund's investments in BCI's floating rate funds provide a floating rate of return. Accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### 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					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
United States Dollar	\$ 15	\$ —	\$ 15	0.0 %	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 15</b>	<b>\$ —</b>	<b>\$ 15</b>	<b>0.0 %</b>	

2021					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
British Pound Sterling	\$ 26	\$ —	\$ 26	0.0 %	
Euro	77	—	77	0.0	
United States Dollar	111	—	111	0.0	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 214</b>	<b>\$ —</b>	<b>\$ 214</b>	<b>0.1 %</b>	

As at December 31, 2022, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by nil (2021 - \$2), representing 0.0% of the Fund's net assets (2021 - 0.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

In addition, the Fund is exposed to currency risk through its equity derivative contracts in which the underlying securities may be denominated in a foreign currency.

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Other Price Risk

Management monitors the concentration of risk for equity investments and equity derivative financial instruments based on industry and geographic location. As at December 31, the Fund held no equity investments and used derivative financial instruments to track the Fund's Index as well as overweights and underweights relative to the Index. As at December 31, the Fund's exposure through equity derivative financial instruments is concentrated in the following industries:

INDUSTRY SECTOR	2022		2021	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 30,098	10.1 %	\$ 40,565	12.6 %
Consumer Staples	23,676	8.0	24,279	7.5
Energy	15,061	5.1	11,006	3.4
Financials	41,531	13.9	35,613	11.1
Health Care	41,845	14.1	44,246	13.8
Industrials	35,128	11.8	29,434	9.2
Information Technology	66,842	22.4	77,459	24.0
Materials	2,404	0.8	10,747	3.3
Real Estate	7,494	2.5	10,579	3.3
Telecommunication Services	18,741	6.3	30,071	9.4
Utilities	14,919	5.0	7,602	2.4
<b>Total</b>	<b>\$ 297,739</b>	<b>100.0 %</b>	<b>\$ 321,601</b>	<b>100.0 %</b>

As at December 31, 2022, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$30,341 (2021 - \$33,528) or 10.2% (2021 - 10.2%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2022 and 2021, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Equity by Geographic Region

As at December 31, the Fund's exposure through equity derivative financial instruments is concentrated in the following geographic regions:

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
Argentina	\$ —	— %	\$ 287	0.1 %
Australia	9,235	3.1	9,020	2.8
Austria	(569)	(0.2)	(1,859)	(0.6)
Belgium	353	0.1	(378)	(0.1)
Brazil	261	0.1	621	0.2
Chile	46	—	1	—
China	(1,748)	(0.6)	(479)	(0.1)
Denmark	2,641	0.9	2,230	0.7
Finland	3,079	1.0	1,209	0.4
France	17,342	5.8	15,020	4.7
Germany	(635)	(0.2)	10,514	3.3
Hong Kong	2,895	1.0	281	0.1
Ireland	(128)	—	180	0.1
Israel	526	0.2	1,313	0.4
Italy	5,158	1.7	2,259	0.7
Japan	19,395	6.5	21,713	6.8
Korea	(13)	—	—	—
Netherlands	11,143	3.7	9,431	2.9
New Zealand	(249)	(0.1)	(1,071)	(0.3)
Norway	643	0.2	1,368	0.4
Poland	—	—	23	—
Portugal	1,812	0.6	849	0.3
Russia	—	—	2,931	0.9
Saudi Arabia	—	—	(2)	—
Singapore	3,037	1.0	1,087	0.3
South Africa	307	0.1	4	—
Spain	4,844	1.6	2,280	0.7
Sweden	2,672	0.9	(2,370)	(0.7)
Switzerland	1,676	0.6	3,806	1.2
Taiwan	—	—	777	0.2
United Kingdom	11,848	4.0	16,318	5.0
United States	202,168	68.0	224,238	69.6
<b>Total</b>	<b>\$ 297,739</b>	<b>100.0 %</b>	<b>\$ 321,601</b>	<b>100.0 %</b>

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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	\$ 109	\$ —	\$ 109	\$ 246	\$ —	\$ 246
Floating rate funds	298,638	—	298,638	312,763	—	312,763
Total investments	298,747	—	298,747	313,009	—	313,009
Swaps, net	—	(2,452)	(2,452)	—	13,221	13,221
<b>Total</b>	<b>\$ 298,747</b>	<b>\$ (2,452)</b>	<b>\$ 296,295</b>	<b>\$ 313,009</b>	<b>\$ 13,221</b>	<b>\$ 326,230</b>

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.

## GLOBAL QUANTITATIVE ACTIVE EQUITY 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	\$ 109	1	\$ 1,596,948	\$ 246
Investee floating rate funds administered by BCI	1	5,911,422	298,638	1	6,185,387	312,763



# INDEXED GLOBAL EQUITY FUND 1

## 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		\$ 8,361	\$ 2,938
Dividends receivable		4,071	1,307
Withholding tax reclaims receivable	6	5,446	5,253
Derivative assets:			
Swaps		172,077	266,028
Investments		16,699,758	8,385,335
Total assets		16,889,713	8,660,861
<b>Liabilities</b>			
Payable for purchase of investments		6,530	—
BCI cost recoveries payable	4	1,069	1,016
Other accounts payable		982	120
Derivative liabilities:			
Swaps		287,651	137,689
		296,232	138,825
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 16,593,481</b>	<b>\$ 8,522,036</b>
Number of redeemable units outstanding	5	4,314.520	1,952.910
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 3,846</b>	<b>\$ 4,364</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

# INDEXED GLOBAL EQUITY FUND 1

## 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		\$ 243,491	\$ 50,599
Dividend income		106,467	126,501
Securities lending income		7,400	5,809
Other income	11	259	4,903
Foreign exchange gain (loss)		11,720	(2,243)
Change in fair value of investments and derivatives:			
Net realized gain (loss)		(544,048)	1,802,010
Net change in unrealized appreciation		(461,710)	(91,063)
Total revenue		(636,421)	1,896,516
<b>Expenses</b>			
BCI cost recoveries	4	17,139	13,798
Administrative fees		46	38
Commissions and stock exchange fees		56	25
Withholding taxes	6	1,736	1,384
Total operating expenses		18,977	15,245
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(655,398)	1,881,271
Distributions to holders of redeemable units		(347,400)	(1,945,135)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>\$ (1,002,798)</b>	<b>\$ (63,864)</b>

## INDEXED GLOBAL EQUITY FUND 1

### 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	\$ 8,522,036	\$ 12,608,008
Decrease in net assets attributable to holders of redeemable units	(1,002,798)	(63,864)
Redeemable unit transactions:		
Proceeds from units issued	14,586,286	4,103,213
Reinvestment of distributions	347,400	1,945,135
Amounts paid for units redeemed	(5,859,443)	(10,070,456)
Net increase (decrease) from redeemable unit transactions	9,074,243	(4,022,108)
<b>Balance, end of year</b>	<b>\$ 16,593,481</b>	<b>\$ 8,522,036</b>

# INDEXED GLOBAL EQUITY FUND 1

## 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	\$ (1,002,798)	\$ (63,864)
Adjustments for:		
Foreign exchange (gain) loss	(11,720)	2,243
Interest income	(243,491)	(50,599)
Dividend income	(106,467)	(126,501)
Withholding taxes	1,736	1,384
Net realized (gain) loss from investments and derivatives	544,048	(1,802,010)
Net change in unrealized appreciation of investments and derivatives	461,710	91,063
Amortization of premiums and discounts	(14,649)	43,501
Non cash distributions	347,400	1,945,135
BCI cost recoveries payable	53	(3,879)
Other accounts payable	862	(55)
Interest received	243,491	50,599
Dividends received	103,703	126,550
Withholding taxes paid	(1,929)	(1,385)
Net sale (purchase) of investments and derivatives	(9,055,089)	5,757,375
	(8,733,140)	5,969,557
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	14,586,286	4,103,213
Payments on redemption of redeemable units	(5,859,443)	(10,070,456)
	8,726,843	(5,967,243)
Net increase (decrease) in cash	(6,297)	2,314
Effect of exchange rate changes on cash	11,720	(2,243)
Cash, beginning of year	2,938	2,867
<b>Cash, end of year</b>	<b>\$ 8,361</b>	<b>\$ 2,938</b>

## INDEXED GLOBAL EQUITY FUND 1

### 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
<b>Equity Investments</b>				
Publicly Traded	\$ 4,464,464	\$ 4,165,981	\$ 1,864,264	\$ 1,266,423
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio CDOR 1 Floating Rate Fund	12,235,294	12,217,212	6,515,105	6,578,785
<b>Public Equity Funds</b>				
Units in BCI Pooled Investment Portfolio Indexed Global Equity Fund 2	—	—	5,966	5,765
<b>Total Investments</b>	<b>\$ 16,699,758</b>	<b>\$ 16,383,193</b>	<b>\$ 8,385,335</b>	<b>\$ 7,850,973</b>

# INDEXED GLOBAL EQUITY FUND 1

## 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 <sup>(a)</sup>	Fair Value		Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>OTC</b>						
Swaps	\$ 12,177,738	\$ 172,077	\$ (287,651)	\$ 6,512,995	\$ 266,028	\$ (137,689)
<b>Currency derivatives</b>						
<b>OTC</b>						
Forwards	6	—	—	—	—	—
<b>Total</b>	<b>\$ 12,177,744</b>	<b>\$ 172,077</b>	<b>\$ (287,651)</b>	<b>\$ 6,512,995</b>	<b>\$ 266,028</b>	<b>\$ (137,689)</b>

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

	2022	2021
Less than 1 year	\$ 12,177,744	6,560,099
1 to 2 years	—	(47,104)
<b>Total</b>	<b>\$ 12,177,744</b>	<b>\$ 6,512,995</b>

(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.

## INDEXED GLOBAL EQUITY FUND 1

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Indexed Global Equity Fund 1 (the "Fund") provides clients with exposure to equity markets from across the globe at a low management fee. The Fund has the same strategy, goals, investment policies, and other features as another pooled investment portfolio, the Indexed Global Equity Fund 2. Clients that elect to participate in this Fund are allocated units that optimize the regulatory, tax, or administrative requirements applicable to each client. The Fund's benchmark is the Morgan Stanley Capital International ("MSCI") World ex-Canada Net Index (the "Index"). The Fund's performance objective is to replicate the returns of the Index. The Fund is managed internally by BCI. BCI portfolio managers hold company, sector, and country allocations roughly in proportion to their benchmark weights and have discretion to determine the appropriate timing of implementing Index changes.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of Index member companies;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- money market securities rated A-1 (low) or better; and units of BCI's Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), and U.S. Dollar Money Market Fund (ST3), and/or US Dollar Money Market Fund (ST4); and
- units in the Floating Rate Funds.

The following restrictions apply to the Fund:

- the Pool 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 Pool 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 has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

Note 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## INDEXED GLOBAL EQUITY FUND 1

### Credit Risk

The Fund invests in derivative contracts, which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. 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		
	Notional Value	Derivative Assets	Derivative Liabilities	Notional Value	Derivative Assets	Derivative Liabilities
AAA/AA	\$ 6,654,775	\$ 15,092	\$ (143,530)	\$ 5,416,163	\$ 97,433	\$ (2,573)
A	5,522,969	156,985	(144,121)	1,096,832	168,595	(135,116)
<b>Total Derivatives</b>	<b>\$ 12,177,744</b>	<b>\$ 172,077</b>	<b>\$ (287,651)</b>	<b>\$ 6,512,995</b>	<b>\$ 266,028</b>	<b>\$ (137,689)</b>

### Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 7 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2022	2021
Collateral received	\$ 70,244	\$ 195,718

### 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	\$ 172,077	\$ 172,077	\$ —	\$ —	172,077
Derivative liabilities	(287,651)	(287,651)	—	—	(287,651)
	<b>\$ (115,574)</b>	<b>\$ (115,574)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>(115,574)</b>

2021					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 266,028	\$ 266,028	\$ —	\$ —	266,028
Derivative liabilities	(137,689)	(133,797)	(3,892)	—	(137,689)
	<b>\$ 128,339</b>	<b>\$ 132,231</b>	<b>\$ (3,892)</b>	<b>\$ —</b>	<b>128,339</b>

### Interest Rate Risk

The majority of the Fund's financial assets and liabilities are non-interest bearing and the Fund's investments in BCI's floating rate funds provide a floating rate of return. Accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.



## INDEXED GLOBAL EQUITY FUND 1

### 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					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Australian Dollar	\$ 36,717	\$ —	\$ 36,717	0.2 %	
British Pound Sterling	61,896	—	61,896	0.4	
Danish Krone	13,631	—	13,631	0.1	
Euro	155,559	(6)	155,553	0.9	
Hong Kong Dollar	13,594	—	13,594	0.1	
Israeli New Shekel	3,228	—	3,228	0.0	
Japanese Yen	101,201	—	101,201	0.6	
New Zealand Dollar	942	—	942	0.0	
Norwegian Krone	3,585	—	3,585	0.0	
Singapore Dollar	6,241	—	6,241	0.0	
Swedish Krona	15,384	—	15,384	0.1	
Swiss Franc	46,256	—	46,256	0.3	
United States Dollar	4,012,187	6	4,012,193	24.2	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 4,470,421</b>	<b>\$ —</b>	<b>\$ 4,470,421</b>	<b>26.9 %</b>	

2021					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Australian Dollar	\$ 37,024	\$ —	\$ 37,024	0.4 %	
British Pound Sterling	71,105	—	71,105	0.8	
Danish Krone	14,427	—	14,427	0.2	
Euro	184,427	—	184,427	2.2	
Hong Kong Dollar	14,139	—	14,139	0.2	
Israeli New Shekel	2,669	—	2,669	0.0	
Japanese Yen	120,524	—	120,524	1.4	
New Zealand Dollar	1,123	—	1,123	0.0	
Norwegian Krone	3,529	—	3,529	0.0	
Singapore Dollar	5,554	—	5,554	0.1	
Swedish Krona	21,104	—	21,104	0.2	
Swiss Franc	55,734	—	55,734	0.7	
United States Dollar	1,336,291	—	1,336,291	15.7	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 1,867,650</b>	<b>\$ —</b>	<b>\$ 1,867,650</b>	<b>21.9 %</b>	

As at December 31, 2022, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by \$44,704 (2021 - \$18,677), representing 0.3% of the Fund's net assets (2021 - 0.2%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

In addition, the Fund is exposed to currency risk through its equity derivative contracts in which the underlying securities may be denominated in a foreign currency.

## INDEXED GLOBAL EQUITY FUND 1

### Other Price Risk

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

INDUSTRY SECTOR	2022		2021	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 1,691,750	10.2 %	\$ 1,067,897	12.6 %
Consumer Staples	1,329,026	8.0	596,314	7.0
Energy	860,187	5.2	235,203	2.8
Financials	2,242,436	13.5	1,050,330	12.3
Health Care	2,495,823	15.1	1,109,197	13.0
Industrials	1,760,657	10.6	864,802	10.2
Information Technology	3,425,486	20.7	2,050,059	24.1
Materials	702,100	4.2	336,770	4.0
Real Estate	454,476	2.7	243,170	2.9
Telecommunication Services	1,077,386	6.6	723,868	8.5
Utilities	527,668	3.2	229,952	2.6
Other	—	0.0	139	0.0
<b>Total</b>	<b>\$ 16,566,995</b>	<b>100.0 %</b>	<b>\$ 8,507,701</b>	<b>100.0 %</b>

As at December 31, 2022, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$1,660,924 (2021 - \$872,200) or 10.0% (2021 - 10.2%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2022 and 2021, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

## INDEXED GLOBAL EQUITY FUND 1

### Equity by Geographic Region

The Fund's equity investments and equity derivative financial instruments are concentrated in the following geographic regions:

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
Argentina	\$ —	0.0 %	\$ 6,641	0.1 %
Australia	403,443	2.4	185,833	2.2
Austria	11,971	0.1	7,071	0.1
Belgium	43,885	0.3	19,817	0.2
Brazil	10,916	0.1	920	0.0
Chile	2,283	0.0	787	0.0
China	37,910	0.2	19,631	0.2
Denmark	145,180	0.9	65,912	0.8
Finland	61,162	0.4	29,436	0.3
France	547,221	3.3	269,270	3.2
Germany	392,794	2.4	212,806	2.5
Hong Kong	146,008	0.9	61,586	0.7
Ireland	29,244	0.2	16,913	0.2
Israel	35,153	0.2	16,840	0.2
Italy	99,088	0.6	52,596	0.6
Japan	1,074,272	6.5	548,756	6.5
Korea	2,531	0.0	—	0.0
Netherlands	263,113	1.6	138,124	1.6
New Zealand	11,505	0.1	6,594	0.1
Norway	35,123	0.2	14,736	0.2
Poland	—	0.0	265	0.0
Portugal	9,381	0.1	3,953	0.0
Russia	—	0.0	1,223	0.0
Saudi Arabia	—	0.0	1,987	0.0
Singapore	79,583	0.5	28,998	0.3
South Africa	15,408	0.1	5,811	0.1
Spain	120,568	0.7	55,437	0.7
Sweden	152,018	0.9	92,197	1.1
Switzerland	307,107	1.9	251,731	3.0
Taiwan	—	0.0	3,393	0.0
United Kingdom	622,872	3.8	323,736	3.8
United States	11,907,256	71.6	6,064,701	71.3
<b>Total</b>	<b>\$ 16,566,995</b>	<b>100.0 %</b>	<b>\$ 8,507,701</b>	<b>100.0 %</b>

## INDEXED GLOBAL EQUITY FUND 1

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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
Publicly traded	\$ 4,464,464	\$ —	\$ 4,464,464	\$ 1,864,264	\$ —	\$ 1,864,264
Floating rate funds	12,235,294	—	12,235,294	6,515,105	—	6,515,105
BCI Public Equity Funds	—	—	—	5,966	—	5,966
Total investments	16,699,758	—	16,699,758	8,385,335	—	8,385,335
Swaps, net	—	(115,574)	(115,574)	—	128,339	128,339
<b>Total</b>	<b>\$ 16,699,758</b>	<b>\$ (115,574)</b>	<b>\$ 16,584,184</b>	<b>\$ 8,385,335</b>	<b>\$ 128,339</b>	<b>\$ 8,513,674</b>

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.

## INDEXED GLOBAL EQUITY FUND 1

### 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 floating rate funds administered by BCI	1	\$ 19,146,224	\$ 12,235,294	1	\$ 14,093,062	\$ 6,515,105
Investee equity funds administered by BCI		—	—	1	119,110	5,966

## INDEXED GLOBAL EQUITY FUND 2

### 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		\$ 100	\$ 66
Dividends receivable		95	72
Withholding tax reclaims receivable	6	50	18
Investments		105,528	118,965
Total assets		105,773	119,121
<b>Liabilities</b>			
BCI cost recoveries payable	4	3	—
Other accounts payable		19	11
		22	11
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 105,751</b>	<b>\$ 119,110</b>
Number of redeemable units outstanding	5	106,645	105,461
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 992</b>	<b>\$ 1,129</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## INDEXED GLOBAL EQUITY FUND 2

### Statement of Comprehensive Income (Loss)

(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021 (Note 1)

Revenue	NOTES	2022	2021
Dividend income		\$ 2,493	\$ 1,405
Securities lending income		16	4
Other income		3	25
Foreign exchange loss		(1)	(56)
Change in fair value of investments:			
Net realized gain (loss)		2,100	(25,342)
Net change in unrealized appreciation		(20,534)	37,993
Total revenue		(15,923)	14,029
<b>Expenses</b>			
BCI cost recoveries	4	51	—
Administrative fees		60	14
Commissions and stock exchange fees		13	1
Withholding taxes	6	310	181
Total operating expenses		434	196
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(16,357)	13,833
Distributions to holders of redeemable units		(4,156)	(3,183)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ (20,513)</b>	<b>\$ 10,650</b>

## INDEXED GLOBAL EQUITY FUND 2

### 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	\$ 119,110	\$ —
Increase (decrease) in net assets attributable to holders of redeemable units	(20,513)	10,650
Redeemable unit transactions:		
Proceeds from units issued	28,647	117,856
Reinvestment of distributions	4,156	3,183
Amounts paid for units redeemed	(25,649)	(12,579)
Net increase from redeemable unit transactions	7,154	108,460
<b>Balance, end of period</b>	<b>\$ 105,751</b>	<b>\$ 119,110</b>



## INDEXED GLOBAL EQUITY FUND 2

### Statement of Cash Flows

(Expressed in thousands of 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	\$ (20,513)	\$ 10,650
Adjustments for:		
Foreign exchange loss	1	56
Dividend income	(2,493)	(1,405)
Withholding taxes	310	181
Net realized (gain) loss from investments	(2,100)	25,342
Net change in unrealized appreciation of investments	20,534	(37,993)
Amortization of premiums and discounts	21	—
Non cash distributions	4,156	3,183
BCI cost recoveries payable	3	—
Other accounts payable	8	11
Dividends received	2,470	1,333
Withholding taxes paid	(342)	(199)
Net purchase of investments	(5,018)	(106,314)
	(2,963)	(105,155)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	28,647	117,856
Payments on redemption of redeemable units	(25,649)	(12,579)
	2,998	105,277
Net increase in cash	35	122
Effect of exchange rate changes on cash	(1)	(56)
Cash, beginning of period	66	—
<b>Cash, end of period</b>	<b>\$ 100</b>	<b>\$ 66</b>

## INDEXED GLOBAL EQUITY FUND 2

### 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
<b>Equity Investments</b>				
Publicly Traded	\$ 105,528	\$ 88,069	\$ 118,965	\$ 80,972
<b>Total Investments</b>	<b>\$ 105,528</b>	<b>\$ 88,069</b>	<b>\$ 118,965</b>	<b>\$ 80,972</b>

## INDEXED GLOBAL EQUITY FUND 2

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Indexed Global Equity Fund 2 (the "Fund") provides clients with exposure to equity markets from across the globe at a low management fee. The Fund has the same strategy, goals, investment policies, and other features as another pooled investment portfolio, the Indexed Global Equity Fund 1. Clients that elect to participate in this Fund are allocated units that optimize the regulatory, tax, or administrative requirements applicable to each client. The Fund's benchmark is the Morgan Stanley Capital International ("MSCI") World ex-Canada Net Index (the "Index"). The Fund's performance objective is to replicate the returns of the Index. The Fund is managed internally by BCI. BCI portfolio managers hold company, sector, and country allocations roughly in proportion to their benchmark weights and have discretion to determine the appropriate timing of implementing Index changes.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of Index member companies;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- money market securities rated A-1 (low) or better; and units of BCI's Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), and U.S. Dollar Money Market Fund (ST3), and/or US Dollar Money Market Fund (ST4); and
- units in BCI's Floating Rate Funds.

The following restrictions apply to the Fund:

- 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 has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

Note 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## INDEXED GLOBAL EQUITY FUND 2

### Credit Risk

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

### Liquidity Risk

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

### Interest Rate Risk

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

### Currency Risk

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					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)		Net Foreign Currency Contracts Receivable/ (Payable)		% of Total Net Assets
				Net Exposure	
Australian Dollar	\$	2,450	\$	—	\$ 2,450 2.3 %
British Pound Sterling		4,219		—	4,219 4.0
Danish Krone		916		—	916 0.9
Euro		10,416		—	10,416 9.8
Hong Kong Dollar		928		—	928 0.9
Israeli New Shekel		143		—	143 0.1
Japanese Yen		6,947		—	6,947 6.6
New Zealand Dollar		59		—	59 0.1
Norwegian Krone		238		—	238 0.2
Singapore Dollar		414		—	414 0.4
Swedish Krona		1,017		—	1,017 1.0
Swiss Franc		3,137		—	3,137 3.0
United States Dollar		74,817		—	74,817 70.7
<b>Net Foreign Exchange Exposure</b>	<b>\$</b>	<b>105,701</b>	<b>\$</b>	<b>—</b>	<b>\$ 105,701 100.0 %</b>

## INDEXED GLOBAL EQUITY FUND 2

2021					
CURRENCY	Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Australian Dollar	\$ 2,351	\$ —	\$ 2,351	2.0 %	
British Pound Sterling	4,481	—	4,481	3.8	
Danish Krone	920	—	920	0.8	
Euro	11,760	—	11,760	9.9	
Hong Kong Dollar	927	—	927	0.8	
Israeli New Shekel	152	—	152	0.1	
Japanese Yen	7,956	—	7,956	6.7	
New Zealand Dollar	78	—	78	0.1	
Norwegian Krone	224	—	224	0.2	
Singapore Dollar	361	—	361	0.3	
Swedish Krona	1,342	—	1,342	1.1	
Swiss Franc	3,546	—	3,546	3.0	
United States Dollar	85,002	—	85,002	71.4	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 119,100</b>	<b>\$ —</b>	<b>\$ 119,100</b>	<b>100.0 %</b>	

As at December 31, 2022, if the Canadian dollar had strengthened/weakened by 1% in relation to , holding all other variables constant, net assets would have decreased/increased, by \$1,057 (2021 - \$1,191), representing 1.0% of the Fund's net assets (2021 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

## INDEXED GLOBAL EQUITY FUND 2

### Other Price Risk

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

INDUSTRY SECTOR	2022		2021	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 10,784	10.2 %	\$ 14,945	12.6 %
Consumer Staples	8,446	8.0	8,322	7.0
Energy	5,492	5.2	3,281	2.8
Financials	14,253	13.5	14,656	12.3
Health Care	15,903	15.1	15,520	13.0
Industrials	11,224	10.6	12,120	10.2
Information Technology	21,844	20.7	28,672	24.0
Materials	4,453	4.2	4,715	4.0
Real Estate	2,908	2.8	3,395	2.9
Telecommunication Services	6,874	6.5	10,122	8.5
Utilities	3,347	3.2	3,208	2.7
Other	—	0.0	9	0.0
<b>Total</b>	<b>\$ 105,528</b>	<b>100.0 %</b>	<b>\$ 118,965</b>	<b>100.0 %</b>

As at December 31, 2022, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$10,552 (2021 - \$12,193) or 10.0% (2021 - 10.2%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2022, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

## INDEXED GLOBAL EQUITY FUND 2

### Equity by Geographic Region

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

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
Australia	\$ 2,446	2.3 %	\$ 2,348	2.0 %
Austria	58	0.1	81	0.1
Belgium	315	0.3	302	0.3
Denmark	916	0.9	920	0.8
Finland	309	0.3	349	0.3
France	3,667	3.5	3,963	3.3
Germany	2,518	2.4	3,011	2.5
Hong Kong	963	0.9	968	0.8
Ireland	212	0.2	236	0.2
Israel	230	0.2	255	0.2
Italy	721	0.7	845	0.7
Japan	6,937	6.6	7,947	6.7
Netherlands	1,827	1.7	2,164	1.8
New Zealand	59	0.1	72	0.1
Norway	238	0.2	224	0.2
Qatar	70	0.1	66	0.1
Singapore	470	0.4	411	0.3
Spain	747	0.7	759	0.6
Sweden	1,017	1.0	1,342	1.1
Switzerland	3,137	3.0	3,546	3.0
United Kingdom	4,214	4.0	4,469	3.8
United States	74,457	70.4	84,687	71.1
<b>Total</b>	<b>\$ 105,528</b>	<b>100.0 %</b>	<b>\$ 118,965</b>	<b>100.0 %</b>

## INDEXED GLOBAL EQUITY FUND 2

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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
Publicly traded	\$ 105,528	\$ —	\$ 105,528	\$ 118,965	\$ —	\$ 118,965
<b>Total</b>	<b>\$ 105,528</b>	<b>\$ —</b>	<b>\$ 105,528</b>	<b>\$ 118,965</b>	<b>\$ —</b>	<b>\$ 118,965</b>

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.



## ACTIVE EMERGING MARKETS EQUITY 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		\$ 157,856	\$ 168,348
Receivable from sale of investments		8,076	12,900
Interest receivable		284	—
Dividends receivable		18,159	9,870
Withholding tax reclaims receivable	6	434	355
Derivative assets:			
Swaps		76	—
Forwards		22	11
Investments		6,302,339	6,705,950
Total assets		6,487,246	6,897,434
<b>Liabilities</b>			
Payable for purchase of investments		19,320	9,446
BCI cost recoveries payable	4	822	445
External management fees payable		6,757	9,304
Other accounts payable		2,044	1,796
Derivative liabilities:			
Forwards		9	5
		28,952	20,996
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 6,458,294</b>	<b>\$ 6,876,438</b>
Number of redeemable units outstanding	5	3,301,500	3,172,320
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 1,956</b>	<b>\$ 2,168</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## ACTIVE EMERGING MARKETS EQUITY 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		\$ 396	\$ 265
Dividend income		257,913	209,407
Securities lending income		648	509
Other income	11	1,908	41,260
Foreign exchange gain		12,051	4,134
Change in fair value of investments and derivatives:			
Net realized gain (loss)		(24,348)	538,464
Net change in unrealized appreciation		(779,661)	(595,926)
Total revenue		(531,093)	198,113
<b>Expenses</b>			
BCI cost recoveries	4	7,971	5,549
External management fees		32,415	38,060
Administrative fees		2,689	2,615
Commissions and stock exchange fees		12,387	17,232
Withholding taxes	6	55,257	19,447
Total operating expenses		110,719	82,903
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(641,812)	115,210
Distributions to holders of redeemable units		(172,194)	(719,038)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>\$ (814,006)</b>	<b>\$ (603,828)</b>

**ACTIVE EMERGING MARKETS EQUITY 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

	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ 6,876,438	\$ 6,743,373
Decrease in net assets attributable to holders of redeemable units	(814,006)	(603,828)
Redeemable unit transactions:		
Proceeds from units issued	1,092,168	681,977
Reinvestment of distributions	172,194	719,038
Amounts paid for units redeemed	(868,500)	(664,122)
Net increase from redeemable unit transactions	395,862	736,893
<b>Balance, end of year</b>	<b>\$ 6,458,294</b>	<b>\$ 6,876,438</b>

## ACTIVE EMERGING MARKETS EQUITY 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	\$ (814,006)	\$ (603,828)
Adjustments for:		
Foreign exchange gain	(12,051)	(4,134)
Interest income	(396)	(265)
Dividend income	(257,913)	(209,407)
Withholding taxes	55,257	19,447
Net realized (gain) loss from investments and derivatives	24,348	(538,464)
Net change in unrealized appreciation of investments and derivatives	779,661	595,926
Amortization of premiums and discounts	153	—
Non cash distributions	172,194	719,038
BCI cost recoveries payable	377	(40,620)
Other accounts payable	248	1,103
Interest received	112	266
Dividends received	249,624	208,172
Withholding taxes paid	(55,336)	(19,216)
External management fees payable	(2,547)	(10,468)
Net purchase of investments and derivatives	(385,936)	(248,054)
	(246,211)	(130,504)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	1,092,168	681,977
Payments on redemption of redeemable units	(868,500)	(664,122)
	223,668	17,855
Net decrease in cash	(22,543)	(112,649)
Effect of exchange rate changes on cash	12,051	4,134
Cash, beginning of year	168,348	276,863
<b>Cash, end of year</b>	<b>\$ 157,856</b>	<b>\$ 168,348</b>

## ACTIVE EMERGING MARKETS EQUITY 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
<b>Equity Investments</b>				
Publicly Traded	\$ 6,278,681	\$ 6,219,154	\$ 6,705,154	\$ 5,865,225
<b>Bonds</b>				
Corporate	18,987	18,331	—	—
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	1,253	1,253	587	587
Fund ST3	11	12	209	207
	1,264	1,265	796	794
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 1 Floating Rate Fund	3,407	3,402	—	—
<b>Total Investments</b>	<b>\$ 6,302,339</b>	<b>\$ 6,242,152</b>	<b>\$ 6,705,950</b>	<b>\$ 5,866,019</b>

## ACTIVE EMERGING MARKETS EQUITY 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 <sup>(a)</sup>	Fair Value		Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>OTC</b>						
Swaps	\$ 3,369	\$ 76	\$ —	\$ —	\$ —	\$ —
<b>Currency derivatives</b>						
<b>OTC</b>						
Forwards	20,816	22	(9)	11,850	11	(5)
<b>Total</b>	<b>\$ 24,185</b>	<b>\$ 98</b>	<b>\$ (9)</b>	<b>\$ 11,850</b>	<b>\$ 11</b>	<b>\$ (5)</b>

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

	2022		2021	
Less than 1 year	\$	24,185	\$	11,850
<b>Total</b>	<b>\$</b>	<b>24,185</b>	<b>\$</b>	<b>11,850</b>

(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.

## ACTIVE EMERGING MARKETS EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The investment objective of the Active Emerging Markets Equity Fund (the "Fund") is to provide participating clients with exposure to a portfolio of actively managed emerging market equity investments, with the potential of earning a higher rate of return than the Fund's benchmark. The Fund's benchmark is the Morgan Stanley Capital International ("MSCI") Emerging Markets Net Index (the "Index"). The objective of the Fund is to exceed the benchmark return on a risk-adjusted basis.

The Fund is comprised of portfolios managed by a team of external investment managers (the "Managers") under contract to BCI. BCI selects the Managers on the basis of their approach, process, historical track record and the strength of their investment team. The Managers operate independently of each other and are given specific value-added targets, consistent with their expected risk profile. In addition to the potential for higher returns, the Fund provides clients with: a diversity of active management investment styles; exposure to a variety of market outlooks; and exposure to the various segments of emerging equity markets.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of issuers whose country is classified as an emerging, developed, or frontier market by MSCI or listed on an emerging market exchange;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- units the Managers' pooled funds, provided such holdings are permissible investments for the Pool;
- private placement securities that will become freely tradable on a recognized exchange within six months of issuance, or with CIO approval;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- money market securities rated A-1 (low) or better, units in BCI's Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), U.S. Dollar Money Market Fund (ST3), US Dollar Money Market Fund (ST4), and other BCI short-term fixed income pooled funds.

The following restrictions apply to the Fund:

- not more than 10% of the market value of the Fund can be invested in the securities of one company;
- investments in companies whose country is classified as a frontier market by MSCI are limited to 10% of the market value of the Fund;
- investments in companies whose country is classified as a developed market by MSCI are limited to 10% of the market value of the Fund;
- 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, external counterparties must be 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 has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

Note 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## ACTIVE EMERGING MARKETS EQUITY FUND

### Credit Risk

The Fund invests in derivative contracts, which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. 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		
	Notional Value			Derivative Assets		Derivative Liabilities	Notional Value			Derivative Assets		Derivative Liabilities
AAA/AA	\$ 8,239	\$		22	\$	(2)	\$ 11,261	\$		11	\$	(5)
A	15,946			76		(7)	589			—		—
<b>Total Derivatives</b>	<b>\$ 24,185</b>	<b>\$</b>		<b>98</b>	<b>\$</b>	<b>(9)</b>	<b>\$ 11,850</b>	<b>\$</b>		<b>11</b>	<b>\$</b>	<b>(5)</b>

As at December 31, 2022 the Fund invested \$18,987 in a convertible bond instrument with a credit rating of BBB.

### Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 7 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2022	2021
Collateral received	\$ 76	\$ —

### 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
Derivative assets	\$ 98	\$	98	\$	—	\$ —
Derivative liabilities	(9)		(9)		—	—
	<b>\$ 89</b>	<b>\$</b>	<b>89</b>	<b>\$</b>	<b>—</b>	<b>\$ —</b>

  

2021						
	Carrying value		Less than 1 year		1 to 2 years	Over 2 year
Derivative assets	\$ 11	\$	11	\$	—	\$ —
Derivative liabilities	(5)		(5)		—	—
	<b>\$ 6</b>	<b>\$</b>	<b>6</b>	<b>\$</b>	<b>—</b>	<b>\$ —</b>

### Interest Rate Risk

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

As at December 31, 2022 the Fund invested \$18,987 in a convertible bond instrument with a term to maturity within 3 years and an effective yield of (5.97)%. If prevailing interest rates increased or decreased by 1% (100



## ACTIVE EMERGING MARKETS EQUITY FUND

bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$380 (2021 - \$nil), representing —% of the Fund's net assets (2021 - —%). In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

## ACTIVE EMERGING MARKETS EQUITY FUND

### 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					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Brazilian Real	\$ 393,176	\$ (14)	\$ 393,162	6.1	%
British Pound Sterling	13,700	—	13,700	0.2	
Chilean Peso	6,078	—	6,078	0.1	
Chinese Yuan Renminbi	1,565,709	3,722	1,569,431	24.3	
Czech Koruna	10,377	—	10,377	0.2	
Euro	177,670	—	177,670	2.8	
Hong Kong Dollar	1,285,392	9,797	1,295,189	20.1	
Hungarian Forint	34,841	—	34,841	0.5	
Indian Rupee	660,895	—	660,895	10.2	
Indonesian Rupiah	91,274	—	91,274	1.4	
Malaysian Ringgit	23,618	—	23,618	0.4	
Mexican Peso	106,311	—	106,311	1.6	
Philippine Peso	12,102	—	12,102	0.2	
Poland Zloty	89,855	—	89,855	1.4	
Qatari Rial	17,765	—	17,765	0.3	
Saudi Riyal	46,368	—	46,368	0.7	
South African Rand	177,084	(463)	176,621	2.7	
South Korean Won	532,831	(294)	532,537	8.2	
Taiwan Dollar	372,652	—	372,652	5.8	
Thai Baht	124,578	(3,673)	120,905	1.9	
Turkish Lira	15,902	—	15,902	0.2	
United Arab Emirates Dirham	36,008	(2,781)	33,227	0.5	
United States Dollar	650,792	(6,282)	644,510	10.0	
Vietnamese Dong	10,070	—	10,070	0.2	%
<b>Net Foreign Exchange Exposure</b>	<b>\$ 6,455,048</b>	<b>\$ 12</b>	<b>\$ 6,455,060</b>	<b>99.9</b>	<b>%</b>

## ACTIVE EMERGING MARKETS EQUITY FUND

2021

CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets
Brazilian Real	\$ 212,457	\$ —	\$ 212,457	3.1 %
British Pound Sterling	4,757	—	4,757	0.1
Chilean Peso	3,772	—	3,772	0.1
Chinese Yuan Renminbi	1,850,918	—	1,850,918	26.9
Czech Koruna	14,303	—	14,303	0.2
Euro	126,546	1,823	128,369	1.9
Hong Kong Dollar	1,105,241	160	1,105,401	16.1
Hungarian Forint	23,538	—	23,538	0.3
Indian Rupee	1,077,800	—	1,077,800	15.7
Indonesian Rupiah	63,588	—	63,588	0.9
Malaysian Ringgit	7,391	—	7,391	0.1
Mexican Peso	38,278	—	38,278	0.6
Poland Zloty	45,266	(164)	45,102	0.7
Qatari Rial	6,893	—	6,893	0.1
Russian Ruble	234,472	—	234,472	3.4
South African Rand	128,058	(1,011)	127,047	1.8
South Korean Won	535,633	156	535,789	7.8
Taiwan Dollar	435,035	—	435,035	6.3
Thai Baht	69,165	—	69,165	1.0
Turkish Lira	20,071	—	20,071	0.3
United Arab Emirates Dirham	14,195	—	14,195	0.2
United States Dollar	866,737	(957)	865,780	12.6
<b>Net Foreign Exchange Exposure</b>	<b>\$ 6,884,114</b>	<b>\$ 7</b>	<b>\$ 6,884,121</b>	<b>100.1 %</b>

As at December 31, 2022, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by \$64,551 (2021 - \$68,841), representing 1.0% of the Fund's net assets (2021 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

## ACTIVE EMERGING MARKETS EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2022		2021	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 879,774	14.0 %	\$ 967,046	14.5 %
Consumer Staples	624,877	9.9	564,541	8.4
Energy	442,168	7.0	451,122	6.7
Financials	1,383,317	22.1	1,384,135	20.6
Health Care	302,339	4.8	328,170	4.9
Industrials	355,078	5.7	296,725	4.4
Information Technology	1,156,892	18.4	1,539,304	23.0
Materials	466,933	7.4	594,597	8.9
Real Estate	111,326	1.8	41,751	0.6
Telecommunication Services	453,560	7.2	390,022	5.8
Utilities	105,861	1.7	147,741	2.2
<b>Total</b>	<b>\$ 6,282,125</b>	<b>100.0 %</b>	<b>\$ 6,705,154</b>	<b>100.0 %</b>

As at December 31, 2022, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$630,782 (2021 - \$536,460) or 9.8% (2021 - 7.8%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2022 and 2021, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

## ACTIVE EMERGING MARKETS EQUITY FUND

### Equity by Geographic Region

The Fund's equity investments and equity derivative financial instruments are concentrated in the following geographic regions:

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
Argentina	\$ 3,916	0.1 %	\$ —	0.0 %
Brazil	559,182	8.9	364,084	5.4
Chile	12,643	0.2	10,067	0.2
China	2,800,552	44.6	2,912,940	43.3
Czech Republic	10,377	0.2	14,303	0.2
Egypt	4,148	0.1	7,103	0.1
France	52,608	0.8	—	0.0
Greece	26,655	0.4	13,041	0.2
Hong Kong	201,478	3.2	178,646	2.7
Hungary	34,841	0.6	23,538	0.4
India	676,580	10.8	1,200,838	17.9
Indonesia	91,274	1.5	63,588	0.9
Italy	19,200	0.3	—	0.0
Korea	525,565	8.2	530,414	7.9
Malaysia	23,353	0.4	7,130	0.1
Mexico	127,111	2.0	56,413	0.8
Netherlands	78,678	1.3	90,575	1.4
Peru	14,071	0.2	4,897	0.1
Philippines	12,086	0.2	—	0.0
Poland	89,855	1.4	45,102	0.7
Qatar	17,765	0.3	6,893	0.1
Russia	—	0.0	374,033	5.6
Saudi Arabia	46,370	0.7	—	0.0
South Africa	176,157	2.8	126,587	1.9
Spain	—	0.0	24,225	0.4
Taiwan	415,555	6.6	432,488	6.5
Thailand	120,905	1.9	69,165	1.0
Turkey	15,902	0.3	20,071	0.3
United Arab Emirates	33,226	0.5	14,195	0.2
United Kingdom	14,248	0.2	26,447	0.4
United States	67,754	1.1	82,137	1.2
Vietnam	10,070	0.2	—	0.0
Kazakhstan	—	0.0	6,234	0.1
<b>Total</b>	<b>\$ 6,282,125</b>	<b>100.0 %</b>	<b>\$ 6,705,154</b>	<b>100.0 %</b>

## ACTIVE EMERGING MARKETS EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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)	Level 3 (Significant Unobservable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Publicly traded	\$ 6,278,681	\$ —	\$ —	\$ 6,278,681	\$ 6,705,154	\$ —	\$ —	\$ 6,705,154
Money market funds	1,264	—	—	1,264	796	—	—	796
Floating rate funds	3,407	—	—	3,407	—	—	—	—
Bonds	—	18,987	—	18,987	—	—	—	—
Total investments	6,283,352	18,987	—	6,302,339	6,705,950	—	—	6,705,950
Swaps, net	—	76	—	76	—	—	—	—
Forwards, net	—	13	—	13	—	6	—	6
Total derivatives	—	89	—	89	—	6	—	6
<b>Total</b>	<b>\$ 6,283,352</b>	<b>\$ 19,076</b>	<b>\$ —</b>	<b>\$ 6,302,428</b>	<b>\$ 6,705,950</b>	<b>\$ 6</b>	<b>\$ —</b>	<b>\$ 6,705,956</b>

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.

## ACTIVE EMERGING MARKETS EQUITY 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	\$ 1,264	2	\$ 5,303,907	\$ 796
Investee floating rate funds administered by BCI	1	19,146,224	3,407	—	—	—

## INDEXED EMERGING MARKETS EQUITY 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		\$ 589	\$ 2,426
Receivable from sale of investments		79	332
Dividends receivable		8,317	7,000
Withholding tax reclaims receivable	6	165	168
Derivative assets:			
Swaps		220,418	20,905
Investments		8,195,900	7,837,806
Total assets		8,425,468	7,868,637
<b>Liabilities</b>			
Payable for purchase of investments		17	—
BCI cost recoveries payable	4	1,465	1,127
Other accounts payable		1,921	1,519
Derivative liabilities:			
Swaps		39,464	46,447
		42,867	49,093
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 8,382,601</b>	<b>\$ 7,819,544</b>
Number of redeemable units outstanding	5	5,140,220	4,121,290
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 1,631</b>	<b>\$ 1,897</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer



## INDEXED EMERGING MARKETS EQUITY 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		\$ 98,921	\$ 22,644
Dividend income		118,209	138,627
Securities lending income		4,554	4,052
Other income	11	351	1,758
Foreign exchange loss		(1,128)	(1,548)
Change in fair value of investments and derivatives:			
Net realized gain (loss)		(933,298)	299,040
Net change in unrealized appreciation		(355,847)	(581,571)
Total revenue		(1,068,238)	(116,998)
<b>Expenses</b>			
BCI cost recoveries	4	15,508	14,253
Administrative fees		1,770	1,846
Commissions and stock exchange fees		394	701
Withholding taxes	6	10,240	8,074
Total operating expenses		27,912	24,874
Decrease in net assets attributable to holders of redeemable units before distributions		(1,096,150)	(141,872)
Distributions to holders of redeemable units		(190,903)	(439,385)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>\$ (1,287,053)</b>	<b>\$ (581,257)</b>

## INDEXED EMERGING MARKETS EQUITY 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	\$ 7,819,544	\$ 8,038,555
Decrease in net assets attributable to holders of redeemable units	(1,287,053)	(581,257)
Redeemable unit transactions:		
Proceeds from units issued	2,328,910	2,112,723
Reinvestment of distributions	190,903	439,385
Amounts paid for units redeemed	(669,703)	(2,189,862)
Net increase from redeemable unit transactions	1,850,110	362,246
<b>Balance, end of year</b>	<b>\$ 8,382,601</b>	<b>\$ 7,819,544</b>

## INDEXED EMERGING MARKETS EQUITY 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	\$ (1,287,053)	\$ (581,257)
Adjustments for:		
Foreign exchange loss	1,128	1,548
Interest income	(98,921)	(22,644)
Dividend income	(118,209)	(138,627)
Withholding taxes	10,240	8,074
Net realized (gain) loss from investments and derivatives	933,298	(299,040)
Net change in unrealized appreciation of investments and derivatives	355,847	581,571
Amortization of premiums and discounts	(4,601)	20,123
Non cash distributions	190,903	439,385
BCI cost recoveries payable	338	(927)
Other accounts payable	402	834
Interest received	98,921	22,644
Dividends received	116,892	138,386
Withholding taxes paid	(10,237)	(8,178)
Net purchase of investments and derivatives	(1,848,864)	(82,783)
	(1,659,916)	79,109
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	2,328,910	2,112,723
Payments on redemption of redeemable units	(669,703)	(2,189,862)
	1,659,207	(77,139)
Net increase (decrease) in cash	(709)	1,970
Effect of exchange rate changes on cash	(1,128)	(1,548)
Cash, beginning of year	2,426	2,004
<b>Cash, end of year</b>	<b>\$ 589</b>	<b>\$ 2,426</b>

See accompanying Notes to the Financial Statements

## INDEXED EMERGING MARKETS EQUITY 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
<b>Equity Investments</b>				
Publicly Traded	\$ 2,941,806	\$ 2,880,765	\$ 3,542,932	\$ 2,898,850
Exchange Traded Funds	3,338	3,854	2,469	2,430
	2,945,144	2,884,619	3,545,401	2,901,280
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 1 Floating Rate Fund	5,250,756	5,258,115	4,292,405	4,321,017
<b>Total Investments</b>	<b>\$ 8,195,900</b>	<b>\$ 8,142,734</b>	<b>\$ 7,837,806</b>	<b>\$ 7,222,297</b>

## INDEXED EMERGING MARKETS EQUITY 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 <sup>(a)</sup>	Fair Value		Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>Listed</b>						
Futures <sup>(c)</sup>	\$ 6	\$ —	\$ —	\$ —	\$ —	\$ —
<b>OTC</b>						
Swaps	5,220,023	220,418	(39,464)	4,290,410	20,905	(46,447)
<b>Total</b>	<b>\$ 5,220,029</b>	<b>\$ 220,418</b>	<b>\$ (39,464)</b>	<b>\$ 4,290,410</b>	<b>\$ 20,905</b>	<b>\$ (46,447)</b>

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

	2022	2021
Less than 1 year	\$ 5,136,387	\$ 4,284,546
1 to 2 years	83,642	5,864
<b>Total</b>	<b>\$ 5,220,029</b>	<b>\$ 4,290,410</b>

- (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.

## INDEXED EMERGING MARKETS EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The investment objective of the Indexed Emerging Markets Equity Fund (the "Fund") is to provide clients with exposure to a portfolio of emerging market equity investments at a low fee. The objective of the Fund is to replicate the returns of the Fund's benchmark, the Morgan Stanley Capital International ("MSCI") Emerging Markets Net Index (the "Index"). Investments in individual companies will be held in approximately the same proportion as their weighting in the Index, but BCI shall have discretion in determining the appropriate timing of implementing Index changes.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of Index member companies;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- money market securities rated A-1(low) or better, and in units of BCI's Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), U.S. Dollar Money Market Fund (ST3) and/or US Dollar Money Market Fund (ST4); and
- units in the Floating Rate Funds.

The following restrictions apply to the Fund:

- 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 has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

Note 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## INDEXED EMERGING MARKETS EQUITY FUND

### Credit Risk

The Fund invests in derivative contracts, which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. 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		
	Notional Value		Derivative Assets		Derivative Liabilities		Notional Value		Derivative Assets		Derivative Liabilities	
AAA/AA	\$	—	\$	—	\$	—	\$	12,665	\$	19	\$	(85)
A		5,220,023		220,418		(39,464)		4,277,745		20,886		(46,362)
<b>Total Derivatives</b>	<b>\$</b>	<b>5,220,023</b>	<b>\$</b>	<b>220,418</b>	<b>\$</b>	<b>(39,464)</b>	<b>\$</b>	<b>4,290,410</b>	<b>\$</b>	<b>20,905</b>	<b>\$</b>	<b>(46,447)</b>

### Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 7 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2022		2021	
Collateral received	\$	183,072	\$	1,554
Collateral pledged		500		—

### 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	
Derivative assets	\$	220,418	\$	220,297	\$	121
Derivative liabilities		(39,464)		(39,464)		—
	<b>\$</b>	<b>180,954</b>	<b>\$</b>	<b>180,833</b>	<b>\$</b>	<b>121</b>
2021						
	Carrying value		Less than 1 year		1 to 2 years	
Derivative assets	\$	20,905	\$	20,012	\$	893
Derivative liabilities		(46,447)		(44,744)		(1,703)
	<b>\$</b>	<b>(25,542)</b>	<b>\$</b>	<b>(24,732)</b>	<b>\$</b>	<b>(810)</b>

### Interest Rate Risk

The majority of the Fund's financial assets and liabilities are non-interest bearing and the Fund's investments in BCI's floating rate funds provide a floating rate of return. Accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

## INDEXED EMERGING MARKETS EQUITY FUND

### 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					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Brazilian Real	\$ 185,704	\$ —	\$ 185,704	2.2	%
Chilean Peso	19,337	—	19,337	0.2	
Colombian Peso	4,122	—	4,122	0.0	
Czech Koruna	4,872	—	4,872	0.1	
Egyptian Pound	2,994	—	2,994	0.0	
Euro	11,178	—	11,178	0.1	
Hong Kong Dollar	852,112	—	852,112	10.2	
Hungarian Forint	6,603	—	6,603	0.1	
Indian Rupee	501,553	—	501,553	6.0	
Indonesian Rupiah	23,255	—	23,255	0.3	
Malaysian Ringgit	54,638	—	54,638	0.7	
Mexican Peso	79,299	—	79,299	0.9	
Pakistani Rupee	4	—	4	0.0	
Philippine Peso	25,872	—	25,872	0.3	
Poland Zloty	25,230	—	25,230	0.3	
Qatari Rial	34,241	—	34,241	0.4	
Russian Ruble	1	—	1	0.0	
Saudi Riyal	5	—	5	0.0	
South African Rand	25,702	—	25,702	0.3	
South Korean Won	396,027	—	396,027	4.7	
Taiwan Dollar	470,453	—	470,453	5.6	
Thai Baht	77,304	—	77,304	0.9	
Turkish Lira	3,937	—	3,937	0.0	
United Arab Emirates Dirham	46,804	—	46,804	0.6	
United States Dollar	103,031	—	103,031	1.2	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 2,954,278</b>	<b>\$ —</b>	<b>\$ 2,954,278</b>	<b>35.2</b>	<b>%</b>



## INDEXED EMERGING MARKETS EQUITY FUND

2021

CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)		Net Foreign Currency Contracts Receivable/ (Payable)		Net Exposure	% of Total Net Assets
Brazilian Real	\$	165,615	\$	—	\$ 165,615	2.1 %
Chilean Peso		15,305		—	15,305	0.2
Colombian Peso		6,946		—	6,946	0.1
Czech Koruna		5,773		—	5,773	0.1
Egyptian Pound		638		—	638	0.0
Euro		8,609		—	8,609	0.1
Hong Kong Dollar		956,005		—	956,005	12.2
Hungarian Forint		9,611		—	9,611	0.1
Indian Rupee		511,980		—	511,980	6.5
Indonesian Rupiah		20,914		—	20,914	0.3
Malaysian Ringgit		54,882		—	54,882	0.7
Mexican Peso		84,073		—	84,073	1.1
Pakistani Rupee		5		—	5	0.0
Philippine Peso		29,129		—	29,129	0.4
Poland Zloty		31,341		—	31,341	0.4
Qatari Rial		31,922		—	31,922	0.4
Russian Ruble		130,644		—	130,644	1.7
South African Rand		28,302		—	28,302	0.4
South Korean Won		525,198		—	525,198	6.7
Taiwan Dollar		642,811		—	642,811	8.2
Thai Baht		65,703		—	65,703	0.8
Turkish Lira		2,084		—	2,084	0.0
United Arab Emirates Dirham		45,823		—	45,823	0.6
United States Dollar		180,471		—	180,471	2.3
<b>Net Foreign Exchange Exposure</b>	<b>\$</b>	<b>3,553,784</b>	<b>\$</b>	<b>—</b>	<b>\$ 3,553,784</b>	<b>45.4</b>

As at December 31, 2022, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by \$29,543 (2021 - \$35,538), representing 0.4% of the Fund's net assets (2021 - 0.5%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

In addition, the Fund is exposed to currency risk through its equity derivative contracts in which the underlying securities may be denominated in a foreign currency.

## INDEXED EMERGING MARKETS EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2022		2021	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 1,177,054	14.1 %	\$ 1,057,865	13.5 %
Consumer Staples	539,193	6.4	458,555	5.9
Energy	408,364	4.9	434,786	5.6
Financials	1,848,550	22.1	1,514,928	19.4
Health Care	341,063	4.1	330,798	4.2
Industrials	507,180	6.1	395,244	5.1
Information Technology	1,558,296	18.6	1,769,064	22.7
Materials	740,432	8.9	672,041	8.6
Real Estate	162,633	1.9	152,534	2.0
Telecommunication Services	828,231	9.9	836,946	10.6
Utilities	253,543	3.0	185,160	2.4
<b>Total</b>	<b>\$ 8,364,539</b>	<b>100.0 %</b>	<b>\$ 7,807,921</b>	<b>100.0 %</b>

As at December 31, 2022, had the benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$838,029 (2021 - \$620,007) or 10.0% (2021 - 7.9%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2022 and 2021, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

## INDEXED EMERGING MARKETS EQUITY FUND

### Equity by Geographic Region

The Fund's equity investments and equity derivative financial instruments are concentrated in the following geographic regions:

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
Australia	\$ 9,824	0.1 %	\$ 7,562	0.1 %
Brazil	437,725	5.2	308,989	4.0
Chile	46,603	0.6	28,820	0.4
China	2,699,914	32.6	2,538,777	32.6
Colombia	9,677	0.1	13,088	0.2
Czech Republic	11,676	0.1	10,871	0.1
Egypt	7,119	0.1	6,678	0.1
Greece	26,833	0.3	16,314	0.2
Hong Kong	9,313	0.1	7,185	0.1
Hungary	15,859	0.2	18,274	0.2
India	1,207,328	14.4	971,781	12.4
Indonesia	159,151	1.9	112,924	1.4
Korea	946,805	11.3	999,578	12.8
Kuwait	78,531	0.9	47,531	0.6
Malaysia	131,051	1.6	108,162	1.4
Mexico	194,992	2.3	159,659	2.0
Peru	17,807	0.2	14,997	0.2
Philippines	62,096	0.7	55,223	0.7
Poland	59,586	0.7	59,415	0.8
Qatar	82,501	1.0	60,665	0.8
Romania	3,357	—	2,491	—
Saudi Arabia	343,068	4.1	260,545	3.3
Singapore	1,345	—	717	—
South Africa	295,493	3.5	236,994	3.0
Taiwan	1,149,021	13.7	1,239,094	15.9
Thailand	181,990	2.2	130,570	1.7
Turkey	56,311	0.7	18,111	0.2
United Arab Emirates	112,670	1.3	87,033	1.1
United Kingdom	1,002	—	—	—
United States	5,891	0.1	6,582	0.1
<b>Total</b>	<b>\$ 8,364,539</b>	<b>100.0 %</b>	<b>\$ 7,807,921</b>	<b>100.0 %</b>

## INDEXED EMERGING MARKETS EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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
Publicly traded	\$ 2,941,806	\$ —	\$ 2,941,806	\$ 3,542,932	\$ —	\$ 3,542,932
Exchange traded funds	3,338	—	3,338	2,469	—	2,469
Floating rate funds	5,250,756	—	5,250,756	4,292,405	—	4,292,405
Total investments	8,195,900	—	8,195,900	7,837,806	—	7,837,806
Swaps, net	—	180,954	180,954	—	(25,542)	(25,542)
<b>Total</b>	<b>\$ 8,195,900</b>	<b>\$ 180,954</b>	<b>\$ 8,376,854</b>	<b>\$ 7,837,806</b>	<b>\$ (25,542)</b>	<b>\$ 7,812,264</b>

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.

## INDEXED EMERGING MARKETS EQUITY 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 floating rate funds administered by BCI	1	\$ 19,146,224	\$ 5,250,756	1	\$ 14,093,062	\$ 4,292,405
Investee funds administered by external manager	1	22,931,100	3,338	1	29,017,800	2,469

## THEMATIC PUBLIC EQUITY FUND

### Statement of Financial Position

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

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

<b>Assets</b>	<b>NOTES</b>	<b>2022</b>	<b>2021</b>
Cash		\$ 153,270	\$ 75,792
Receivable from sale of investments		8,734	—
Dividends receivable		3,153	3,690
Withholding tax reclaims receivable	6	2,167	1,188
Investments		5,301,717	6,305,999
<b>Total assets</b>		<b>5,469,041</b>	<b>6,386,669</b>
<b>Liabilities</b>			
Payable for purchase of investments		12,599	—
BCI cost recoveries payable	4	1,101	755
Other accounts payable		380	308
		14,080	1,063
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 5,454,961</b>	<b>\$ 6,385,606</b>
Number of redeemable units outstanding	5	1,869.080	1,868.950
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 2,919</b>	<b>\$ 3,417</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## THEMATIC PUBLIC EQUITY 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		\$ 31	\$ 249
Dividend income		76,913	72,010
Securities lending income		890	1,678
Other income	11	1,349	2,201
Foreign exchange gain		11,965	4,518
Change in fair value of investments:			
Net realized gain (loss)		(56,226)	667,012
Net change in unrealized appreciation		(940,317)	(33,916)
Total revenue		(905,395)	713,752
<b>Expenses</b>			
BCI cost recoveries	4	11,949	9,695
Administrative fees		429	989
Commissions and stock exchange fees		4,145	3,142
Withholding taxes	6	9,100	7,503
Total operating expenses		25,623	21,329
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(931,018)	692,423
Distributions to holders of redeemable units		(70,253)	(731,924)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>\$ (1,001,271)</b>	<b>\$ (39,501)</b>

## THEMATIC PUBLIC EQUITY 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	\$ 6,385,606	\$ 4,693,015
Decrease in net assets attributable to holders of redeemable units	(1,001,271)	(39,501)
Redeemable unit transactions:		
Proceeds from units issued	116,998	1,007,168
Reinvestment of distributions	70,253	731,924
Amounts paid for units redeemed	(116,625)	(7,000)
Net increase from redeemable unit transactions	70,626	1,732,092
<b>Balance, end of year</b>	<b>\$ 5,454,961</b>	<b>\$ 6,385,606</b>



## THEMATIC PUBLIC EQUITY 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	\$ (1,001,271)	\$ (39,501)
Adjustments for:		
Foreign exchange gain	(11,965)	(4,518)
Interest income	(31)	(249)
Dividend income	(76,913)	(72,010)
Withholding taxes	9,100	7,503
Net realized (gain) loss from investments	56,226	(667,012)
Net change in unrealized appreciation of investments	940,317	33,916
Amortization of premiums and discounts	(1)	151
Non cash distributions	70,253	731,924
BCI cost recoveries payable	346	(1,757)
Other accounts payable	72	246
Interest received	31	249
Dividends received	77,450	70,583
Withholding taxes paid	(10,079)	(7,821)
Net sale (purchase) of investments	11,605	(1,065,078)
	65,140	(1,013,374)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	116,998	1,007,168
Payments on redemption of redeemable units	(116,625)	(7,000)
	373	1,000,168
Net increase (decrease) in cash	65,513	(13,206)
Effect of exchange rate changes on cash	11,965	4,518
Cash, beginning of year	75,792	84,480
<b>Cash, end of year</b>	<b>\$ 153,270</b>	<b>\$ 75,792</b>

## THEMATIC PUBLIC EQUITY 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
<b>Equity Investments</b>				
Publicly Traded	\$ 5,190,341	\$ 5,308,358	\$ 6,284,923	\$ 5,469,487
Exchange Traded Funds	106,604	105,648	—	—
Direct Private Equity	3,367	—	18,786	7,500
	5,300,312	5,414,006	6,303,709	5,476,987
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	—	—	1,002	1,002
Fund ST2	13	13	12	12
Fund ST3	1,392	1,429	1,276	1,412
	1,405	1,442	2,290	2,426
<b>Total Investments</b>	<b>\$ 5,301,717</b>	<b>\$ 5,415,448</b>	<b>\$ 6,305,999</b>	<b>\$ 5,479,413</b>

## THEMATIC PUBLIC EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Thematic Public Equity Fund (the "Fund") provides clients with exposure to a concentrated portfolio based on long-term economic, social, and environmental themes, exposure to a variety of developed and emerging markets, and market exposure globally across geographical lines, industry sectors, and market capitalizations. The performance objective of the Fund is to exceed the benchmark return of the Morgan Stanley Capital International ("MSCI") World ex-Canada Net Index (the "Index") on a risk-adjusted basis. The Fund's secondary benchmark is the Canadian Consumer Price Index plus 350 basis points.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of companies whose country is included in the Index;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- money market securities rated A-1(Low) or better, units of BCI's Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), and/or US Dollar Money Market Fund (ST3), and/or US Dollar Money Market Fund (ST4); and
- units in BCI's floating rate funds.

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested in the securities of a single company;
- 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 has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

Note 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## THEMATIC PUBLIC EQUITY FUND

### Credit Risk

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

### Liquidity Risk

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

### Interest Rate Risk

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

### Currency Risk

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					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Euro	\$ 1,210,505	\$ —	\$ 1,210,505	22.2	%
Hong Kong Dollar	353,799	—	353,799	6.5	
Japanese Yen	220,253	—	220,253	4.0	
Mexican Peso	157,793	—	157,793	2.9	
South Korean Won	145,630	—	145,630	2.7	
Taiwan Dollar	100,294	—	100,294	1.8	
United States Dollar	3,207,356	—	3,207,356	58.8	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 5,395,630</b>	<b>\$ —</b>	<b>\$ 5,395,630</b>	<b>98.9</b>	<b>%</b>

2021					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Euro	\$ 1,594,220	\$ —	\$ 1,594,220	25.0	%
Hong Kong Dollar	240,838	—	240,838	3.8	
Indian Rupee	120,621	—	120,621	1.9	
Japanese Yen	208,172	—	208,172	3.3	
Mexican Peso	186,580	—	186,580	2.9	
South Korean Won	235,180	—	235,180	3.7	
Swiss Franc	70,759	—	70,759	1.1	
Taiwan Dollar	167,876	—	167,876	2.6	
United States Dollar	3,470,191	—	3,470,191	54.3	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 6,294,437</b>	<b>\$ —</b>	<b>\$ 6,294,437</b>	<b>98.6</b>	<b>%</b>

As at December 31, 2022, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by \$53,956 (2021 - \$62,944), representing 1.0% of the Fund's net assets (2021 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

## THEMATIC PUBLIC EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2022		2021	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 832,347	16.0 %	\$ 1,066,115	16.9 %
Consumer Staples	436,448	8.4	284,901	4.5
Financials	24,978	0.5	118,162	1.9
Health Care	726,629	14.0	997,006	15.8
Industrials	845,313	16.3	743,449	11.8
Information Technology	1,541,905	29.6	2,068,576	32.8
Materials	181,931	3.5	278,320	4.4
Telecommunication Services	357,045	6.9	371,688	5.9
Utilities	243,745	4.7	356,706	5.7
Total Publicly Traded	5,190,341	99.9	6,284,923	99.7
Financials	3,367	0.1	18,786	0.3
Total Direct Private Equity	3,367	0.1	18,786	0.3
<b>Total</b>	<b>\$ 5,193,708</b>	<b>100.0 %</b>	<b>\$ 6,303,709</b>	<b>100.0 %</b>

As at December 31, 2022, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$535,635 (2021 - \$626,663) or 9.8% (2021 - 9.8%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2022 and 2021, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Equity by Geographic Region

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

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
Canada	\$ 54,021	1.0 %	\$ 69,795	1.1 %
China	353,799	6.8	240,838	3.8
France	246,599	4.7	385,970	6.1
Germany	411,467	7.9	507,661	8.1
India	—	0.0	120,523	1.9
Ireland	137,121	2.6	—	0.0
Italy	139,715	2.7	107,564	1.7
Japan	220,253	4.2	208,172	3.3
Korea	144,926	2.8	233,742	3.7
Mexico	157,561	3.0	185,078	2.9
Netherlands	79,457	1.5	304,944	4.8
Singapore	79,526	1.5	107,345	1.7
Spain	189,724	3.7	286,911	4.6
Switzerland	—	0.0	70,759	1.1
Taiwan	99,774	1.9	167,241	2.7
United States	2,876,398	55.6	3,288,380	52.2
Total Publicly Traded	5,190,341	99.9	6,284,923	99.7
Canada	3,367	0.1	18,786	0.3
Total Direct Private Equity	3,367	0.1	18,786	0.3
<b>Total</b>	<b>\$ 5,193,708</b>	<b>100.0 %</b>	<b>\$ 6,303,709</b>	<b>100.0 %</b>

## THEMATIC PUBLIC EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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)	Level 3 (Significant Unobservable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Publicly traded	\$ 5,190,341	\$ —	\$ —	\$ 5,190,341	\$ 6,284,923	\$ —	\$ —	\$ 6,284,923
Exchange traded funds	106,604	—	—	106,604	—	—	—	—
Money market funds	1,405	—	—	1,405	2,290	—	—	2,290
Direct private equity investment	—	—	3,367	3,367	—	—	18,786	18,786
<b>Total</b>	<b>\$ 5,298,350</b>	<b>\$ —</b>	<b>\$ 3,367</b>	<b>\$ 5,301,717</b>	<b>\$ 6,287,213</b>	<b>\$ —</b>	<b>\$ 18,786</b>	<b>\$ 6,305,999</b>

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.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	2022	2021
Opening balance, beginning of year	\$ 18,786	\$ 14,411
Total gains (losses) recognized in profit or loss	(7,919)	4,375
Sales	(7,500)	—
<b>Closing balance, end of year</b>	<b>\$ 3,367</b>	<b>\$ 18,786</b>
Total unrealized gains (losses) for the period included in profit or loss related to level 3 investments held at the reporting date	<b>\$ (7,919)</b>	<b>\$ 4,375</b>

## THEMATIC PUBLIC EQUITY FUND

### Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of the direct private equity investment categorized as Level 3 in the fair value hierarchy as at December 31:

2022					
	Fair Value	Valuation Technique	Unobservable Input	Amount/Range	Sensitivity to Change in Significant Unobservable Input
Direct private equity investment	\$ 3,367	Market approach	Revenue Multiples	7.5	The estimated fair value would increase (decrease) if the EV multiples were higher (lower).

2021					
	Fair Value	Valuation Technique	Unobservable Input	Amount/Range	Sensitivity to Change in Significant Unobservable Input
Direct private equity investment	\$ 18,786	Market approach	Revenue Multiples	10.1	The estimated fair value would increase (decrease) if the EV multiples were higher (lower).

Significant unobservable inputs are developed as follows:

Revenue multiples:

Revenue multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its revenue and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and the specific company.

### Effects of Unobservable Input on Fair Value Measurement

The direct private equity investment is valued based on information received from the management of the investee. Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to holders of redeemable units. The following table shows how the net assets attributable to holders of redeemable units would change if the valuation of the direct private equity investment was calculated by adjusting the investment's fair market value by 10%.

	2022	2021
Favourable	\$ 337	\$ 1,879
Unfavourable	(337)	(1,879)

## THEMATIC PUBLIC EQUITY 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	\$ 5,865,858	\$ 1,405	3	\$ 9,497,081	\$ 2,290
Investee funds administered by external manager	1	3,443,310	106,604	—	—	—



## GLOBAL QUANTITATIVE ESG EQUITY 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		\$ 16	\$ 24
Withholding tax reclaims receivable	6	1,347	1,325
Derivative assets:			
Swaps		49,595	153,865
Investments		5,613,125	5,873,144
Total assets		5,664,083	6,028,358
<b>Liabilities</b>			
BCI cost recoveries payable	4	981	654
Other accounts payable		23	19
Derivative liabilities:			
Swaps		97,839	17,135
		98,843	17,808
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 5,565,240</b>	<b>\$ 6,010,550</b>
Number of redeemable units outstanding	5	4,378,960	4,115,940
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 1,271</b>	<b>\$ 1,460</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## GLOBAL QUANTITATIVE ESG EQUITY 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		\$ 112,166	\$ 24,345
Dividend income		22,805	31,890
Securities lending income		3,886	3,019
Other income	11	131	1,451
Foreign exchange loss		(416)	(1,221)
Change in fair value of investments and derivatives:			
Net realized gain (loss)		(698,301)	1,076,790
Net change in unrealized appreciation		(184,747)	(71,182)
Total revenue		(744,476)	1,065,092
<b>Expenses</b>			
BCI cost recoveries	4	10,760	8,500
Administrative fees		74	55
Commissions and stock exchange fees		—	4
Withholding taxes	6	—	(4)
Total operating expenses		10,834	8,555
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(755,310)	1,056,537
Distributions to holders of redeemable units		(127,738)	(1,127,740)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>\$ (883,048)</b>	<b>\$ (71,203)</b>

## GLOBAL QUANTITATIVE ESG EQUITY 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	\$ 6,010,550	\$ 3,126,707
Decrease in net assets attributable to holders of redeemable units	(883,048)	(71,203)
Redeemable unit transactions:		
Proceeds from units issued	480,300	1,827,306
Reinvestment of distributions	127,738	1,127,740
Amounts paid for units redeemed	(170,300)	—
Net increase from redeemable unit transactions	437,738	2,955,046
<b>Balance, end of year</b>	<b>\$ 5,565,240</b>	<b>\$ 6,010,550</b>

## GLOBAL QUANTITATIVE ESG EQUITY 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	\$ (883,048)	\$ (71,203)
Adjustments for:		
Foreign exchange loss	416	1,221
Interest income	(112,166)	(24,345)
Dividend income	(22,805)	(31,890)
Withholding taxes	—	(4)
Net realized (gain) loss from investments and derivatives	698,301	(1,076,790)
Net change in unrealized appreciation of investments and derivatives	184,747	71,182
Amortization of premiums and discounts	(8,434)	33,558
Non cash distributions	127,738	1,127,740
BCI cost recoveries payable	327	(935)
Other accounts payable	4	3
Interest received	112,166	24,345
Dividends received	22,805	31,890
Withholding taxes paid	(22)	162
Net purchase of investments and derivatives	(429,621)	(1,910,995)
	(309,592)	(1,826,061)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	480,300	1,827,306
Payments on redemption of redeemable units	(170,300)	—
	310,000	1,827,306
Net increase in cash	408	1,245
Effect of exchange rate changes on cash	(416)	(1,221)
Cash, beginning of year	24	—
<b>Cash, end of year</b>	<b>\$ 16</b>	<b>\$ 24</b>

## GLOBAL QUANTITATIVE ESG EQUITY 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
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	\$ 340	\$ 340	\$ 520	\$ 520
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 3 Floating Rate Fund	5,612,785	5,656,270	5,872,624	5,916,336
<b>Total Investments</b>	<b>\$ 5,613,125</b>	<b>\$ 5,656,610</b>	<b>\$ 5,873,144</b>	<b>\$ 5,916,856</b>

## GLOBAL QUANTITATIVE ESG EQUITY 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 <sup>(a)</sup>	Fair Value		Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>OTC</b>						
Swaps	\$ 5,605,532	\$ 49,595	\$ (97,839)	\$ 5,835,953	\$ 153,865	\$ (17,135)
<b>Total</b>	<b>\$ 5,605,532</b>	<b>\$ 49,595</b>	<b>\$ (97,839)</b>	<b>\$ 5,835,953</b>	<b>\$ 153,865</b>	<b>\$ (17,135)</b>

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

	2022	2021
Less than 1 year	\$ 5,605,532	\$ 5,835,953
<b>Total</b>	<b>\$ 5,605,532</b>	<b>\$ 5,835,953</b>

(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.

## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Global Quantitative ESG Equity Fund (the "Fund") provides participating clients with exposure to equity markets from across the globe and provides a greater weight to equities with high environmental, social, and governance ("ESG") ratings relative to their sector peers. The Fund's benchmark is the Morgan Stanley Capital International ("MSCI") World ex-Canada Net Index (the "Index"), Total Return, 100% unhedged in Canadian dollar terms. The investment objective of the Fund is to exceed the benchmark return on a risk-adjusted basis.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents;
- publicly traded income trust units;
- limited partnership interests, royalty trusts, and real estate investment trusts that trade on recognized exchanges;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- money market securities rated A-1 (low) or better, units of BCI's Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2) and/or US Dollar Money Market Fund (ST3), and/or US Dollar Money Market Fund (ST4); and
- units in BCI's Floating Rate Funds.

The following restrictions apply to the Fund:

- investments in emerging markets are limited to 10% of the market value of the Fund;
- no more than 10% of the market value of the Fund can be invested in the securities of one company;
- 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 has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

Note 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Credit Risk

The Fund invests in derivative contracts, which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. 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		
	Notional Value			Derivative Assets	Derivative Liabilities		Notional Value			Derivative Assets	Derivative Liabilities	
AAA/AA	\$ 3,007,926	\$		38,418	\$ (28,137)	\$	3,709,371	\$		96,412	\$	—
A	2,597,606			11,177	(69,702)		2,126,582			57,453		(17,135)
<b>Total Derivatives</b>	<b>\$ 5,605,532</b>	<b>\$</b>		<b>49,595</b>	<b>\$ (97,839)</b>	<b>\$</b>	<b>5,835,953</b>	<b>\$</b>		<b>153,865</b>	<b>\$</b>	<b>(17,135)</b>

### Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 7 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2022	2021
Collateral received	\$ 10,282	\$ 136,730

### 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
Derivative assets	\$ 49,595	\$	49,595	\$	—	\$
Derivative liabilities	(97,839)		(97,839)		—	—
	<b>\$ (48,244)</b>	<b>\$</b>	<b>(48,244)</b>	<b>\$</b>	<b>—</b>	<b>\$ (48,244)</b>

  

2021						
	Carrying value		Less than 1 year		1 to 2 years	Over 2 year
Derivative assets	\$ 153,865	\$	153,865	\$	—	\$
Derivative liabilities	(17,135)		(17,135)		—	—
	<b>\$ 136,730</b>	<b>\$</b>	<b>136,730</b>	<b>\$</b>	<b>—</b>	<b>\$ 136,730</b>

### Interest Rate Risk

The majority of the Fund's financial assets and liabilities are non-interest bearing and the Fund's investments in BCI's floating rate funds provide a floating rate of return. Accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.



## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Currency Risk

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

In addition, the Fund is exposed to currency risk through its equity derivative contracts in which the underlying securities may be denominated in a foreign currency.

### Other Price Risk

Management monitors the concentration of risk for equity investments and equity derivative financial instruments based on industry and geographic location. As at December 31, the Fund held no equity investments and used derivative financial instruments to track the Fund's Index as well as overweights and underweights relative to the Index. As at December 31, the Fund's exposure through equity derivative financial instruments is concentrated in the following industries:

INDUSTRY SECTOR	2022		2021	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 560,782	10.1 %	\$ 714,143	12.0 %
Consumer Staples	428,254	7.7	380,524	6.4
Energy	298,104	5.3	195,294	3.3
Financials	754,464	13.5	741,489	12.4
Health Care	839,084	15.0	774,973	13.0
Industrials	569,944	10.2	578,482	9.7
Information Technology	1,163,199	21.0	1,452,926	24.1
Materials	254,051	4.6	278,850	4.7
Real Estate	147,506	2.6	159,096	2.7
Telecommunication Services	364,902	6.5	516,306	8.6
Utilities	195,449	3.5	183,855	3.1
<b>Total</b>	<b>\$ 5,575,739</b>	<b>100.0 %</b>	<b>\$ 5,975,938</b>	<b>100.0 %</b>

As at December 31, 2022, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$562,515 (2021 - \$619,241) or 10.1% (2021 - 10.3%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2022 and 2021, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Equity by Geographic Region

As at December 31, the Fund's exposure through equity derivative financial instruments is concentrated in the following geographic regions:

GEOGRAPHIC REGION	2022		2021	
	Total	% of Total	Total	% of Total
Argentina	\$ —	0.0 %	\$ 3,225	0.1 %
Australia	120,146	2.2	130,485	2.2
Austria	16,044	0.3	22,343	0.4
Belgium	8,252	0.1	20,168	0.3
Brazil	2,207	0.0	23	0.0
Chile	(8)	0.0	(13)	0.0
China	407	0.0	1,193	0.0
Denmark	35,037	0.6	31,004	0.5
Finland	44,735	0.8	42,412	0.7
France	152,468	2.7	157,410	2.6
Germany	114,610	2.1	142,198	2.4
Hong Kong	39,390	0.7	40,916	0.7
Ireland	4,630	0.1	2,546	0.0
Israel	623	0.0	887	0.0
Italy	51,002	0.9	46,039	0.8
Japan	365,800	6.6	389,805	6.5
Korea	(46)	0.0	—	0.0
Netherlands	101,598	1.8	115,918	1.9
New Zealand	7,253	0.1	400	0.0
Norway	20,713	0.4	19,651	0.3
Poland	—	0.0	235	0.0
Portugal	16,733	0.3	9,771	0.2
Russia	—	0.0	800	0.0
Saudi Arabia	—	0.0	22	0.0
Singapore	24,566	0.4	20,020	0.3
South Africa	(128)	0.0	7	0.0
Spain	45,154	0.8	60,730	1.0
Sweden	29,192	0.5	48,696	0.8
Switzerland	67,841	1.2	135,418	2.3
Taiwan	—	0.0	(160)	0.0
United Kingdom	289,728	5.2	267,019	4.5
United States	4,017,792	72.2	4,266,770	71.5
<b>Total</b>	<b>\$ 5,575,739</b>	<b>100.0 %</b>	<b>\$ 5,975,938</b>	<b>100.0 %</b>

## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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	\$ 340	\$ —	\$ 340	\$ 520	\$ —	\$ 520
Floating rate funds	5,612,785	—	5,612,785	5,872,624	—	5,872,624
Total investments	5,613,125	—	5,613,125	5,873,144	—	5,873,144
Swaps, net	—	(48,244)	(48,244)	—	136,730	136,730
<b>Total</b>	<b>\$ 5,613,125</b>	<b>\$ (48,244)</b>	<b>\$ 5,564,881</b>	<b>\$ 5,873,144</b>	<b>\$ 136,730</b>	<b>\$ 6,009,874</b>

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.

## GLOBAL QUANTITATIVE ESG EQUITY 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	\$ 340	1	\$ 1,596,948	\$ 520
Investee floating rate funds administered by BCI	1	5,911,422	5,612,785	1	6,185,387	5,872,624

## INDEXED EAFE EQUITY FUND

### Statement of Financial Position

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

As at December 31, 2022 (note 1)

Assets	NOTES	2022
Cash		\$ 3
Derivative assets:		
Swaps		18,258
Investments		716,432
Total assets		734,693
<b>Liabilities</b>		
BCI cost recoveries payable	4	75
Other accounts payable		13
Derivative liabilities:		
Swaps		2,528
		2,616
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 732,077</b>
Number of redeemable units outstanding	5	689,393
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 1,062</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## INDEXED EAFE EQUITY FUND

### Statement of Comprehensive Income

(Expressed in thousands of dollars)

Period ended December 31, 2022 (note 1)

Revenue	NOTES	2022
Interest income		\$ 7,930
Dividend income		73
Securities lending income		157
Change in fair value of investments and derivatives:		
Net realized gain		31,054
Net change in unrealized appreciation		18,034
Total revenue		57,248
<b>Expenses</b>		
BCI cost recoveries	4	154
Administrative fees		17
Total operating expenses		171
Increase in net assets attributable to holders of redeemable units before distributions		57,077
Distributions to holders of redeemable units		(39,043)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 18,034</b>

## INDEXED EAFE EQUITY FUND

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

(Expressed in thousands of dollars)

Period ended December 31, 2022 (note 1)

	2022
Balance, beginning of period	\$ —
Increase in net assets attributable to holders of redeemable units	18,034
Redeemable unit transactions:	
Proceeds from units issued	675,000
Reinvestment of distributions	39,043
Net increase from redeemable unit transactions	714,043
<b>Balance, end of period</b>	<b>\$ 732,077</b>

## INDEXED EAFE EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Period ended December 31, 2022 (note 1)

Operating activities	2022
Increase in net assets attributable to holders of redeemable units	\$ 18,034
Adjustments for:	
Interest income	(7,930)
Dividend income	(73)
Net realized gain from investments and derivatives	(31,054)
Net change in unrealized appreciation of investments and derivatives	(18,034)
Amortization of premiums and discounts	(797)
Non cash distributions	39,043
BCI cost recoveries payable	75
Other accounts payable	13
Interest received	7,930
Dividends received	73
Net purchase of investments and derivatives	(682,277)
	(674,997)
<b>Financing activities</b>	
Proceeds from issuance of redeemable units	675,000
Net increase in cash	3
Cash, beginning of period	—
<b>Cash, end of period</b>	<b>\$ 3</b>



## INDEXED EAFE EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2022 (note 1)

	2022	
	Fair Value	Cost
<b>Floating Rate Funds</b>		
Units in BCI Pooled Investment Portfolio		
CDOR 1 Floating Rate Fund	716,432	714,128
<b>Total Investments</b>	<b>\$ 716,432</b>	<b>\$ 714,128</b>

## INDEXED EAFE EQUITY FUND

### Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2022 (note 1)

	2022		
	Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>			
<b>OTC</b>			
Swaps	\$ 711,763	\$ 18,258	\$ (2,528)
<b>Total</b>	<b>\$ 711,763</b>	<b>\$ 18,258</b>	<b>\$ (2,528)</b>

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

	2022
Less than 1 year	\$ 711,763
<b>Total</b>	<b>\$ 711,763</b>

(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.

## INDEXED EAFE EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Indexed EAFE Equity Fund (the "Fund") provides clients with broad exposure to developed equity markets (excluding the US and Canada) included within the Fund's benchmark, the Morgan Stanley Capital International ("MSCI") Europe, Australasia, Far East ("EAFE") Net Total Return CAD Index (the "Index"), unhedged. The Fund's performance objective is to replicate the returns of the Index. The Fund is managed internally by BCI. BCI portfolio managers hold company, sector, and country allocations roughly in proportion to their benchmark weights and have discretion to determine the appropriate timing of implementing Index changes.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of benchmark member companies;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- money market securities rated A-1 (low) or better; and units of BCI's Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), and U.S. 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:

- investments in individual companies will be held approximately in the same proportion as their weighting in 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 has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

Note 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## INDEXED EAFE EQUITY FUND

### Credit Risk

The Fund invests in derivative contracts, which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. 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	
A	\$ 711,763	\$ 18,258	\$ (2,528)	
<b>Total Derivatives</b>	<b>\$ 711,763</b>	<b>\$ 18,258</b>	<b>\$ (2,528)</b>	

### Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 7 (b). The following table illustrates the fair value of such collateral:

#### COLLATERAL

2022

Collateral received	\$ 18,258
---------------------	-----------

### 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	\$ 18,258	\$ 18,258	\$ —	\$ —	18,258
Derivative liabilities	(2,528)	(2,528)	—	—	(2,528)
	<b>\$ 15,730</b>	<b>\$ 15,730</b>	<b>\$ —</b>	<b>\$ —</b>	<b>15,730</b>

### Interest Rate Risk

The majority of the Fund's financial assets and liabilities are non-interest bearing and the Fund's investments in BCI's floating rate funds provide a floating rate of return. Accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

## INDEXED EAFE EQUITY FUND

### Currency Risk

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

In addition, the Fund is exposed to currency risk through its equity derivative contracts in which the underlying securities may be denominated in a foreign currency.

### Other Price Risk

Management monitors the concentration of risk for equity investments and equity derivative financial instruments based on industry and geographic location. As at December 31, the Fund held no equity investments and used derivative financial instruments to track the Fund's Index as well as overweights and underweights relative to the Index. As at December 31, the Fund's exposure through equity derivative financial instruments is concentrated in the following industries:

INDUSTRY SECTOR	2022	
	Total	% of Total
Consumer Discretionary	\$ 81,259	11.1 %
Consumer Staples	76,497	10.5
Energy	36,197	5.0
Financials	136,304	18.7
Health Care	99,027	13.6
Industrials	110,013	15.1
Information Technology	57,092	7.8
Materials	56,982	7.8
Real Estate	19,215	2.6
Telecommunication Services	32,548	4.3
Utilities	25,450	3.5
<b>Total</b>	<b>\$ 730,584</b>	<b>100.0 %</b>

As at December 31, 2022, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$73,289 or 10.0% of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2022, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Equity by Geographic Region

As at December 31, the Fund's exposure through equity derivative financial instruments is concentrated in the following geographic regions:

## INDEXED EAFE EQUITY FUND

GEOGRAPHIC REGION	2022	
	Total	% of Total
Australia	\$ 60,453	8.3 %
Austria	1,824	0.2
Belgium	6,452	0.9
Brazil	371	0.1
Chile	376	0.1
China	4,701	0.6
Denmark	21,671	3.0
Finland	9,302	1.3
France	81,206	11.1
Germany	58,542	8.0
Hong Kong	21,735	3.0
Ireland	4,298	0.6
Israel	4,983	0.7
Italy	14,535	2.0
Japan	160,322	21.8
Korea	417	0.1
Netherlands	38,769	5.3
New Zealand	1,743	0.2
Norway	5,196	0.7
Portugal	1,367	0.2
Singapore	11,969	1.6
South Africa	2,538	0.3
Spain	18,035	2.5
Sweden	22,509	3.1
Switzerland	42,972	5.9
United Kingdom	86,070	11.8
United States	48,228	6.6
<b>Total</b>	<b>\$ 730,584</b>	<b>100.0 %</b>

## INDEXED EAFE EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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
Floating rate funds	\$	716,432	\$	—	\$	716,432
Swaps, net		—		15,730		15,730
<b>Total</b>	<b>\$</b>	<b>716,432</b>	<b>\$</b>	<b>15,730</b>	<b>\$</b>	<b>732,162</b>

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.

## INDEXED EAFE EQUITY 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, 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:

2022			
Entity	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee floating rate funds administered by BCI	1	19,146,224	716,432



## 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
Active Canadian Equity Fund	July 26, 1990
Active Canadian Small Cap Equity Fund	March 20, 2008
Canadian Quantitative Active Equity Fund	November 27, 2002
Indexed Canadian Equity Fund	December 12, 1989
Active U.S. Small Cap Equity Fund	March 13, 2008
Active Global Equity Fund	June 19, 2009
Global Quantitative Active Equity Fund	August 23, 2011
Indexed Global Equity Fund 1	December 7, 2011
Indexed Global Equity Fund 2	April 12, 2021
Active Emerging Markets Equity Fund	March 31, 2008
Indexed Emerging Markets Equity Fund	July 31, 2013
Thematic Public Equity Fund	December 31, 2012
Global Quantitative ESG Equity Fund	November 5, 2019
Indexed EAFE Equity Fund	August 10, 2022

The Indexed EAFE Equity Fund 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, 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.

### (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
Redeemable units	FVTPL
Cash	Amortized cost
Receivable from sale of investments	Amortized cost
Dividend receivable	Amortized cost
Interest receivable	Amortized cost
Withholding tax claims receivable	Amortized cost
Other accounts payable	Amortized cost
Payable for purchase of investments	Amortized cost
External management fees payable	Amortized cost
BCI cost recoveries payable	Amortized cost

**(b) Redeemable Units**

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

**(c) Issues and redemption of units**

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

**(d) Foreign exchange**

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

**(e) 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.

**(f) 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.

**(g) 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.

**(h) 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.

**(i) 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.

## 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:

	ACTIVE CANADIAN EQUITY FUND		ACTIVE CANADIAN SMALL CAP EQUITY FUND		CANADIAN QUANTITATIVE ACTIVE EQUITY FUND	
	2022	2021	2022	2021	2022	2021
Outstanding, beginning of period	199,172	388,276	528,280	706,958	214,128	214,128
Issued for cash	92,438	61,785	109,324	97,305	79,849	—
Issued on reinvestment of distributions	17,206	112,915	73,463	67,650	19,616	16,201
Consolidation of units	(17,206)	(112,915)	(73,463)	(67,650)	(19,616)	(16,201)
Redeemed	(109,968)	(250,889)	(294,866)	(275,983)	(142,119)	—
<b>Outstanding, end of period</b>	<b>181,642</b>	<b>199,172</b>	<b>342,738</b>	<b>528,280</b>	<b>151,858</b>	<b>214,128</b>

  

	INDEXED CANADIAN EQUITY FUND		ACTIVE U.S. SMALL CAP EQUITY FUND		ACTIVE GLOBAL EQUITY FUND	
	2022	2021	2022	2021	2022	2021
Outstanding, beginning of period	350,725	397,914	400,143	542,463	580,704	1,042,290
Issued for cash	45,684	246,140	58,211	30,828	28,935	111,089
Issued on reinvestment of distributions	4,041	91,040	1,198	109,124	14,648	309,181
Consolidation of units	(4,041)	(91,040)	(1,198)	(109,124)	(14,648)	(309,181)
Redeemed	(293,487)	(293,329)	(57,992)	(173,148)	(28,035)	(572,675)
<b>Outstanding, end of period</b>	<b>102,922</b>	<b>350,725</b>	<b>400,362</b>	<b>400,143</b>	<b>581,604</b>	<b>580,704</b>

  

	GLOBAL QUANTITATIVE ACTIVE EQUITY FUND		INDEXED GLOBAL EQUITY FUND 1		INDEXED GLOBAL EQUITY FUND 2	
	2022	2021	2022	2021	2022	2021
Outstanding, beginning of period	75,146	312,402	1,952,910	3,494,764	105,461	—
Issued for cash	—	—	3,870,619	1,044,029	26,416	117,356
Issued on reinvestment of distributions	1,656	32,486	84,631	488,011	4,385	2,984
Consolidation of units	(1,656)	(32,486)	(84,631)	(488,011)	(4,385)	(2,984)
Redeemed	—	(237,256)	(1,509,009)	(2,585,883)	(25,232)	(11,895)
<b>Outstanding, end of period</b>	<b>75,146</b>	<b>75,146</b>	<b>4,314,520</b>	<b>1,952,910</b>	<b>106,645</b>	<b>105,461</b>

	ACTIVE EMERGING MARKETS EQUITY FUND		INDEXED EMERGING MARKETS EQUITY FUND		THEMATIC PUBLIC EQUITY FUND	
	2022	2021	2022	2021	2022	2021
Outstanding, beginning of period	3,172.320	3,164.161	4,121.290	4,106.236	1,868.950	1,551.659
Issued for cash	573.112	309.634	1,418.350	1,076.153	40.702	319.554
Issued on reinvestment of distributions	83.516	334.501	108.211	227.977	22.177	227.252
Consolidation of units	(83.516)	(334.501)	(108.211)	(227.977)	(22.177)	(227.252)
Redeemed	(443.932)	(301.475)	(399.420)	(1,061.099)	(40.572)	(2.263)
<b>Outstanding, end of period</b>	<b>3,301.500</b>	<b>3,172.320</b>	<b>5,140.220</b>	<b>4,121.290</b>	<b>1,869.080</b>	<b>1,868.950</b>

	GLOBAL QUANTITATIVE ESG EQUITY FUND		INDEXED EAFE EQUITY FUND
	2022	2021	2022
Outstanding, beginning of period	4,115.940	2,617.095	—
Issued for cash	393.143	1,498.845	689.393
Issued on reinvestment of distributions	93.536	849.610	38.000
Consolidation of units	(93.536)	(849.610)	(38.000)
Redeemed	(130.123)	—	—
<b>Outstanding, end of period</b>	<b>4,378.960</b>	<b>4,115.940</b>	<b>689.393</b>

## 6. WITHHOLDING TAX EXPENSE

Certain dividend income received by the Funds is subject to withholding tax imposed in the country of origin. During the period, the weighted average withholding tax rate for each of the Funds that paid withholding tax was as follows:

Pooled Investment Portfolios	2022	2021
Active Global Equity Fund	6.2 %	11.2 %
Global Quantitative Active Equity Fund	1.6 %	— %
Indexed Global Equity Fund 1	1.6 %	1.1 %
Indexed Global Equity Fund 2	12.4 %	12.9 %
Active Emerging Markets Equity Fund	21.4 %	9.3 %
Indexed Emerging Markets Equity Fund	8.7 %	5.8 %
Thematic Public Equity Fund	11.8 %	10.4 %

## 7. 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, which include foreign currency contracts, 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 public equity 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.

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)
Indexed Emerging Markets Equity Fund	\$ —	\$ 83,642

## (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.

## 8. 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 exist 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, dividends receivable, interest receivable, withholding tax claims receivable, payable for purchase of investments, external management fees payable, 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.

## 9. TAXES

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

Pooled Investment Portfolios	Net Capital Losses	Non Capital Losses
Indexed Canadian Equity Fund	\$ 3,266	\$ —
Active U.S. Small Cap Equity Fund	58,792	—
Active Global Equity Fund	21,561	—
Global Quantitative Active Equity Fund	538,432	—
Active Emerging Markets Equity Fund	934,640	—
Indexed Emerging Markets Equity Fund	55,612	—
Thematic Public Equity Fund	698,301	—

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.

## 10. 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
Active Canadian Equity Fund	\$ 434,265	\$ 52,756	13.9 %	1.4 %
Active Canadian Small Cap Equity Fund	65,038	134,370	7.5	8.8
Canadian Quantitative Active Equity Fund	145,594	253,507	18.7	21.4
Indexed Canadian Equity Fund	47,994	269,811	19.2	26.1
Active U.S. Small Cap Equity Fund	507,080	595,439	26.1	24.0
Active Global Equity Fund	137,156	209,286	6.3	8.2
Indexed Global Equity Fund 1	223,294	223,030	5.0	12.0
Indexed Global Equity Fund 2	6,231	13,951	5.9	11.7
Active Emerging Markets Equity Fund	137,468	244,542	2.2	3.6
Indexed Emerging Markets Equity Fund	146,557	183,866	5.0	5.2
Thematic Public Equity Fund	319,435	206,930	6.0	3.3

## 11. 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
Active Canadian Equity Fund	\$ 6,951
Active Canadian Small Cap Equity Fund	2,973
Canadian Quantitative Active Equity Fund	5,254
Indexed Canadian Equity Fund	3,598
Active U.S. Small Cap Equity Fund	5,994
Active Global Equity Fund	9,931
Global Quantitative Active Equity Fund	2,365
Indexed Global Equity Fund 1	4,519
Active Emerging Markets Equity Fund	40,746
Indexed Emerging Markets Equity Fund	1,781
Thematic Public Equity Fund	2,282
Global Quantitative ESG Equity Fund	1,469

**BCI Head Office**

750 Pandora Ave, Victoria, BC  
V8W 0E4 CANADA

**Vancouver Office**

1110-400 Burrard St, Vancouver, BC  
V6C 3A6 CANADA

**New York Office**

16B-767 Fifth Ave, New York, NY  
10153 USA

**London Office**

35 Portman Square, London  
W1H 6LR UNITED KINGDOM

BCI® is the investment agent for many institutional clients; the views and opinions expressed in this report are those of BCI and do not necessarily represent the views of its clients. The information in this report is provided as of the date hereof. Neither the delivery of the report nor any further discussions in relation to BCI will under any circumstances create any implication that there has been no change in the affairs of BCI since the date of this report. All rights reserved. Contents copyright © BCI 2023