



Illiquid Pooled Fund Financial Statements

DECEMBER 2017

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS
GROUP OF FUNDS

Mezzanine Mortgage Fund
US Mortgage Opportunity Fund
Private Placement Fund 1996
Private Placement Fund 1997
Private Placement Fund 1998
Private Placement Fund 1999
Private Placement Fund 1999A
2000 Private Placement Fund
2001 Private Placement Fund
2002 Private Placement Fund
2003 Private Placement Fund
2004 Private Placement Fund
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2011 Private Placement Fund
2012 Private Placement Fund
2013 Private Placement Fund
2014 Private Placement Fund
2015 Private Placement Fund
2016 Private Placement Fund
2017 Private Equity Fund
Strategic Inv 100 Foreign PP Fund
Strategic Infrastructure Investment Fund 2 (Foreign)
Renewable Resources Investment Fund
2016 Renewable Resources Fund
Renewable Resources Investment 2 Fund
IT Investment Trust

FINANCIAL STATEMENTS
FOR THE YEAR OR PERIOD ENDED DECEMBER 31, 2017

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

British Columbia Investment Management Corporation (BCI) manages Pooled Investment Portfolios on behalf of governing fiduciaries such as pension fund trustees and other public sector clients. This report contains the financial statements for the following Pooled Investment Portfolios for the year (or period) ended December 31, 2017:

Mezzanine Mortgage Fund	2002 Private Placement Fund	2011 Private Placement Fund	Strategic Infrastructure Investment
US Mortgage Opportunity Fund	2003 Private Placement Fund	2012 Private Placement Fund	Fund 2 (Foreign)
Private Placement Fund 1996	2004 Private Placement Fund	2013 Private Placement Fund	Renewable Resources Investment Fund
Private Placement Fund 1997	2005 Private Placement Fund	2014 Private Placement Fund	2016 Renewable Resources Fund
Private Placement Fund 1998	2006 Private Placement Fund	2015 Private Placement Fund	Renewable Resources Investment 2 Fund
Private Placement Fund 1999	2007 Private Placement Fund	2016 Private Placement Fund	IT Investment Trust
Private Placement Fund 1999A	2008 Private Placement Fund	2017 Private Equity Fund	
2000 Private Placement Fund	2009 Private Placement Fund	Strategic Inv 100 Foreign PP Fund	
2001 Private Placement Fund	2010 Private Placement Fund		

The financial statements of the Pooled Investment Portfolios 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 judgment 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 Pooled Investment Portfolios, reviewing the external audit plan, reviewing BCI's Service Organization Controls Report for the Investment System of British Columbia Investment Management Corporation, and reviewing the annual audited financial statements of the Pooled Investment Portfolios. The Committee reviews the recommendations of the internal and external auditors with respect to internal controls and the responses of management to those recommendations, and also meets with management and the internal and external auditors to review annual audit plans.

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 Pooled Investment Portfolio Policies and client-approved investment mandates. BCI's system of internal control is supported by internal and 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 Pooled Investment Portfolios' financial statements and related findings with respect to such audits. Each of the Pooled Investment Portfolio financial statements is audited by KPMG LLP in accordance with Canadian generally accepted auditing standards. KPMG LLP has performed such tests and other procedures as they considered necessary to express an opinion on the Pooled Investment Portfolio financial statements.

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer / Chief Investment Officer

[S] Lawrence E. Davis

Lawrence E. Davis
Senior Vice President, Finance

Victoria, British Columbia
August 10, 2018



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INDEPENDENT AUDITORS' REPORT

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

Mezzanine Mortgage Fund	2009 Private Placement Fund
US Mortgage Opportunity Fund	2010 Private Placement Fund
Private Placement Fund 1996	2011 Private Placement Fund
Private Placement Fund 1997	2012 Private Placement Fund
Private Placement Fund 1998	2013 Private Placement Fund
Private Placement Fund 1999	2014 Private Placement Fund
Private Placement Fund 1999A	2015 Private Placement Fund
2000 Private Placement Fund	2016 Private Placement Fund
2001 Private Placement Fund	2017 Private Equity Fund
2002 Private Placement Fund	Strategic Inv 100 Foreign PP Fund
2003 Private Placement Fund	Strategic Infrastructure Investment Fund 2 (Foreign)
2004 Private Placement Fund	Renewable Resources Investment Fund
2005 Private Placement Fund	2016 Renewable Resources Fund
2006 Private Placement Fund	Renewable Resources Investment 2 Fund
2007 Private Placement Fund	IT Investment Trust
2008 Private Placement Fund	

(collectively, the Funds).

We have audited the accompanying financial statements of the Funds, which comprise the statements of financial position as at December 31, 2017, and their statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended (period from inception on February 9, 2017 to December 31, 2017 only for the 2017 Private Equity Fund), and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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



Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, we consider internal control relevant to the Funds' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2017, and their financial performance and their cash flows for the year then ended (period from inception on February 9, 2017 to December 31, 2017 only for the 2017 Private Equity Fund) in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, flowing style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P', serving as a separator or underline.

Chartered Professional Accountants

Vancouver, Canada
August 10, 2018

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 192,646	\$ 179,105
		<u>192,646</u>	<u>179,105</u>
Liabilities			
BCI cost recoveries payable	4	189	58
Other accounts payable		11	12
		<u>200</u>	<u>70</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 192,446</u></u>	<u><u>\$ 179,035</u></u>
<i>Number of redeemable units outstanding</i>	5	39.543	40.208
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 4,867</u></u>	<u><u>\$ 4,453</u></u>

Statement of Comprehensive Income/(Loss)

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 2	\$ 5
Change in fair value of investments:	7		
Net realized gain		4,874	34,206
Net change in unrealized appreciation (depreciation)		<u>11,426</u>	<u>(15,388)</u>
Total revenue		<u>16,302</u>	<u>18,823</u>
Expenses:			
Administrative fees		22	21
BCI cost recoveries	4	<u>619</u>	<u>532</u>
Total operating expenses		<u>641</u>	<u>553</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>15,661</u>	<u>18,270</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(4,422)</u>	<u>(33,670)</u>
		<u>(4,422)</u>	<u>(33,670)</u>
Increase (decrease) in net assets attributable to holders of redeemable units		<u><u>\$ 11,239</u></u>	<u><u>\$ (15,400)</u></u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 179,035	\$ 203,995
Increase (decrease) in net assets attributable to holders of redeemable units	11,239	(15,400)
Redeemable unit transactions:		
Proceeds from units issued	15,250	64,000
Reinvestment of distributions	4,422	33,670
Amounts paid for units redeemed	(17,500)	(107,230)
Net increase (decrease) from redeemable unit transactions	2,172	(9,560)
Balance, end of year	\$ 192,446	\$ 179,035

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 11,239	\$ (15,400)
Adjustments for:		
Interest income	(2)	(5)
Net realized gain from investments	(4,874)	(34,206)
Net change in unrealized (appreciation) depreciation from investments	(11,426)	15,388
Non cash distributions	4,422	33,670
Proceeds from sale of investments	18,177	120,333
Amounts paid for purchase of investments	(15,418)	(76,581)
BCI cost recoveries	131	25
Other accounts payable	(1)	1
Interest received	2	5
	2,250	43,230
Financing activities:		
Proceeds from issue of redeemable units	15,250	64,000
Payments on redemption of redeemable units	(17,500)	(107,230)
	(2,250)	(43,230)
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Mortgage Investments ¹:	\$ 192,593	\$ 134,600	\$ 178,179	\$ 131,613
Money Market Investments:				
Units in BCI Pooled				
Investment Portfolio				
Fund ST1	<u>53</u>	<u>53</u>	<u>926</u>	<u>925</u>
Total Investments	<u>\$ 192,646</u>	<u>\$ 134,653</u>	<u>\$ 179,105</u>	<u>\$ 132,538</u>

¹ The mortgage investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Mezzanine Mortgage Fund are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Mezzanine Mortgage Fund.

The Fund holds its mortgage investments through private corporations. The private corporations hold the following net assets:

(in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Fixed-Rate Mortgages	\$ 123,001	63.9 %	\$ 122,188	68.6 %
Other Mortgage Investments	66,662	34.6 %	52,949	29.7 %
BCI Money Market Funds	2,141	1.1 %	2,227	1.2 %
Other Net Receivables	789	0.4 %	815	0.5 %
	<u>\$ 192,593</u>	<u>100.0 %</u>	<u>\$ 178,179</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered. The other mortgage investments consist of limited partnerships and co-investment/parallel investment agreements and often involve equity participation.

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

Credit Risk

The Fund invests in leveraged properties where the possibility of a borrower defaulting on payment obligations is higher than conventional mortgages. In the event of a default, the Fund may hold assets that otherwise would not be permitted provided the holdings are approved by the Chief Investment Officer and accepting the assets is deemed to be in the best interest of the Fund participants.

Some of the mortgages and other mortgage investments may have a higher loan-to-value ratio than traditional first mortgages. In exchange for the higher levels of risk associated with mortgages of this nature, the Mezzanine Mortgage Fund requires additional compensation and/or additional security provisions. As such, mortgage terms may involve equity participation in the development project to achieve higher rates of return and compensate for additional credit risk.

The fair value of mortgage investments as disclosed in the Schedule of Investments represents the Fund's maximum exposure to credit risk.

Liquidity Risk

The Fund's financial assets include unlisted mortgage investments, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the CIO may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's liabilities are due within three months of the year-end of the Fund.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

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

Interest Rate Risk

Mezzanine mortgages may have fixed or floating interest rates, adding a risk premium onto Government of Canada bond yields or bank prime lending rates. Mortgage terms may involve equity participation in the development project to achieve higher internal rates of return.

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

MORTGAGES BY MATURITY DATE (in 000s)	2017		2016	
	% of Total		% of Total	
	Total		Total	
1 to 5 years	\$ 123,001	100.00 %	\$ 122,188	100.00 %
Total Fixed-Rate Mortgages	\$ 123,001	100.00 %	\$ 122,188	100.00 %

The mortgages are fixed rate fixed term open to repayment. All of the mortgages except for one are subordinate to other BCI mortgages which require repayment in full before the mortgage in this fund can be repaid. As at December 31, 2017 if the interest rate had increased/decreased by 1 percent, holding all other variables constant, net assets would have decreased/increased by \$381,000 representing 0.20% of the Fund's net assets.

Currency Risk

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

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

Other Price Risk

Mortgages by Industry Sector

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

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Residential	\$ 123,001	64.9 %	\$ 122,188	69.8 %
Total Fixed-Rate Mortgages	123,001	64.9 %	122,188	69.8 %
Total Other Mortgage Investments in Residential Properties	66,662	35.1 %	52,949	30.2 %
	\$ 189,663	100.0 %	\$ 175,137	100.0 %

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

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

Other Price Risk (continued)

INDUSTRY SECTOR (Number of Mortgages)	2017		2016	
	Total	% of Total	Total	% of Total
Residential	7	43.7 %	7	43.7 %
Total Fixed-Rate Mortgages	7	43.7 %	7	43.7 %
Total Other Mortgage Investments in Residential Properties	9	56.3 %	9	56.3 %
	16	100.0 %	16	100.0 %

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased by approximately \$19,265,000 (2016 - \$17,911,000) or 10.0% (2016 – 10.0%) of net assets attributable to holders of redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Net Investment-Related Receivables	\$ -	\$ 789	\$ -	\$ 789
BCI Money Market Funds	2,194	-	-	2,194
Fixed-Rate Mortgages	-	123,001	-	123,001
Other Mortgage Investments	-	-	66,662	66,662
Total Investments	\$ 2,194	\$ 123,790	\$ 66,662	\$ 192,646
	2016			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Net Investment-Related Receivables	\$ -	\$ 815	\$ -	\$ 815
BCI Money Market Funds	3,153	-	-	3,153
Fixed-Rate Mortgages	-	122,188	-	122,188
Other Mortgage Investments	-	-	52,949	52,949
Total Investments	\$ 3,153	\$ 123,003	\$ 52,949	\$ 179,105

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

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

Fair Value Hierarchy (continued)

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.

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.

	2017	2016
(in 000s)	Other Mortgage Investments	Other Mortgage Investments
Balance, beginning of year	\$ 52,949	\$ 62,418
Total gains or (losses) recognized in profit or loss	(2,512)	(2,202)
Purchases	17,818	1,765
Sales	(1,593)	(9,032)
Balance, end of year	<u>\$ 66,662</u>	<u>52,949</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (4,620)</u>	<u>(2,202)</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

2017					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Other Mortgage Investments	\$ 42,109	Net Asset Value	Net Asset Value	\$ 42,109	The estimated fair value would increase (decrease) if the net asset value was higher (lower).
	\$ 24,553	Discounted Cash Flow	Discount rate	9%-10%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).
2016					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Other Mortgage Investments	\$ 27,214	Net Asset Value	Net Asset Value	\$ 27,214	The estimated fair value would increase (decrease) if the net asset value was higher (lower).
	\$ 25,735	Discounted Cash Flow	Discount rate	9%-10%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

Represents the net asset value of the unlisted mortgage investments investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted mortgage investments investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

(ii) Discount rate:

Represents the discount rate applied to the expected future cash flows of each private debt investment and debt issued. For the discount rates used, BCI management assesses both the risk premium and the appropriate risk-free rate based on the economic environment in which the investee entity operates. The discount rate is adjusted for such matters as liquidity differences, credit and market factors. The estimated future cash flows are then discounted using the discount rate determined. Cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the respective investee entity.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Inputs on Fair Value Measurement

Although BCI believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of other mortgage investments were calculated by adjusting the respective other mortgage investments' net assets by 10%.

(in 000s)	2017		2016	
Favourable	\$	6,700	\$	5,200
Unfavourable	\$	(6,700)	\$	(5,200)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

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

The Fund's investments are held primarily through 4 intermediary holding corporations, all of which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities, approximately \$192,593,000 (2016 - \$178,180,000), is shown under Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships, co-investments, syndicate investments and equity participation investments. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	1	\$ 923,072	\$ 2,194
Unlisted mortgage investments investee funds administered by third party managers	9	\$ 378,174	\$ 66,662

**Involvement with Structured Entities (continued)
as at December 31**

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	1	\$ 557,706	\$ 3,153
Unlisted mortgage investments investee funds administered by third party managers	9	\$ 281,730	\$ 52,949

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

US MORTGAGE OPPORTUNITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016 (note 1)
Assets			
Investments		\$ 60,755	\$ 10
Liabilities			
BCI cost recoveries payable	4	50	-
Other accounts payable		11	2
		<u>61</u>	<u>2</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 60,694</u></u>	<u><u>\$ 8</u></u>
<i>Number of redeemable units outstanding</i>	5	2,816.449	0.010
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 22</u></u>	<u><u>\$ 800</u></u>
<i>Contingent liability</i>	6		

Statement of Comprehensive Loss

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Period Ended December 31, 2016 (note 1)
Revenue:			
Change in fair value of investments	8		
Net change in unrealized appreciation		\$ 394	\$ -
Total revenue		<u>394</u>	<u>-</u>
Expenses:			
BCI cost recoveries	4	51	-
Administrative fees		107	2
Pursuit cost		621	-
Total operating expenses		<u>779</u>	<u>2</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(385)</u>	<u>(2)</u>
Distributions to holders of redeemable units:			
From net investment income		<u>-</u>	<u>-</u>
Decrease in net assets attributable to holders of redeemable units		<u><u>\$ (385)</u></u>	<u><u>\$ (2)</u></u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

US MORTGAGE OPPORTUNITY FUND

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

	Year Ended December 31, 2017	Period Ended December 31, 2016 <i>(note 1)</i>
Balance, beginning of period	\$ 8	\$ -
Decrease in net assets attributable to holders of redeemable units	(385)	(2)
Redeemable unit transactions:		
Proceeds from units issued	61,071	10
Amounts paid for units redeemed	-	-
Net increase from redeemable unit transactions	61,071	10
Balance, end of period	\$ 60,694	\$ 8

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Period Ended December 31, 2016 <i>(note 1)</i>
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (385)	\$ (2)
Adjustments for:		
Net change in unrealized appreciation from investments	(394)	-
Proceeds from sale of investments	629	1
Amounts paid for purchase of investments	(60,980)	(11)
BCI cost recoveries payable	50	-
Other accounts payable	9	2
	(61,071)	(10)
Financing activities:		
Proceeds from issue of redeemable units	61,071	10
	61,071	10
Net increase (decrease) in cash	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

US MORTGAGE OPPORTUNITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Mortgage Investments ¹:	\$ 60,653	\$ 60,259	\$ 1	\$ 1
Money Market Investments:				
Units in BCI Pooled				
Investment Portfolio				
Fund ST1	<u>102</u>	<u>102</u>	<u>9</u>	<u>9</u>
Total Investments	<u>\$ 60,755</u>	<u>\$ 60,361</u>	<u>\$ 10</u>	<u>\$ 10</u>

¹ The mortgage investments are held through a private corporation and a trust.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

US MORTGAGE OPPORTUNITY FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the US Mortgage Opportunity Fund are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the US Mortgage Opportunity Fund.

The Fund holds its mortgage investments through a private corporation and a trust. The corporation and trust hold the following underlying net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
(in 000s)				
Unlisted Mortgage Investee Fund	\$ 60,586	99.9 %	\$ -	- %
BCI Money Market Fund	67	0.1 %	1	100.0 %
	<u>\$ 60,653</u>	<u>100.0 %</u>	<u>\$ 1</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

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

Liquidity Risk

The Fund's financial assets include an unlisted mortgage investee fund, which is generally illiquid. As a result, the Fund may not be able to liquidate its investment in this instrument in due time to meet its obligations when it becomes due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing or have a short term to maturity, 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 financial assets denominated in U.S. currency totalling \$60,586,000 Cdn which represents 99.8% of the net asset value of the Fund (2016 - \$nil Cdn which represented nil% of the net asset value of the Fund). As at December 31, 2017, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$606,000 Cdn (2016 - \$nil Cdn), representing 1.0% of the Fund's net assets (2016 - nil%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$186,027,000 Cdn (2016 - \$nil Cdn). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$1,860,000 Cdn (2016 - \$nil Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

US MORTGAGE OPPORTUNITY FUND

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

Other Price Risk

As at Dec 31, 2017, the fund had only one investment in an unlisted mortgage investee fund. This investee fund is concentrated solely in the United States.

As at December 31, 2017, had the fair value of the investments increased or decreased by 10% with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively, by approximately \$6,059,000 or 10.0% of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

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

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

		2017			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Fund		\$ 169	\$ -	\$ -	\$ 169
Unlisted Mortgage Investee Fund		-	-	60,586	60,586
Total Investments		\$ 169	\$ -	\$ 60,586	\$ 60,755

		2016			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Fund		\$ 10	\$ -	\$ -	\$ 10
Total Investments		\$ 10	\$ -	\$ -	\$ 10

During 2017, there were no significant transfers between Level 1 and Level 2.

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

US MORTGAGE OPPORTUNITY FUND

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

Fair Value Hierarchy (continued)

	2017	2016
	Unlisted Mortgage Investee Fund	Unlisted Mortgage Investee Funds
(in 000s)		
Balance, beginning of year	\$ -	\$ -
Total gains or (losses) recognized in profit or loss	1,449	-
Purchases	59,137	-
Sales	-	-
Balance, end of year	\$ 60,586	\$ -
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 1,449	\$ -

During 2017, there were no significant transfers into or out of Level 3.

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 unlisted mortgage investee fund categorized as Level 3 in the fair value hierarchy as at December 31:

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Mortgage Investee Fund	\$ 60,586	Unadjusted Net Asset Value	Net Asset Value	\$ 60,586	The estimated fair value would increase (decrease) if the fair value of the unlisted mortgage investee fund was higher (lower).

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Net Asset Value:
Represents the net asset value of the unlisted mortgage investee fund. BCI management values this fund primarily based on the latest available financial information provided by the general partner.

The unlisted mortgage investee fund is subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Fund's policy to categorize the investee as level 3 within the fair value hierarchy.

Effects of Unobservable Inputs on Fair Value Measurement

The unlisted mortgage investee fund is valued based on information received from the external manager through a co-investment arrangement. The fair value of this investment fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of other mortgage investments were calculated by adjusting the respective other mortgage investments' net assets by 10%.

(in 000s)	2017	2016
Favourable	\$ 6,058	\$ -
Unfavourable	\$ (6,058)	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

US MORTGAGE OPPORTUNITY FUND

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

The Fund's investments are held primarily through one intermediary holding corporation and a trust, which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$60,653,000 is shown under Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market fund administered by BCI	1	\$ 923,071	\$ 169
Unlisted mortgage investments investee fund administered by third party managers	1	\$ 289,943	\$ 60,586

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market fund administered by BCI	1	\$ 557,706	\$ 10

**Involvement with Structured Entities (continued)
as at December 31**

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 190	\$ 210
Liabilities			
BCI cost recoveries payable	4	46	1
Other accounts payable		11	12
		<u>57</u>	<u>13</u>
Net assets attributable to holders of redeemable units		<u>\$ 133</u>	<u>\$ 197</u>
<i>Number of redeemable units outstanding</i>	5	0.019	0.015
Net assets attributable to holders of redeemable units per unit		<u>\$ 7,000</u>	<u>\$ 13,133</u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Loss

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Change in fair value of investments:	7		
Net realized gain		\$ -	\$ 151
Net change in unrealized depreciation		(18)	(202)
Total revenue		<u>(18)</u>	<u>(51)</u>
Expenses:			
BCI cost recoveries	4	78	16
Administrative fees		19	20
Total operating expenses		<u>97</u>	<u>36</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(115)</u>	<u>(87)</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		-	(126)
		<u>-</u>	<u>(126)</u>
Decrease in net assets attributable to holders of redeemable units		<u>\$ (115)</u>	<u>\$ (213)</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 197	\$ 488
Decrease in net assets attributable to holders of redeemable units	(115)	(213)
Redeemable unit transactions:		
Proceeds from units issued	51	34
Reinvestment of distributions	-	126
Amounts paid for units redeemed	-	(238)
Net increase (decrease) from redeemable unit transactions	51	(78)
Balance, end of year	\$ 133	\$ 197

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (115)	\$ (213)
Adjustments for:		
Net realized gain from investments	-	(151)
Net change in unrealized depreciation from investments	18	202
Non cash distributions	-	126
Proceeds from sale of investments	53	274
Amounts paid for purchase of investments	(51)	(33)
BCI cost recoveries payable	45	(2)
Other accounts payable	(1)	1
	(51)	204
Financing activities:		
Proceeds from issue of redeemable units	51	34
Payments on redemption of redeemable units	-	(238)
	51	(204)
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 190	\$ 89	\$ 208	\$ 89
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Total Investments	<u>\$ 190</u>	<u>\$ 89</u>	<u>\$ 210</u>	<u>\$ 91</u>

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1996.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

(in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 176	92.6 %	\$ 192	92.3 %
BCI Money Market Funds	14	7.4 %	16	7.7 %
	<u>\$ 190</u>	<u>100.0 %</u>	<u>\$ 208</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

Interest Rate Risk

Substantially all 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 financial assets denominated in U.S. currency totalling \$287,000 Cdn which represents 215.8% of the net asset value of the Fund (2016 - \$292,000 Cdn which represented 148.2% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposure set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not indicated above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, 2017, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$3,000 Cdn (2016 - \$3,000 Cdn), representing 2.3% of the Fund's net assets (2016 – 1.5%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

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

Currency Risk (continued)

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$409,000 Cdn (2016 - \$438,000 Cdn).

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$4,000 Cdn (2016 - \$4,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Accordingly, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$19,000 (2016 - \$21,000) or 14.3% (2016 - 10.7%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

2017				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 14	\$ -	\$ -	\$ 14
Unlisted Private Equity Investee Funds	-	-	176	176
Total Investments	\$ 14	\$ -	\$ 176	\$ 190

2016				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	18	-	-	18
Unlisted Private Equity Investee Funds	-	-	192	192
Total Investments	\$ 18	\$ -	\$ 192	\$ 210

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

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

Fair Value Hierarchy (continued)

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

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.

	2017
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 192
Total gains or (losses) recognized in profit or loss	(16)
Purchases	-
Sales	-
Balance, end of year	<u>\$ 176</u>

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date

\$ (16)

	2016
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 481
Total gains or (losses) recognized in profit or loss	(47)
Purchases	-
Sales	(242)
Balance, end of year	<u>\$ 192</u>

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date

\$ (29)

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

2017					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 280	Unadjusted Net Asset Value	Net Asset Value	\$ 280	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ (104)	Adjusted Net Asset Value	Net Asset Value	\$ 1,022	The estimated fair value would increase (decrease) if:
			Fair Value Adjustment	\$ (1,126)	- The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).
2016					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 285	Unadjusted Net Asset Value	Net Asset Value	\$ 285	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ (93)	Adjusted Net Asset Value	Net Asset Value	\$ (2)	The estimated fair value would increase (decrease) if:
			Fair Value Adjustment	\$ (91)	- The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

(ii) Fair Value Adjustment:

Represents total adjustments applied to the net asset value of the investee funds. BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Inputs on Fair Value Measurement

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%

(in 000s)	2017	2016
Favourable	\$ 18	\$ 19
Unfavourable	\$ (18)	\$ (19)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

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

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity, approximately \$190,000 (2016 - \$208,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 14
Unlisted private equity investee funds administered by third party managers	2	\$ 7,969	\$ 176

**Involvement with Structured Entities (continued)
as at December 31**

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 18
Unlisted private equity investee funds administered by third party managers	2	\$ 41,064	\$ 192

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1997

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 4,636	\$ 7,374
Liabilities			
BCI cost recoveries payable	4	128	11
Other accounts payable		11	12
		<u>139</u>	<u>23</u>
Net assets attributable to holders of redeemable units		<u>\$ 4,497</u>	<u>\$ 7,351</u>
<i>Number of redeemable units outstanding</i>	5	1.196	1.730
Net assets attributable to holders of redeemable units per unit		<u>\$ 3,760</u>	<u>\$ 4,249</u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Loss

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Change in fair value of investments and derivatives:	7		
Net realized gain		\$ 1,452	\$ 4,267
Net change in unrealized depreciation		<u>(1,898)</u>	<u>(4,261)</u>
Total revenue		<u>(446)</u>	<u>6</u>
Expenses:			
BCI cost recoveries	4	230	93
Administrative fees		19	20
Total operating expenses		<u>249</u>	<u>113</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(695)</u>	<u>(107)</u>
Distributions to holders of redeemable units:			
From net realized gains on investments and derivatives		<u>(1,302)</u>	<u>(4,167)</u>
		<u>(1,302)</u>	<u>(4,167)</u>
Decrease in net assets attributable to holders of redeemable units		<u>\$ (1,997)</u>	<u>\$ (4,274)</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1997

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 7,351	\$ 14,259
Decrease in net assets attributable to holders of redeemable units	(1,997)	(4,274)
Redeemable unit transactions:		
Proceeds from units issued	137	83
Reinvestment of distributions	1,302	4,167
Amounts paid for units redeemed	(2,296)	(6,884)
Net decrease from redeemable unit transactions	(857)	(2,634)
Balance, end of year	\$ 4,497	\$ 7,351

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (1,997)	\$ (4,274)
Adjustments for:		
Net realized gain from investments and derivatives	(1,452)	(4,267)
Net change in unrealized depreciation from investments and derivatives	1,898	4,261
Non cash distributions	1,302	4,167
Proceeds from sale of investments	2,429	6,992
Amounts paid for purchase of investments	(137)	(83)
BCI cost recoveries payable	117	4
Other accounts payable	(1)	1
	<u>2,159</u>	<u>6,801</u>
Financing activities:		
Proceeds from issue of redeemable units	137	83
Payments on redemption of redeemable units	(2,296)	(6,884)
	<u>(2,159)</u>	<u>(6,801)</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1997

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 4,631	\$ 1,764	\$ 7,374	\$ 2,609
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 4,636</u>	<u>\$ 1,769</u>	<u>\$ 7,374</u>	<u>\$ 2,609</u>

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1997

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1997.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

(in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 3,146	67.9 %	\$ 7,355	99.8 %
Foreign Currency Contracts	(1)	- %	-	- %
BCI Money Market Funds	1,486	32.1 %	17	0.2 %
Net Investment-Related Receivables	-	- %	2	- %
	<u>\$ 4,631</u>	<u>100.0 %</u>	<u>\$ 7,374</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

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

DERIVATIVE LIABILITIES (in 000s)	2017				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (486)	\$ (486)	\$ (486)	\$ -	\$ -
Inflows	485	485	485	-	-
	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

Substantially all 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.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1997

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

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Euro	\$ -	- %	\$ 28	0.4 %
United States Dollar	3,894	86.6 %	5,745	78.2 %
Net Exposure	<u>\$ 3,894</u>	<u>86.6 %</u>	<u>\$ 5,773</u>	<u>78.5 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$39,000 Cdn (2016 - \$58,000 Cdn), representing 0.9% of the Fund's net assets (2016 – 0.8%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

Currency Risk (continued)

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$14,353,000 Cdn (2016 - \$16,032,000 Cdn).

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$144,000 Cdn (2016 - \$160,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1997

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

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$463,000 (2016 - \$737,000) or 10.3% (2016 - 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

		2017			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds		\$ 1,491	\$ -	\$ -	\$ 1,491
Foreign Currency Contracts		-	(1)	-	(1)
Unlisted Private Equity Investee Funds		-	-	3,146	3,146
Total Investments		\$ 1,491	\$ (1)	\$ 3,146	\$ 4,636

		2016			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
Net Investment-Related Receivables		\$ -	\$ 2	\$ -	\$ 2
BCI Money Market Funds		17	-	-	17
Unlisted Private Equity Investee Funds		-	-	7,355	7,355
Total Investments		\$ 17	\$ 2	\$ 7,355	\$ 7,374

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1997

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

Fair Value Hierarchy (continued)

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

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.

	2017
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 7,355
Total gains or (losses) recognized in profit or loss	(430)
Purchases	-
Sales	(3,779)
Balance, end of year	<u>\$ 3,146</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 4,130</u>
	2016
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 14,060
Total gains or (losses) recognized in profit or loss	(121)
Purchases	-
Sales	(6,584)
Balance, end of year	<u>\$ 7,355</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (740)</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 3,146	Unadjusted Net Asset Value	Net Asset Value	\$ 3,146	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 5,766	Unadjusted Net Asset Value	Net Asset Value	\$ 5,766	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 1,589	Adjusted Net Asset Value	Net Asset Value Fair Value Adjustment	\$ 2,108 (519)	The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was higher (lower).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1997

Fair Value Measurement Discussion (continued)
as at December 31

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

(ii) Fair Value Adjustment:

Represents total adjustments applied to the net asset value of the investee funds. BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Inputs on Fair Value Measurement

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2017	2016
Favourable	\$ 315	\$ 735
Unfavourable	\$ (315)	\$ (735)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1997

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

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$4,631,000 (2016 - \$7,374,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 1,491
Unlisted private equity investee funds administered by third party managers	5	\$ 44,223	\$ 3,146

**Involvement with Structured Entities (continued)
as at December 31**

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 17
Unlisted private equity investee funds administered by third party managers	8	\$ 93,702	\$ 7,355

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1998

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 3,168	\$ 3,722
Liabilities			
BCI cost recoveries payable	4	82	2
Other accounts payable		11	12
		<u>93</u>	<u>14</u>
Net assets attributable to holders of redeemable units		<u>\$ 3,075</u>	<u>\$ 3,708</u>
<i>Number of redeemable units outstanding</i>	5	0.130	0.163
Net assets attributable to holders of redeemable units per unit		<u>\$ 23,654</u>	<u>\$ 22,748</u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Change in fair value of investments:	7		
Net realized gain		\$ 763	\$ 2,505
Net change in unrealized depreciation		(509)	(1,984)
Total revenue		<u>254</u>	<u>521</u>
Expenses:			
BCI cost recoveries	4	126	18
Administrative fees		19	20
Total operating expenses		<u>145</u>	<u>38</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>109</u>	<u>483</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		(682)	(2,479)
		<u>(682)</u>	<u>(2,479)</u>
Decrease in net assets attributable to holders of redeemable units		<u>\$ (573)</u>	<u>\$ (1,996)</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1998

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 3,708	\$ 5,885
Decrease in net assets attributable to holders of redeemable units	(573)	(1,996)
Redeemable unit transactions:		
Proceeds from units issued	68	55
Reinvestment of distributions	682	2,479
Amounts paid for units redeemed	(810)	(2,715)
Net decrease from redeemable unit transactions	(60)	(181)
Balance, end of year	\$ 3,075	\$ 3,708

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (573)	\$ (1,996)
Adjustments for:		
Net realized gain from investments	(763)	(2,505)
Net change in unrealized depreciation from investments	509	1,984
Non cash distributions	682	2,479
Proceeds from sale of investments	876	2,753
Amounts paid for purchase of investments	(68)	(54)
BCI cost recoveries payable	80	(2)
Other accounts payable	(1)	1
	<u>742</u>	<u>2,660</u>
Financing activities:		
Proceeds from issue of redeemable units	68	55
Payments on redemption of redeemable units	(810)	(2,715)
	<u>(742)</u>	<u>(2,660)</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1998

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 3,163	\$ 170	\$ 3,720	\$ 218
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>2</u>	<u>2</u>
Total Investments	<u>\$ 3,168</u>	<u>\$ 175</u>	<u>\$ 3,722</u>	<u>\$ 220</u>

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1998

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1998.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 1,219	38.5 %	\$ 1,759	47.3 %
Unlisted Private Equity Investee Funds	1,928	61.0 %	1,945	52.3 %
BCI Money Market Funds	16	0.5 %	16	0.4 %
	<u>\$ 3,163</u>	<u>100.0 %</u>	<u>\$ 3,720</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

Interest Rate Risk

Substantially all 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 financial assets denominated in U.S. currency totalling \$6,000 Cdn which represents 0.2% of the net asset value of the Fund (2016 - \$7,000 Cdn which represented 0.2% of the net asset value of the Fund). As at December 31, 2017, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by less than \$1,000 Cdn (2016 - \$1,000 Cdn), representing less than 0.1% of the Fund's net assets (2016 - less than 0.1%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, 2017, and 2016, the Fund had no additional exposure to currency risk through its future unfunded commitments.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1998

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

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Energy	\$ 1,219	38.7 %	\$ 1,759	47.5 %
Total Direct Private Equity Investments	1,219	38.7 %	1,759	47.5 %
Total Unlisted Private Equity Investee Funds in Energy and Telecommunication Services	1,928	61.3 %	1,945	52.5 %
	<u>\$ 3,147</u>	<u>100.0 %</u>	<u>\$ 3,704</u>	<u>100.0 %</u>

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

Other Price Risk (continued)

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Canada	\$ 1,219	38.7 %	\$ 1,759	47.5 %
Total Direct Private Equity Investments	1,219	38.7 %	1,759	47.5 %
Total Unlisted Private Equity Investee Funds in Canada	1,928	61.3 %	1,945	52.5 %
	<u>\$ 3,147</u>	<u>100.0 %</u>	<u>\$ 3,704</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$316,000 (2016 - \$372,000) or 10.3% (2016 - 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1998

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2017				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total	
(in 000s)					
BCI Money Market Funds	\$ 21	\$ -	\$ -	\$ 21	
Direct Private Equity Investments	-	-	1,219	1,219	
Unlisted Private Equity Investee Funds	-	-	1,928	1,928	
Total Investments	\$ 21	\$ -	\$ 3,147	\$ 3,168	

	2016				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total	
(in 000s)					
BCI Money Market Funds	\$ 18	\$ -	\$ -	\$ 18	
Direct Private Equity Investments	-	-	1,759	1,759	
Unlisted Private Equity Investee Funds	-	-	1,945	1,945	
Total Investments	\$ 18	\$ -	\$ 3,704	\$ 3,722	

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

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

Fair Value Hierarchy (continued)

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

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.

	2017		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 1,759	\$ 1,945	\$ 3,704
Total gains or (losses) recognized in profit or loss	273	(17)	256
Purchases	-	-	-
Sales	(813)		(813)
Balance, end of year	\$ 1,219	\$ 1,928	\$ 3,147
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 281	\$ (17)	\$ 264

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1998

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

Fair Value Hierarchy (continued)

	2016		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 972	\$ 2,263	\$ 3,235
Total gains or (losses) recognized in profit or loss	796	(293)	503
Purchases	-	-	-
Sales	(9)	(25)	(34)
Balance, end of year	<u>\$ 1,759</u>	<u>\$ 1,945</u>	<u>\$ 3,704</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 937</u>	<u>\$ (293)</u>	<u>\$ 644</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 1,219	Market approach	EV/EBITDA	\$ 1,219	The estimated fair value would increase(decrease) if the EV/EBITDA multiple was higher(lower).
Unlisted Private Equity Investee Funds	\$ 1,928	Adjusted Net Asset Value	Net Asset Value	\$ 3,376	The estimated fair value would increase (decrease) if:
			Fair Value Adjustment	\$ (1,448)	- The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1998

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 1,759	Unadjusted Net Asset Value	Net Asset Value	\$ 1,759	The estimated fair value would increase (decrease) if the fair value of the direct private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 1,945	Adjusted Net Asset Value	Net Asset Value Fair Value Adjustment	\$ 2,096 (151)	The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was higher (lower).

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value ("EV") and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.
- (iii) Fair Value Adjustment:
Represents total adjustments applied to the net asset value of the investee funds. BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1998

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

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and certain direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets and value of private equity by 10%.

(in 000s)	2017	2016
Favourable	\$ 315	\$ 370
Unfavourable	\$ (315)	\$ (370)

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

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$3,163,000 (2016 - \$3,720,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 21
Unlisted private equity investee funds administered by third party managers	1	\$ 15,046	\$ 1,928

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1998

Involvement with Structured Entities (continued)
as at December 31

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 18
Unlisted private equity investee funds administered by third party managers	2	\$ 8,726	\$ 1,945

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 8,203	\$ 18,460
Liabilities			
BCI cost recoveries payable	4	122	6
Other accounts payable		11	12
		<u>133</u>	<u>18</u>
Net assets attributable to holders of redeemable units		<u>\$ 8,070</u>	<u>\$ 18,442</u>
<i>Number of redeemable units outstanding</i>	5	6,972	9,841
Net assets attributable to holders of redeemable units per unit		<u>\$ 1,157</u>	<u>\$ 1,874</u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Loss

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Change in fair value of investments:	7		
Net realized gain		\$ 2,497	\$ 8,208
Net change in unrealized depreciation		(7,457)	(8,583)
Total revenue		<u>(4,960)</u>	<u>(375)</u>
Expenses:			
BCI cost recoveries	4	222	79
Administrative fees		19	20
Total operating expenses		<u>241</u>	<u>99</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(5,201)</u>	<u>(474)</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		(2,354)	(8,121)
		<u>(2,354)</u>	<u>(8,121)</u>
Decrease in net assets attributable to holders of redeemable units		<u>\$ (7,555)</u>	<u>\$ (8,595)</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 18,442	\$ 34,970
Decrease in net assets attributable to holders of redeemable units	(7,555)	(8,595)
Redeemable unit transactions:		
Proceeds from units issued	141	81
Reinvestment of distributions	2,354	8,121
Amounts paid for units redeemed	(5,312)	(16,135)
Net decrease from redeemable unit transactions	(2,817)	(7,933)
Balance, end of year	\$ 8,070	\$ 18,442

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (7,555)	\$ (8,595)
Adjustments for:		
Net realized gain from investments	(2,497)	(8,208)
Net change in unrealized depreciation from investments	7,457	8,583
Non cash distributions	2,354	8,121
Proceeds from sale of investments	5,438	16,231
Amounts paid for purchase of investments	(141)	(80)
BCI cost recoveries payable	116	1
Other accounts payable	(1)	1
	<u>5,171</u>	<u>16,054</u>
Financing activities:		
Proceeds from issue of redeemable units	141	81
Payments on redemption of redeemable units	(5,312)	(16,135)
	<u>(5,171)</u>	<u>(16,054)</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 8,198	\$ 6,636	\$ 18,460	\$ 9,441
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>-</u>	<u>-</u>
Total Investments	<u><u>\$ 8,203</u></u>	<u><u>\$ 6,641</u></u>	<u><u>\$ 18,460</u></u>	<u><u>\$ 9,441</u></u>

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1999.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

(in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 8,183	99.8 %	\$ 18,083	98.0 %
BCI Money Market Funds	15	0.2 %	18	0.1 %
Net Investment-Related Receivable / Payable	-	- %	359	1.9 %
	<u>\$ 8,198</u>	<u>100.0 %</u>	<u>\$ 18,460</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

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

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

Substantially all 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 financial assets denominated in U.S. currency totalling \$8,190,000 Cdn which represents 101.5% of the net asset value of the Fund (2016 - \$17,561,000 Cdn which represented 95.2% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposure set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not indicated above as these investments may be operating in jurisdictions that utilize other currencies.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999

Financial Risk Management Discussion (continued)
as at December 31

Currency Risk (continued)

As at December 31, 2017, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$82,000 Cdn (2016 - \$176,000 Cdn), representing 1.0% of the Fund's net assets (2016 – 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$3,072,000 Cdn (2016 - \$3,017,000 Cdn). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$31,000 Cdn (2016 - \$30,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$820,000 (2016 - \$1,846,000) or 10.2% (2016 – 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

		2017			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds		\$ 20	\$ -	\$ -	\$ 20
Unlisted Private Equity Investee Funds		-	-	8,183	8,183
Total Investments		\$ 20	\$ -	\$ 8,183	\$ 8,203

		2016			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
Net Investment-Related Payables		\$ -	\$ 359	\$ -	\$ 359
BCI Money Market Funds		18	-	-	18
Unlisted Private Equity Investee Funds		-	-	18,083	18,083
Total Investments		\$ 18	\$ 359	\$ 18,083	\$ 18,460

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

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

Fair Value Hierarchy (continued)

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

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.

	2017
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 18,083
Total gains or (losses) recognized in profit or loss	(4,975)
Purchases	-
Sales	(4,925)
Balance, end of year	\$ 8,183

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (5,481)
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See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999

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

Fair Value Hierarchy (continued)

	2016		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 31	\$ 29,796	\$ 29,827
Total gains or (losses) recognized in profit or loss	(2)	(2,084)	(2,086)
Purchases	-	732	732
Sales	(29)	(10,361)	(10,390)
Balance, end of year	<u>\$ -</u>	<u>\$ 18,083</u>	<u>\$ 18,083</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 431</u>	<u>\$ 9,441</u>	<u>\$ 9,872</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 8,183	Unadjusted Net Asset Value	Net Asset Value	\$ 8,183	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 18,083	Unadjusted Net Asset Value	Net Asset Value	\$ 8,083	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999

Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and certain direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets and value of private equity by 10%.

(in 000s)	2017	2016
Favourable	\$ 818	\$ 1,808
Unfavourable	\$ (818)	\$ (1,808)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999

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

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$8,198,000 (2016 - \$18,460,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 20
Unlisted private equity investee funds administered by third party managers	5	\$ 325,188	\$ 8,183

**Involvement with Structured Entities (continued)
as at December 31**

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 18
Unlisted private equity investee funds administered by third party managers	7	\$ 591,530	\$ 18,083

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 1,813	\$ 2,026
Liabilities			
BCI cost recoveries payable	4	58	-
Other accounts payable		11	12
		<u>69</u>	<u>12</u>
Net assets attributable to holders of redeemable units		<u>\$ 1,744</u>	<u>\$ 2,014</u>
<i>Number of redeemable units outstanding</i>	5	0.899	0.870
Net assets attributable to holders of redeemable units per unit		<u>\$ 1,940</u>	<u>\$ 2,315</u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Loss

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Change in fair value of investments:	7		
Net realized gain		\$ -	\$ 388
Net change in unrealized depreciation		(213)	(578)
Total revenue		<u>(213)</u>	<u>(190)</u>
Expenses:			
BCI cost recoveries	4	113	17
Administrative fees		19	26
Total operating expenses		<u>132</u>	<u>43</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(345)</u>	<u>(233)</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		-	(258)
		<u>-</u>	<u>(258)</u>
Decrease in net assets attributable to holders of redeemable units		<u>\$ (345)</u>	<u>\$ (491)</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 2,014	\$ 3,788
Decrease in net assets attributable to holders of redeemable units	(345)	(491)
Redeemable unit transactions:		
Proceeds from units issued	75	43
Reinvestment of distributions	-	258
Amounts paid for units redeemed	-	(1,584)
Net increase (decrease) from redeemable unit transactions	75	(1,283)
Balance, end of year	\$ 1,744	\$ 2,014

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (345)	\$ (491)
Adjustments for:		
Net realized gain from investments	-	(388)
Net change in unrealized depreciation from investments	213	578
Non cash distributions	-	258
Proceeds from sale of investments	75	1,625
Amounts paid for purchase of investments	(75)	(40)
BCI cost recoveries payable	58	(2)
Other accounts payable	(1)	1
	(75)	1,541
Financing activities:		
Proceeds from issue of redeemable units	75	43
Payments on redemption of redeemable units	-	(1,584)
	75	(1,541)
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 1,808	\$ 1,429	\$ 2,021	\$ 1,429
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Total Investments	<u>\$ 1,813</u>	<u>\$ 1,434</u>	<u>\$ 2,026</u>	<u>\$ 1,434</u>

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1999A.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 1,795	99.3 %	\$ 2,004	99.2 %
BCI Money Market Funds	13	0.7 %	17	0.8 %
	<u>\$ 1,808</u>	<u>100.0 %</u>	<u>\$ 2,021</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

Interest Rate Risk

Substantially all 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 financial assets denominated in U.S. currency totalling \$795,000 Cdn which represents 45.6% of the net asset value of the Fund (2016 - \$1,010,000 Cdn which represented 50.1% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposure set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not indicated above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, 2017, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$8,000 Cdn (2016 - \$10,000 Cdn), representing 0.5% of the Fund's net assets (2016 – 0.5%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

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

Currency Risk (continued)

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$125,000 Cdn (2016 - \$134,000 Cdn). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$1,000 Cdn (2016 - \$1,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$181,000 (2016 - \$203,000) or 10.4% (2016 - 10.1%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

2017				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 18	\$ -	\$ -	\$ 18
Unlisted Private Equity Investee Funds	-	-	1,795	1,795
Total Investments	\$ 18	\$ -	\$ 1,795	\$ 1,813

2016				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 22	\$ -	\$ -	\$ 22
Unlisted Private Equity Investee Funds	-	-	2,004	2,004
Total Investments	\$ 22	\$ -	\$ 2,004	\$ 2,026

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

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

Fair Value Hierarchy (continued)

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

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.

	2017
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 2,004
Total gains or (losses) recognized in profit or loss	(209)
Purchases	-
Sales	-
Balance, end of year	<u>\$ 1,795</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (209)</u>
	2016
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 3,779
Total gains or (losses) recognized in profit or loss	(824)
Purchases	-
Sales	(951)
Balance, end of year	<u>\$ 2,004</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (1,099)</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

See accompanying Notes to the Financial Statements.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 788	Unadjusted Net Asset Value	Net Asset Value	\$ 788	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 1,007	Adjusted Net Asset Value	Net Asset Value	\$ 2,096	The estimated fair value would increase (decrease) if:
			Fair Value Adjustment	\$ (1,089)	- The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

2016					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 1,004	Unadjusted Net Asset Value	Net Asset Value	\$ 1,004	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 1,000	Adjusted Net Asset Value	Net Asset Value	\$ 1,512	The estimated fair value would increase (decrease) if:
			Fair Value Adjustment	\$ (512)	- The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

(ii) Fair Value Adjustment:

Represents total adjustments applied to the net asset value of the investee funds. BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

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

Effects of Unobservable Inputs on Fair Value Measurement

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2017	2016
Favourable	\$ 180	\$ 200
Unfavourable	\$ (180)	\$ (200)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

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

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$1,808,000 (2016 - \$2,021,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 18
Unlisted private equity investee funds administered by third party managers	3	\$ 78,371	\$ 1,795

**Involvement with Structured Entities (continued)
as at December 31**

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 17
Unlisted private equity investee funds administered by third party managers	3	\$ 89,401	\$ 2,004

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 9,865	\$ 12,745
Liabilities			
BCI cost recoveries payable	4	133	8
Other accounts payable		11	12
		<u>144</u>	<u>20</u>
Net assets attributable to holders of redeemable units		<u>\$ 9,721</u>	<u>\$ 12,725</u>
<i>Number of redeemable units outstanding</i>	5	2.598	3.027
Net assets attributable to holders of redeemable units per unit		<u>\$ 3,742</u>	<u>\$ 4,204</u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Change in fair value of investments:	7		
Net realized gain		\$ 1,569	\$ 7,443
Net change in unrealized depreciation		(2,481)	(6,802)
Total revenue		<u>(912)</u>	<u>641</u>
Expenses:			
BCI cost recoveries	4	322	78
Administrative fees		19	20
Total operating expenses		<u>341</u>	<u>98</u>
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(1,253)</u>	<u>543</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		(1,325)	(7,357)
		<u>(1,325)</u>	<u>(7,357)</u>
Decrease in net assets attributable to holders of redeemable units		<u>\$ (2,578)</u>	<u>\$ (6,814)</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 12,725	\$ 21,519
Decrease in net assets attributable to holders of redeemable units	(2,578)	(6,814)
Redeemable unit transactions:		
Proceeds from units issued	173	74
Reinvestment of distributions	1,325	7,357
Amounts paid for units redeemed	(1,924)	(9,411)
Net decrease from redeemable unit transactions	(426)	(1,980)
Balance, end of year	\$ 9,721	\$ 12,725

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (2,578)	\$ (6,814)
Adjustments for:		
Net realized gain from investments	(1,569)	(7,443)
Net change in unrealized depreciation from investments	2,481	6,802
Non cash distributions	1,325	7,357
Proceeds from sale of investments	2,203	9,505
Amounts paid for purchase of investments	(235)	(74)
BCI cost recoveries payable	125	(3)
Other accounts payable	(1)	7
	<u>1,751</u>	<u>9,337</u>
Financing activities:		
Proceeds from issue of redeemable units	173	74
Payments on redemption of redeemable units	(1,924)	(9,411)
	<u>(1,751)</u>	<u>(9,337)</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousand \$)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 9,860	\$ 2,216	\$ 12,745	\$ 2,620
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 9,865</u>	<u>\$ 2,221</u>	<u>\$ 12,745</u>	<u>\$ 2,620</u>

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2000 Private Placement Fund.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 9,847	99.9 %	\$ 12,572	98.6 %
BCI Money Market Funds	13	0.1 %	186	1.5 %
Net Investment-Related Payables	-	- %	(13)	(0.1)%
	<u>\$ 9,860</u>	<u>100.0 %</u>	<u>\$ 12,745</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

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

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

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

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets
Euro	\$ -	- %	\$ 99	0.8 %
United States Dollar	8,213	84.5 %	10,841	85.2 %
Net Exposure	<u>\$ 8,213</u>	<u>84.5 %</u>	<u>\$ 10,940</u>	<u>86.0 %</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

Financial Risk Management Discussion (continued)
as at December 31

Currency Risk (continued)

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$82,000 Cdn (2016 - \$109,000 Cdn), representing 0.8% of the Fund's net assets (2016 – 0.9%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$1,238,000 Cdn (2016 - \$1,325,000 Cdn). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$12,000 Cdn (2016 - \$13,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$986,000 (2016 - \$1,275,000) or 10.1% (2016 – 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

		2017			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds		\$ 18	\$ -	\$ -	\$ 18
Unlisted Private Equity Investee Funds		-	-	9,847	9,847
Total Investments		\$ 18	\$ -	\$ 9,847	\$ 9,865

		2016			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
Net Investment-Related Payables		\$ (13)	\$ -	\$ -	\$ (13)
BCI Money Market Funds		186	-	-	186
Unlisted Private Equity Investee Funds		-	-	12,572	12,572
Total Investments		\$ 173	\$ -	\$ 12,572	\$ 12,745

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

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

Fair Value Hierarchy (continued)

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

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.

	2017
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 12,572
Total gains or (losses) recognized in profit or loss	(903)
Purchases	-
Sales	(1,822)
Balance, end of year	\$ 9,847
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 14,617

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy (continued)

	2016		
	Direct Private	Unlisted	Total
	Equity Investments	Private Equity Investee Funds	
(in 000s)			
Balance, beginning of year	\$ 25	\$ 17,539	\$ 17,564
Total gains or (losses) recognized in profit or loss	(1)	(1,460)	(1,461)
Purchases	-	-	-
Sales	(24)	(3,507)	(3,531)
Balance, end of year	\$ -	\$ 12,572	\$ 12,572
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 353	\$ (3,529)	\$ (3,176)

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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 direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Fund	\$ 9,847	Unadjusted Net Asset Value	Net Asset Value	\$ 9,847	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

	2016			
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range
Unlisted Private Equity Investee Funds	\$ 12,572	Unadjusted Net Asset Value	Net Asset Value	12,572
				The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

Significant unobservable inputs are developed as follows:

- (i) **Net Asset Value:**
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

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2000 PRIVATE PLACEMENT FUND

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

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and of certain direct private equity were calculated by adjusting the respective underlying investee fund's net assets and value of private equity by 10%.

(in 000s)	2017	2016
Favourable	\$ 985	\$ 1,257
Unfavourable	\$ (985)	\$ (1,257)

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

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$9,860,000 (2016 - \$12,745,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 18
Unlisted private equity investee funds administered by third party managers	5	\$ 539,424	\$ 9,847

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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Involvement with Structured Entities (continued)
as at December 31

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 186
Unlisted private equity investee funds administered by third party managers	9	\$ 857,211	\$ 12,572

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2001 PRIVATE PLACEMENT FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 3,451	\$ 6,579
Liabilities			
BCI cost recoveries payable	4	59	5
Other accounts payable		11	12
		<u>70</u>	<u>17</u>
Net assets attributable to holders of redeemable units		<u>\$ 3,381</u>	<u>\$ 6,562</u>
<i>Number of redeemable units outstanding</i>	5	0.843	1.498
Net assets attributable to holders of redeemable units per unit		<u>\$ 4,011</u>	<u>\$ 4,381</u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Loss

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Change in fair value of investments and derivatives:	7		
Net realized gain		\$ 2,234	\$ 5,088
Net change in unrealized depreciation		<u>(2,487)</u>	<u>(5,593)</u>
Total revenue		<u>(253)</u>	<u>(505)</u>
Expenses:			
BCI cost recoveries	4	121	40
Administrative fees		19	20
Total operating expenses		<u>140</u>	<u>60</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(393)</u>	<u>(565)</u>
Distributions to holders of redeemable units:			
From net realized gains on investments and derivatives		<u>(2,130)</u>	<u>(5,040)</u>
		<u>(2,130)</u>	<u>(5,040)</u>
Decrease in net assets attributable to holders of redeemable units		<u>\$ (2,523)</u>	<u>\$ (5,605)</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2001 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 6,562	\$ 13,582
Decrease in net assets attributable to holders of redeemable units	(2,523)	(5,605)
Redeemable unit transactions:		
Proceeds from units issued	78	58
Reinvestment of distributions	2,130	5,040
Amounts paid for units redeemed	(2,866)	(6,513)
Net decrease from redeemable unit transactions	(658)	(1,415)
Balance, end of year	\$ 3,381	\$ 6,562

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (2,523)	\$ (5,605)
Adjustments for:		
Net realized gain from investments and derivatives	(2,234)	(5,088)
Net change in unrealized depreciation from investments and derivatives	2,487	5,593
Non cash distributions	2,130	5,040
Proceeds from sale of investments	2,953	6,580
Amounts paid for purchase of investments	(78)	(67)
BCI cost recoveries payable	54	1
Other accounts payable	(1)	1
	<u>2,788</u>	<u>6,455</u>
Financing activities:		
Proceeds from issue of redeemable units	78	58
Payments on redemption of redeemable units	(2,866)	(6,513)
	<u>(2,788)</u>	<u>(6,455)</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 3,446	\$ 774	\$ 6,564	\$ 1,405
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>15</u>	<u>15</u>
Total Investments	<u>\$ 3,451</u>	<u>\$ 779</u>	<u>\$ 6,579</u>	<u>\$ 1,420</u>

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2001 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2001 Private Placement Fund.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

(in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 3,205	93.0 %	\$ 5,794	88.3 %
BCI Money Market Funds	241	7.0 %	770	11.7 %
	<u>\$ 3,446</u>	<u>100.0 %</u>	<u>\$ 6,564</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

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

DERIVATIVE LIABILITIES (in 000s)	2017				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (226)	\$ (226)	\$ (226)	\$ -	\$ -
Inflows	226	226	226	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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Financial Risk Management Discussion (continued)
as at December 31

Currency Risk

The Fund holds net financial assets denominated in U.S. currency totalling \$3,211,000 Cdn which represents 95.0% of the net asset value of the Fund (2016 - \$6,555,000 Cdn which represented 99.9% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposure set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not indicated above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, 2017, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$32,000 Cdn (2016 - \$66,000 Cdn), representing 0.9% of the Fund's net assets (2016 – 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$1,440,000 Cdn (2016 - \$1,059,000 Cdn). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$14,000 Cdn (2016 - \$11,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$345,000 (2016 - \$658,000) or 10.2% (2016 – 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2001 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 246	\$ -	\$ -	\$ 246
Unlisted Private Equity Investee Funds	-	-	3,205	3,205
Total Investments	\$ 246	\$ -	\$ 3,205	\$ 3,451

	2016			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 785	\$ -	\$ -	\$ 785
Unlisted Private Equity Investee Funds	-	-	5,794	5,794
Total Investments	\$ 785	\$ -	\$ 5,794	\$ 6,579

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

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

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

Fair Value Hierarchy (continued)

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.

	2017
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 5,794
Total gains or (losses) recognized in profit or loss	(209)
Purchases	-
Sales	(2,380)
Balance, end of year	\$ 3,205
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (2,250)

	2016
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 12,882
Total gains or (losses) recognized in profit or loss	(2,408)
Purchases	648
Sales	(5,328)
Balance, end of year	\$ 5,794
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (6,845)

During 2017 and 2016, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

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

2017					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 3,205	Unadjusted Net Asset Value	Net Asset Value	\$ 3,205	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

2016					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 5,794	Unadjusted Net Asset Value	Net Asset Value	\$ 5,794	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

Effects of Unobservable Inputs on Fair Value Measurement

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2017	2016
Favourable	\$ 321	\$ 579
Unfavourable	\$ (321)	\$ (579)

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2001 PRIVATE PLACEMENT FUND

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

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$3,446,000 (2016 - \$6,564,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 246
Unlisted private equity investee funds administered by third party managers	3	\$ 184,193	\$ 3,205

**Involvement with Structured Entities (continued)
as at December 31**

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 785
Unlisted private equity investee funds administered by third party managers	5	\$ 312,428	\$ 5,794

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2002 PRIVATE PLACEMENT FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 18,567	\$ 30,078
Liabilities			
BCI cost recoveries payable	4	86	6
Other accounts payable		11	12
		<u>97</u>	<u>18</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 18,470</u></u>	<u><u>\$ 30,060</u></u>
<i>Number of redeemable units outstanding</i>	5	6.212	10.274
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 2,973</u></u>	<u><u>\$ 2,926</u></u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Loss

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Change in fair value of investments and derivatives:	7		
Net realized gain		\$ 6,227	\$ 10,521
Net change in unrealized depreciation		(6,176)	(12,634)
Total revenue		<u>51</u>	<u>(2,113)</u>
Expenses:			
BCI cost recoveries	4	187	65
Administrative fees		19	20
Total operating expenses		<u>206</u>	<u>85</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(155)</u>	<u>(2,198)</u>
Distributions to holders of redeemable units:			
From net realized gains on investments and derivatives		(6,081)	(10,448)
		<u>(6,081)</u>	<u>(10,448)</u>
Decrease in net assets attributable to holders of redeemable units		<u><u>\$ (6,236)</u></u>	<u><u>\$ (12,646)</u></u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2002 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 30,060	\$ 50,840
Decrease in net assets attributable to holders of redeemable units	(6,236)	(12,646)
Redeemable unit transactions:		
Proceeds from units issued	111	95
Reinvestment of distributions	6,081	10,448
Amounts paid for units redeemed	(11,546)	(18,677)
Net decrease from redeemable unit transactions	(5,354)	(8,134)
Balance, end of year	\$ 18,470	\$ 30,060

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (6,236)	\$ (12,646)
Adjustments for:		
Net realized gain from investments and derivatives	(6,227)	(10,521)
Net change in unrealized depreciation from investments and derivatives	6,176	12,634
Non cash distributions	6,081	10,448
Proceeds from sale of investments	11,673	18,758
Amounts paid for purchase of investments	(111)	(94)
BCI cost recoveries payable	80	2
Other accounts payable	(1)	1
	<u>11,435</u>	<u>18,582</u>
Financing activities:		
Proceeds from issue of redeemable units	111	95
Payments on redemption of redeemable units	(11,546)	(18,677)
	<u>(11,435)</u>	<u>(18,582)</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2002 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 18,562	\$ 8,034	\$ 30,057	\$ 13,353
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>21</u>	<u>21</u>
Total Investments	<u>\$ 18,567</u>	<u>\$ 8,039</u>	<u>\$ 30,078</u>	<u>\$ 13,374</u>

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2002 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2002 Private Placement Fund.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 17,377	93.6 %	\$ 29,361	97.6 %
Foreign Currency Contracts	(1)	- %	-	- %
BCI Money Market Funds	1,186	6.4 %	17	0.1 %
Net Investment-Related Receivables	-	- %	679	2.3 %
	<u>\$ 18,562</u>	<u>100.0 %</u>	<u>\$ 30,057</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

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

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

DERIVATIVE LIABILITIES (in 000s)	2017				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (1,170)	\$ (1,170)	\$ (1,170)	\$ -	\$ -
Inflows	1,169	1,169	1,169	-	-
	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2002 PRIVATE PLACEMENT FUND

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

Interest Rate Risk

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

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Euro	\$ 260	1.4 %	\$ 246	0.8 %
United States Dollar	17,021	92.2 %	29,598	98.4 %
Net Exposure	<u>\$ 17,281</u>	<u>93.6 %</u>	<u>\$ 29,844</u>	<u>99.3 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$173,000 Cdn (2016 - \$298,000 Cdn), representing 0.9% of the Fund's net assets (2016 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017	2016
Euro	\$ 554	\$ 333
United States Dollar	2,907	3,111
	<u>\$ 3,461</u>	<u>\$ 3,444</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$35,000 Cdn (2016 - \$34,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2002 PRIVATE PLACEMENT FUND

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

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$1,857,000 (2016 - \$3,008,000) or 10.1% (2016 – 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

2017				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 1,191	\$ -	\$ -	\$ 1,191
Foreign Currency Contracts	-	(1)	-	(1)
Unlisted Private Equity Investee Funds	-	-	17,377	17,377
Total Investments	\$ 1,191	\$ (1)	\$ 17,377	\$ 18,567

2016				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Net Investment-Related Receivables	\$ -	\$ 679	\$ -	\$ 679
BCI Money Market Funds	38	-	-	38
Unlisted Private Equity Investee Funds	-	-	29,361	29,361
Total Investments	\$ 38	\$ 679	\$ 29,361	\$ 30,078

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2002 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy (continued)

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

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.

	2017
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 29,361
Total gains or (losses) recognized in profit or loss	23
Purchases	-
Sales	(12,007)
Balance, end of year	<u>\$ 17,377</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (5,759)</u>
	2016
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 47,577
Total gains or (losses) recognized in profit or loss	(4,630)
Purchases	406
Sales	(13,992)
Balance, end of year	<u>\$ 29,361</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (11,604)</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Fund	\$ 17,377	Unadjusted Net Asset Value	Net Asset Value	\$ 17,377	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 29,361	Unadjusted Net Asset Value	Net Asset Value	\$ 29,361	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2002 PRIVATE PLACEMENT FUND

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) **Net Asset Value:**
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

Effects of Unobservable Inputs on Fair Value Measurement

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2017	2016
Favourable	\$ 1,738	\$ 2,936
Unfavourable	\$ (1,738)	\$ (2,936)

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

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$18,562,000 (2016 - \$30,057,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 1,191
Unlisted private equity investee funds administered by third party managers	4	\$ 220,580	\$ 17,377

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2002 PRIVATE PLACEMENT FUND

Involvement with Structured Entities (continued)
as at December 31

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,645	\$ 17
Unlisted private equity investee funds administered by third party managers	5	\$ 420,555	\$ 29,361

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

Statement of Financial Position (all amounts in thousands <i>except number of units</i>)			
	Note	December 31, 2017	December 31, 2016
Assets			
Investments		<u>\$ 32,563</u>	<u>\$ 32,875</u>
Liabilities			
BCI cost recoveries payable	4	134	8
Other accounts payable		<u>11</u>	<u>12</u>
		<u>145</u>	<u>20</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 32,418</u></u>	<u><u>\$ 32,855</u></u>
<i>Number of redeemable units outstanding</i>	5	17.230	20.204
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 1,881</u></u>	<u><u>\$ 1,626</u></u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Income (all amounts in thousands)			
	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Change in fair value of investments:	7		
Net realized gain		\$ 3,289	\$ 29,927
Net change in unrealized appreciation (depreciation)		<u>1,652</u>	<u>(42,414)</u>
Total revenue		<u>4,941</u>	<u>(12,487)</u>
Expenses:			
BCI cost recoveries	4	313	104
Administrative fees		<u>19</u>	<u>20</u>
Total operating expenses		<u>332</u>	<u>124</u>
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		<u>4,609</u>	<u>(12,611)</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(3,058)</u>	<u>(29,815)</u>
		<u>(3,058)</u>	<u>(29,815)</u>
Increase (decrease) in net assets attributable to holders of redeemable units		<u><u>\$ 1,551</u></u>	<u><u>\$ (42,426)</u></u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 32,855	\$ 88,422
Increase (decrease) in net assets attributable to holders of redeemable units	1,551	(42,426)
Redeemable unit transactions:		
Proceeds from units issued	182	132
Reinvestment of distributions	3,058	29,815
Amounts paid for units redeemed	(5,228)	(43,088)
Net decrease from redeemable unit transactions	(1,988)	(13,141)
Balance, end of year	\$ 32,418	\$ 32,855

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 1,551	\$ (42,426)
Adjustments for:		
Net realized gain from investments	(3,289)	(29,927)
Net change in unrealized (appreciation) depreciation from investments	(1,652)	42,414
Non cash distributions	3,058	29,815
Proceeds from sale of investments	5,434	43,209
Amounts paid for purchase of investments	(181)	(131)
BCI cost recoveries payable	126	1
Other accounts payable	(1)	1
	<u>5,046</u>	<u>42,956</u>
Financing activities:		
Proceeds from issue of redeemable units	182	132
Payments on redemption of redeemable units	(5,228)	(43,088)
	<u>(5,046)</u>	<u>(42,956)</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 32,558	\$ 10,807	\$ 32,846	\$ 12,747
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>29</u>	<u>29</u>
Total Investments	<u>\$ 32,563</u>	<u>\$ 10,812</u>	<u>\$ 32,875</u>	<u>\$ 12,776</u>

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2003 Private Placement Fund.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 5,671	17.5 %	\$ 5,588	17.0 %
Unlisted Private Equity Investee Funds	26,871	82.5 %	26,212	79.8 %
BCI Money Market Funds	16	- %	17	0.1 %
Net Investment-Related Receivables	-	- %	1,029	3.1 %
	<u>\$ 32,558</u>	<u>100.0 %</u>	<u>\$ 32,846</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

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

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

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

Currency Risk

The Fund holds net financial assets denominated in U.S. currency totalling \$7,000 Cdn which represents less than 0.1% of the net asset value of the Fund (2016 - \$5,142,000 Cdn which represented 15.7% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity and unlisted private equity investee funds. Such exposure may include currencies not indicated above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, 2017, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by less than \$1,000 Cdn (2016 - \$51,000 Cdn), representing less than 0.1% of the Fund's net assets (2016 - 0.2%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. totalling \$nil Cdn (2016 - \$142,000 Cdn). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively by \$nil Cdn (2016 - \$1,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

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

Other Price Risk

The investments are held in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Software & Services	\$ 5,671	17.4 %	\$ 5,588	17.6 %
Total Unlisted Private Equity Investee Funds in diversified industries	26,871	82.6 %	26,212	82.4 %
	<u>\$ 32,542</u>	<u>100.0 %</u>	<u>\$ 31,800</u>	<u>100.0 %</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

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

Other Price Risk (continued)

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Canada	\$ 5,671	17.4 %	\$ 5,588	17.6 %
Total Unlisted Private Equity Investee Funds diversified globally	26,871	82.6 %	26,212	82.4 %
	<u>\$ 32,542</u>	<u>100.0 %</u>	<u>\$ 31,800</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$3,256,000 (2016 - \$3,288,000) or 10.0% (2016 - 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

(in 000s)	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
BCI Money Market Funds	\$ 21	\$ -	\$ -	\$ 21
Direct Private Equity Investments	-	-	5,671	5,671
Unlisted Private Equity Investee Funds	-	-	26,871	26,871
Total Investments	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 32,542</u>	<u>\$ 32,563</u>

(in 000s)	2016			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Net Investment-Related Receivables	\$ -	\$ 1,029	\$ -	\$ 1,029
BCI Money Market Funds	46	-	-	46
Direct Private Equity Investments	-	-	5,588	5,588
Unlisted Private Equity Investee Funds	-	-	26,212	26,212
Total Investments	<u>\$ 46</u>	<u>\$ 1,029</u>	<u>\$ 31,800</u>	<u>\$ 32,875</u>

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy (continued)

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

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.

	2017		
	Direct Private	Private Equity	
(in 000s)	Equity	Investee	
	Investments	Funds	Total
Balance, beginning of year	\$ 5,588	\$ 26,212	\$ 31,800
Total gains or (losses) recognized in profit or loss	83	4,641	4,724
Purchases	-	-	-
Sales	-	(3,982)	(3,982)
Balance, end of year	\$ 5,671	\$ 26,871	\$ 32,542
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 83	\$ 12,660	\$ 12,743

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

Fair Value Hierarchy (continued)

	2016		
	Direct Private	Private Equity	
(in 000s)	Equity	Investee	
	Investments	Funds	Total
Balance, beginning of year	\$ 8,734	\$ 71,514	\$ 80,248
Total gains or (losses) recognized in profit or loss	(3,146)	(23,764)	(26,910)
Purchases	-	-	-
Sales	-	(21,538)	(21,538)
Balance, end of year	\$ 5,588	\$ 26,212	\$ 31,800
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (3,146)	\$ (23,029)	\$ (26,175)

During 2017 and 2016, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

2017					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 5,671	Market approach	EV / EBITDA	\$ 5,671	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Unlisted Private Equity Investee Funds	\$ 26,871	Unadjusted Net Asset Value	Net Asset Value	\$ 26,871	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
2016					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 5,588	Market approach	EV / EBITDA	\$ 5,588	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Unlisted Private Equity Investee Funds	\$ 26,212	Unadjusted Net Asset Value	Net Asset Value	\$ 26,212	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

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

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value ("EV") and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and certain direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets and value of private equity by 10%.

(in 000s)	2017	2016
Favourable	\$ 3,254	\$ 3,180
Unfavourable	\$ (3,254)	\$ (3,180)

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

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$32,558,000 (2016 - \$32,846,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 22
Unlisted private equity investee funds administered by third party managers	4	\$ 184,846	\$ 26,871

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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Involvement with Structured Entities (continued)
as at December 31

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 46
Unlisted private equity investee funds administered by third party managers	5	\$ 1,310,000	\$ 26,212

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

Statement of Financial Position (all amounts in thousands <i>except number of units</i>)			
	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 9,603	\$ 26,568
Liabilities			
BCI cost recoveries payable	4	143	12
Other accounts payable		11	12
		<u>154</u>	<u>24</u>
Net assets attributable to holders of redeemable units		<u>\$ 9,449</u>	<u>\$ 26,544</u>
<i>Number of redeemable units outstanding</i>	5	14,741	29,213
Net assets attributable to holders of redeemable units per unit		<u>\$ 641</u>	<u>\$ 909</u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Loss (all amounts in thousands)			
	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Change in fair value of investments:	7		
Net realized gain (loss)		\$ (15,483)	\$ 2,101
Net change in unrealized appreciation (depreciation)		<u>11,303</u>	<u>(4,164)</u>
Total revenue		<u>(4,180)</u>	<u>(2,063)</u>
Expenses:			
BCI cost recoveries	4	321	112
Administrative fees		<u>19</u>	<u>20</u>
Total operating expenses		<u>340</u>	<u>132</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(4,520)</u>	<u>(2,195)</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(2,115)</u>	<u>(1,981)</u>
		<u>(2,115)</u>	<u>(1,981)</u>
Decrease in net assets attributable to holders of redeemable units		<u>\$ (6,635)</u>	<u>\$ (4,176)</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 26,544	\$ 35,612
Decrease in net assets attributable to holders of redeemable units	(6,635)	(4,176)
Redeemable unit transactions:		
Proceeds from units issued	224	160
Reinvestment of distributions	2,115	1,981
Amounts paid for units redeemed	(12,799)	(7,033)
Net decrease from redeemable unit transactions	(10,460)	(4,892)
Balance, end of year	\$ 9,449	\$ 26,544

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (6,635)	\$ (4,176)
Adjustments for:		
Net realized (gain) loss from investments	15,483	(2,101)
Net change in unrealized (appreciation) depreciation from investments	(11,303)	4,164
Non cash distributions	2,115	1,981
Proceeds from sale of investments	13,009	7,160
Amounts paid for purchase of investments	(224)	(161)
BCI cost recoveries payable	131	5
Other accounts payable	(1)	1
	<u>12,575</u>	<u>6,873</u>
Financing activities:		
Proceeds from issue of redeemable units	224	160
Payments on redemption of redeemable units	(12,799)	(7,033)
	<u>(12,575)</u>	<u>(6,873)</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 9,598	\$ 9,128	\$ 26,567	\$ 37,401
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>1</u>	<u>-</u>
Total Investments	<u>\$ 9,603</u>	<u>\$ 9,133</u>	<u>\$ 26,568</u>	<u>\$ 37,401</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2004 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equities	\$ 7	- %	\$ -	- %
Unlisted Private Equity Investee Funds	9,565	99.7 %	26,540	99.9 %
BCI Money Market Funds	26	0.3 %	27	0.1 %
	<u>\$ 9,598</u>	<u>100.0 %</u>	<u>\$ 26,567</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

Interest Rate Risk

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

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets
Euro	\$ -	- %	\$ 1,841	6.9 %
United States Dollar	2,927	31.0 %	9,828	37.0 %
Net Exposure	<u>\$ 2,927</u>	<u>31.0 %</u>	<u>\$ 11,669</u>	<u>44.0 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$29,000 Cdn (2016 - \$117,000 Cdn), representing 0.3% of the Fund's net assets (2016 - 0.4%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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Financial Risk Management Discussion (continued)
as at December 31

Currency Risk (continued)

As at December 31, the Fund had no additional exposure to currency risk through its future unfunded commitments. In 2016, the Fund had the following additional exposure to currency risk through its unfunded commitments:

CURRENCY (Cdn 000s)	2016
Euro	\$ 6
United States Dollar	74
	<u>\$ 80</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$nil Cdn (2016 - \$1,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk (continued)

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$960,000 (2016 - \$2,657,000) or 10.2% (2016 – 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 31	\$ -	\$ -	\$ 31
Direct Private Equity Investment	-	-	7	7
Unlisted Private Equity Investee Funds	-	-	9,565	9,565
Total Investments	\$ 31	\$ -	\$ 9,572	\$ 9,603

	2016			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 28	\$ -	\$ -	\$ 28
Unlisted Private Equity Investee Funds	-	-	26,540	26,540
Total Investments	\$ 28	\$ -	\$ 26,540	\$ 26,568

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

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

Fair Value Hierarchy (continued)

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

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.

	2017		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ -	\$ 26,540	\$ 26,540
Total gains or (losses) recognized in profit or loss	(600)	(4,953)	(5,553)
Purchases	828	455	1,283
Sales	(221)	(12,477)	(12,698)
Balance, end of year	\$ 7	\$ 9,565	\$ 9,572

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (19)	\$ 47,560	\$ 47,541
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	2016	
	Unlisted Private Equity Investee Funds	
(in 000s)		
Balance, beginning of year	\$ 34,717	
Total gains or (losses) recognized in profit or loss	(2,999)	
Purchases	127	
Sales	(5,305)	
Balance, end of year	\$ 26,540	

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (7,298)	
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During 2017 and 2016, there were no significant transfers into or out of Level 3.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

2017					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity	\$ 7	Market Approach	EV/EBITDA	\$ 7	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Unlisted Private Equity Investee Funds	\$ 9,565	Unadjusted Adjusted Net Asset Value	Net Asset Value	\$ 9,565	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
2016					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 26,540	Unadjusted Adjusted Net Asset Value	Net Asset Value	\$ 26,540	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

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

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value ("EV") and EBITDA multiples:
Represent amounts that market participants would use when pricing the investments. EV and EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

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

Effects of Unobservable Inputs on Fair Value Measurement

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2017	2016
Favourable	\$ 957	\$ 2,654
Unfavourable	\$ (957)	\$ (2,654)

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

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$9,598,000 (2016 - \$26,567,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 31
Unlisted private equity investee funds administered by third party managers	5	\$ 77,642	\$ 9,565

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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Involvement with Structured Entities (continued)
as at December 31

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 26
Unlisted private equity investee funds administered by third party managers	8	\$ 285,343	\$ 26,540

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 64,938	\$ 184,876
Liabilities			
BCI cost recoveries payable	4	286	29
Other accounts payable		11	12
		<u>297</u>	<u>41</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 64,641</u></u>	<u><u>\$ 184,835</u></u>
<i>Number of redeemable units outstanding</i>	5	50.167	159.455
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 1,289</u></u>	<u><u>\$ 1,159</u></u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 1	\$ -
Change in fair value of investments and derivatives:	7		
Net realized gain		83,081	45,874
Net change in unrealized depreciation		<u>(81,094)</u>	<u>(56,404)</u>
Total revenue		<u>1,988</u>	<u>(10,530)</u>
Expenses:			
BCI cost recoveries	4	712	272
External management fees		20	128
Administrative fees		19	20
Total operating expenses		<u>751</u>	<u>420</u>
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		<u>1,237</u>	<u>(10,950)</u>
Distributions to holders of redeemable units:			
From net realized gains on investments and derivatives		<u>(82,544)</u>	<u>(45,467)</u>
		<u>(82,544)</u>	<u>(45,467)</u>
Decrease in net assets attributable to holders of redeemable units		<u><u>\$ (81,307)</u></u>	<u><u>\$ (56,417)</u></u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 184,835	\$ 260,831
Decrease in net assets attributable to holders of redeemable units	(81,307)	(56,417)
Redeemable unit transactions:		
Proceeds from units issued	933	726
Reinvestment of distributions	82,544	45,467
Amounts paid for units redeemed	(122,364)	(65,772)
Net decrease from redeemable unit transactions	(38,887)	(19,579)
Balance, end of year	\$ 64,641	\$ 184,835

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (81,307)	\$ (56,417)
Adjustments for:		
Interest income	(1)	-
Net realized gain from investments and derivatives	(83,081)	(45,874)
Net change in unrealized depreciation from investments and derivatives	81,094	56,404
Non cash distributions	82,544	45,467
Proceeds from sale of investments	122,979	66,361
Amounts paid for purchase of investments	(1,054)	(907)
BCI cost recoveries payable	257	11
Other accounts payable	(1)	1
Interest received	1	-
	<u>121,431</u>	<u>65,046</u>
Financing activities:		
Proceeds from issue of redeemable units	933	726
Payments on redemption of redeemable units	(122,364)	(65,772)
	<u>(121,431)</u>	<u>(65,046)</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 64,930	\$ 16,627	\$ 184,815	\$ 55,418
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	5	5	55	55
Fund ST3	<u>3</u>	<u>3</u>	<u>6</u>	<u>6</u>
	<u>8</u>	<u>8</u>	<u>61</u>	<u>61</u>
Total Investments	<u>\$ 64,938</u>	<u>\$ 16,635</u>	<u>\$ 184,876</u>	<u>\$ 55,479</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2005 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 6,122	9.4 %	\$ 8,171	4.4 %
Direct Private Debt Investments	-	- %	7,017	3.8 %
Unlisted Private Equity Investee Funds	51,923	80.0 %	167,199	90.5 %
Foreign Currency Contracts	(1)	- %	-	- %
BCI Money Market Funds	1,500	2.3 %	540	0.3 %
Cash	-	- %	66	- %
Net Investment-Related Receivables	5,386	8.3 %	1,822	1.0 %
	<u>\$ 64,930</u>	<u>100.0 %</u>	<u>\$ 184,815</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

The majority of the private debt investments are in closely held private companies where the Fund has a significant ownership percentage. Due to the private nature of the debt, it is not subject to rating by a rating agency. The maximum credit risk exposure is \$nil Cdn (2016 - \$7,017,000 Cdn).

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

DERIVATIVE LIABILITIES (in 000s)	2017				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (1,472)	\$ (1,472)	\$ (1,472)	\$ -	\$ -
Inflows	1,471	1,471	1,471	-	-
	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

The Fund holds debt investments in conjunction with equity investments in one private company. As at December 31, the Fund invested in the following debt instruments:

INTEREST RATE RISK	2016		
	Carrying Value (in 000s)	Interest Rate	Maturity Date
Fixed-rate debt	<u>\$ 7,017</u>	<u>15%</u>	<u>2055</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

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

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment-		Net Investments and Investment-	
	Related Receivables	% of Total Net Assets	Related Receivables	% of Total Net Assets
Euro	\$ 11,597	17.9 %	\$ 43,399	23.5 %
United States Dollar	50,618	78.3 %	140,072	75.8 %
Net Exposure	<u>\$ 62,215</u>	<u>96.2 %</u>	<u>\$ 183,471</u>	<u>99.3 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$622,000 Cdn (2016 - \$1,835,000 Cdn), representing 1.0% of the Fund's net assets (2016 – 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017	2016
Euro	\$ 7,519	\$ 11,556
United States Dollar	18,109	33,490
	<u>\$ 25,628</u>	<u>\$ 45,046</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$256,000 Cdn (2016 - \$450,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

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

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments, direct private debt and unlisted private equity investee funds are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Consumer Discretionary	\$ 6,122	10.5 %	\$ 15,188	8.3 %
Total Unlisted Private Equity Investee Funds in diversified industries	51,923	89.5 %	167,199	91.7 %
	<u>\$ 58,045</u>	<u>100.0 %</u>	<u>\$ 182,387</u>	<u>100.0 %</u>

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

Other Price Risk (continued)

The Fund's direct private equity, direct private debt and private equity investee fund investments are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Europe	\$ 6,122	10.5 %	\$ 15,188	8.3 %
Total Unlisted Private Equity Investee Funds diversified globally	51,923	89.5 %	167,199	91.7 %
	<u>\$ 58,045</u>	<u>100.0 %</u>	<u>\$ 182,387</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$6,494,000 (2016 - \$18,488,000) or 10.0% (2016 - 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Net Investment-Related				
Receivables	\$ -	\$ 5,386	\$ -	\$ 5,386
BCI Money Market Funds	1,508	-	-	1,508
Direct Private Equity Investments	-	-	6,122	6,122
Foreign Currency Contracts	-	(1)	-	(1)
Unlisted Private Equity Investee Funds	-	-	51,923	51,923
Total Investments	\$ 1,508	\$ 5,385	\$ 58,045	\$ 64,938

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

Fair Value Hierarchy (continued)

	2016			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Cash	\$ 66	\$ -	\$ -	\$ 66
Net Investment-Related				
Receivables	-	1,822	-	1,822
BCI Money Market Funds	601	-	-	601
Direct Private Equity Investments	-	-	8,171	8,171
Direct Private Debt Investments	-	-	7,017	7,017
Unlisted Private Equity Investee Funds	-	-	167,199	167,199
Total Investments	\$ 667	\$ 1,822	\$ 182,387	\$ 184,876

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy (continued)

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

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.

	2017			
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)				
Balance, beginning of year	\$ 8,171	\$ 7,017	\$ 167,199	\$ 182,387
Total gains or (losses) recognized in profit or loss	(1,706)	269	3,566	2,129
Purchases	-	-	86	86
Sales	(343)	(7,286)	(118,928)	(126,557)
Balance, end of year	<u>\$ 6,122</u>	<u>\$ -</u>	<u>\$ 51,923</u>	<u>\$ 58,045</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (1,744)</u>	<u>\$ 367</u>	<u>\$ 33,669</u>	<u>\$ 32,292</u>

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

Fair Value Hierarchy (continued)

	2016			
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)				
Balance, beginning of year	\$ 13,984	\$ 7,486	\$ 234,172	\$ 255,642
Total gains or (losses) recognized in profit or loss	(4,886)	(469)	(16,991)	(22,346)
Purchases	-	-	1,019	1,019
Sales	(927)	-	(51,001)	(51,928)
Balance, end of year	<u>\$ 8,171</u>	<u>\$ 7,017</u>	<u>\$ 167,199</u>	<u>\$ 182,387</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (4,912)</u>	<u>\$ 562</u>	<u>\$ (32,993)</u>	<u>\$ (37,343)</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 6,122	Unadjusted Net Asset Value	Net Asset Value	\$ 6,122	The estimated fair value would increase (decrease) if the net asset value was higher (lower).
Unlisted Private Equity Investee Funds	\$ 51,923	Unadjusted Net Asset Value	Net Asset Value	\$ 51,923	The estimated fair value would increase (decrease) if the net asset value was higher (lower).

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 8,171	Unadjusted Net Asset Value	Net Asset Value	\$ 8,171	The estimated fair value would increase (decrease) if the net asset value was higher (lower).
Direct Private Debt Investments	\$ 7,017	Market approach	EV / EBITDA	\$ 7,017	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Unlisted Private Equity Investee Funds	\$ 167,199	Unadjusted Net Asset Value	Net Asset Value	\$ 167,199	The estimated fair value would increase (decrease) if the net asset value was higher (lower).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

Fair Value Measurement Discussion (continued)
as at December 31

Significant unobservable inputs are developed as follows:

(i) Enterprise Value ("EV") and EBITDA multiples:

EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

(ii) Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity and direct private debt investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds, direct private equity and direct private debt investments were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%.

(in 000s)	2017	2016
Favourable	\$ 5,805	\$ 18,239
Unfavourable	\$ (5,805)	\$ (18,239)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

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

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$64,930,000 (2016 - \$184,815,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 1,508
Unlisted private equity investee funds administered by third party managers	8	\$ 807,638	\$ 51,923

**Involvement with Structured Entities (continued)
as at December 31**

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 601
Unlisted private equity investee funds administered by third party managers	12	\$ 10,910,124	\$ 167,199

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2006 PRIVATE PLACEMENT FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 144,836	\$ 295,572
Liabilities			
BCI cost recoveries payable	4	318	32
Other accounts payable		11	12
		<u>329</u>	<u>44</u>
Net assets attributable to holders of redeemable units		<u>\$ 144,507</u>	<u>\$ 295,528</u>
<i>Number of redeemable units outstanding</i>	5	64.510	132.458
Net assets attributable to holders of redeemable units per unit		<u>\$ 2,240</u>	<u>\$ 2,231</u>
<i>Unfunded committed capital</i>	6		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Loss

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 1	\$ -
Change in fair value of investments and derivatives:	7		
Net realized gain		\$ 88,527	\$ 88,289
Net change in unrealized depreciation		<u>(89,134)</u>	<u>(142,651)</u>
Total revenue		<u>(606)</u>	<u>(54,362)</u>
Expenses:			
BCI cost recoveries	4	782	336
Administrative fees		19	20
Total operating expenses		<u>801</u>	<u>356</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(1,407)</u>	<u>(54,718)</u>
Distributions to holders of redeemable units:			
From net realized gains on investments and derivatives		<u>(87,971)</u>	<u>(87,945)</u>
		<u>(87,971)</u>	<u>(87,945)</u>
Decrease in net assets attributable to holders of redeemable units		<u>\$ (89,378)</u>	<u>\$ (142,663)</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2006 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 295,528	\$ 496,732
Decrease in net assets attributable to holders of redeemable units	(89,378)	(142,663)
Redeemable unit transactions:		
Proceeds from units issued	1,009	578
Reinvestment of distributions	87,971	87,945
Amounts paid for units redeemed	<u>(150,623)</u>	<u>(147,064)</u>
Net decrease from redeemable unit transactions	<u>(61,643)</u>	<u>(58,541)</u>
Balance, end of year	<u>\$ 144,507</u>	<u>\$ 295,528</u>

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (89,378)	\$ (142,663)
Adjustments for:		
Interest income	(1)	-
Net realized gain from investments and derivatives	(88,527)	(88,289)
Net change in unrealized depreciation from investments and derivatives	89,134	142,651
Non cash distributions	87,971	87,945
Proceeds from sale of investments	151,138	147,405
Amounts paid for purchase of investments	(1,009)	(578)
BCI cost recoveries payable	286	14
Other accounts payable	(1)	1
Interest received	1	-
	<u>149,614</u>	<u>146,486</u>
Financing activities:		
Proceeds from issue of redeemable units	1,009	578
Payments on redemption of redeemable units	<u>(150,623)</u>	<u>(147,064)</u>
	<u>(149,614)</u>	<u>(146,486)</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	<u>-</u>	<u>-</u>
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2006 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 144,831	\$ 58,639	\$ 295,572	\$ 120,246
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 144,836</u>	<u>\$ 58,644</u>	<u>\$ 295,572</u>	<u>\$ 120,246</u>

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2006 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2006 Private Placement Fund.

The Fund holds its private equity investments through a corporation. The corporation hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 139,743	96.5 %	\$ 291,309	98.6 %
Foreign Currency Contracts	1	- %	1	- %
BCI Money Market Funds	4,318	3.0 %	3,397	1.1 %
Net Investment-Related Receivables	769	0.5 %	865	0.3 %
	<u>\$ 144,831</u>	<u>100.0 %</u>	<u>\$ 295,572</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

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

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

DERIVATIVE LIABILITIES (in 000s)	2017				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (1,367)	\$ (1,367)	\$ (1,367)	\$ -	\$ -
Inflows	1,368	1,368	1,368	-	-
	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>

DERIVATIVE LIABILITIES (in 000s)	2016				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (865)	\$ (865)	\$ (865)	\$ -	\$ -
Inflows	866	866	866	-	-
	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2006 PRIVATE PLACEMENT FUND

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

Interest Rate Risk

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

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Euro	\$ 13,984	9.7 %	\$ 40,959	13.9 %
United States Dollar	113,627	78.6 %	214,079	72.4 %
Net Exposure	<u>\$ 127,611</u>	<u>88.3 %</u>	<u>\$ 255,038</u>	<u>86.3 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$1,276,000 Cdn (2016 - \$2,550,000 Cdn), representing 0.9% of the Fund's net assets (2016 - 0.9%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017	2016
Euro	\$ 1,787	\$ 11,203
United States Dollar	7,049	23,104
	<u>\$ 8,836</u>	<u>\$ 34,307</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$88,000 Cdn (2016 - \$343,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

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

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$14,484,000 (2016 - \$29,557,000) or 10.0% (2016 – 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

2017				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Net Investment-Related				
Receivables	\$ -	\$ 769	\$ -	\$ 769
BCI Money Market Funds	4,323	-	-	4,323
Foreign Currency Contracts	-	1	-	1
Unlisted Private Equity Investee Funds	-	-	139,743	139,743
Total Investments	\$ 4,323	\$ 770	\$ 139,743	\$ 144,836
2016				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Net Investment-Related				
Receivables	\$ -	\$ 865	\$ -	\$ 865
BCI Money Market Funds	3,397	-	-	3,397
Foreign Currency Contracts	-	1	-	1
Unlisted Private Equity Investee Funds	-	-	291,309	291,309
Total Investments	\$ 3,397	\$ 866	\$ 291,309	\$ 295,572

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

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

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.

	2017		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ -	\$ 291,309	\$ 291,309
Total gains or (losses) recognized in profit or loss	34	2,574	2,608
Purchases	-	966	966
Sales	(34)	(155,106)	(155,140)
Balance, end of year	\$ -	\$ 139,743	\$ 139,743
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ -	\$ (30,062)	\$ (30,062)

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

Fair Value Hierarchy (continued)

	2016		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 78	\$ 490,110	\$ 490,188
Total gains or (losses) recognized in profit or loss	(78)	(73,610)	(73,688)
Purchases	-	3,955	3,955
Sales	-	(129,146)	(129,146)
Balance, end of year	\$ -	\$ 291,309	\$ 291,309
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (78)	\$ (142,651)	\$ (142,729)

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

2017					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 137,042	Undjusted Net Asset Value	Net Asset Value	\$ 137,042	The estimated fair value would increase (decrease) if the net asset value was higher (lower).
Unlisted Private Equity Investee Funds	\$ 2,701	Adjusted Net Asset Value	Net Asset Value	\$ 1,458	The estimated fair value would increase (decrease) if:
			Fair Value Adjustment	\$ 1,243	-The fair value of unlisted private equity investee -The fair value adjustment was lower (higher).
2016					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 291,310	Unadjusted Net Asset Value	Net Asset Value	\$ 291,310	The estimated fair value would increase (decrease) if the net asset value was higher (lower).

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

Significant unobservable inputs are developed as follows:

- (i) **Net Asset Value:**
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

- (ii) **Fair Value Adjustment:**
Represents total adjustments applied to the net asset value of the investee funds. BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets and value of private equity by 10%.

(in 000s)	2017	2016
Favourable	\$ 13,974	\$ 29,131
Unfavourable	\$ (13,974)	\$ (29,131)

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

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$144,831,000 (2016 - \$295,572,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 4,323
Unlisted private equity investee funds administered by third party managers	8	\$ 2,995,104	\$ 139,743

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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Involvement with Structured Entities (continued)
as at December 31

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 3,397
Unlisted private equity investee funds administered by third party managers	9	\$ 13,408,226	\$ 291,309

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 365,147	\$ 572,660
Liabilities			
BCI cost recoveries payable	4	531	56
Other accounts payable		11	12
		<u>542</u>	<u>68</u>
Net assets attributable to holders of redeemable units		<u>\$ 364,605</u>	<u>\$ 572,592</u>
<i>Number of redeemable units outstanding</i>	5	183.642	327.634
Net assets attributable to holders of redeemable units per unit		<u>\$ 1,985</u>	<u>\$ 1,748</u>
<i>Unfunded committed capital</i>	6		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 1	\$ 1
Change in fair value of investments and derivatives:	7		
Net realized gain		126,659	48,881
Net change in unrealized depreciation		<u>(88,076)</u>	<u>(9,002)</u>
Total revenue		<u>38,584</u>	<u>39,880</u>
Expenses:			
BCI cost recoveries	4	1,422	579
Administrative fees		20	20
Total operating expenses		<u>1,442</u>	<u>599</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>37,142</u>	<u>39,281</u>
Distributions to holders of redeemable units:			
From net realized gains on investments and derivatives		<u>(125,618)</u>	<u>(48,295)</u>
		<u>(125,618)</u>	<u>(48,295)</u>
Decrease in net assets attributable to holders of redeemable units		<u>\$ (88,476)</u>	<u>\$ (9,014)</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2007 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 572,592	\$ 622,383
Decrease in net assets attributable to holders of redeemable units	(88,476)	(9,014)
Redeemable unit transactions:		
Proceeds from units issued	1,550	8,712
Reinvestment of distributions	125,618	48,295
Amounts paid for units redeemed	(246,679)	(97,784)
Net decrease from redeemable unit transactions	(119,511)	(40,777)
Balance, end of year	\$ 364,605	\$ 572,592

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (88,476)	\$ (9,014)
Adjustments for:		
Interest income	(1)	(1)
Net realized gain from investments and derivatives	(126,659)	(48,881)
Net change in unrealized depreciation from investments and derivatives	88,076	9,002
Non cash distributions	125,618	48,295
Proceeds from sale of investments	247,646	98,885
Amounts paid for purchase of investments	(1,550)	(9,239)
BCI cost recoveries payable	475	23
Other accounts payable	(1)	1
Interest received	1	1
	<u>245,129</u>	<u>89,072</u>
Financing activities:		
Proceeds from issue of redeemable units	1,550	8,712
Payments on redemption of redeemable units	(246,679)	(97,784)
	<u>(245,129)</u>	<u>(89,072)</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2007 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 365,142	\$ 146,636	\$ 572,515	\$ 265,932
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>145</u>	<u>146</u>
Total Investments	<u>\$ 365,147</u>	<u>\$ 146,641</u>	<u>\$ 572,660</u>	<u>\$ 266,078</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2007 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 3,598	1.0 %	\$ 15,868	2.8 %
Direct Private Debt Investments	-	- %	23,253	4.1 %
Unlisted Private Equity Investee Funds	298,493	81.8 %	508,299	88.8 %
Foreign Currency Contracts	(4)	- %	-	- %
BCI Money Market Funds	7,039	1.9 %	4,751	0.8 %
Public Equities	32,491	8.9 %	20,270	3.5 %
Net Investment-Related Receivables	23,525	6.4 %	74	- %
	<u>\$ 365,142</u>	<u>100.0 %</u>	<u>\$ 572,515</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

The majority of the private debt investments are in closely held private companies. Due to the private nature of the debt, it is not subject to rating by a rating agency. There is no credit risk exposure in 2017. Maximum exposure in 2016 was \$23,253,000 Cdn).

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

Liquidity Risk

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's remaining non-derivative liabilities are due within three months of the year-end of the Fund.

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

DERIVATIVE LIABILITIES (in 000s)	2017				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (6,695)	\$ (6,695)	\$ (6,695)	\$ -	\$ -
Inflows	6,691	6,691	6,691	-	-
	<u>\$ (4)</u>	<u>\$ (4)</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

The Fund holds debt investments in conjunction with equity investments in several private companies. As at December 31, the Fund invested in the following debt instruments:

INTEREST RATE RISK	2016		
	Carrying Value (in 000s)	Interest Rate	Maturity Date
Fixed-rate debt	\$ 23,253	0.00% to 9.88%	2017 to 2037

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2007 PRIVATE PLACEMENT FUND

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

Interest Rate Risk (continued)

The value of the combined debt and equity investments is calculated based on enterprise values of the private companies and the value is then allocated to the debt and equity investments. Any change in market value of the debt investments due to fluctuations in interest rates would result in an offsetting change in value of the related equity investment. Accordingly, sensitivity analysis that would measure the impact of changes in interest rates would not be meaningful and has not been provided.

As at December 31, 2017 and 2016, the Fund had no other assets or liabilities which change in value as a result of changes in the interest rates.

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets
Brazilian Real	\$ 32,491	8.9 %	\$ 20,270	3.5 %
Euro	26,936	7.4 %	41,774	7.3 %
United States Dollar	247,866	68.0 %	406,511	71.0 %
Net Exposure	<u>\$ 307,293</u>	<u>84.3 %</u>	<u>\$ 468,555</u>	<u>81.8 %</u>

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

Currency Risk (continued)

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity, direct private debt and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$3,073,000 Cdn (2016 - \$4,686,000 Cdn), representing 0.8% of the Fund's net assets (2016 - 0.8%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017	2016
Euro	\$ -	\$ 3,204
United States Dollar	42,288	52,208
	<u>\$ 42,288</u>	<u>\$ 55,412</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$423,000 Cdn (2016 - \$554,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's unlisted private equity, private debt and private equity investee fund investments are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity and Debt Investments:				
Commercial & Professional Services	\$ 3,272	1.1 %	\$ 31,296	5.7 %
Food and Beverage	326	0.1 %	7,825	1.4 %
Total Direct Private Equity and Debt Investments	3,598	1.2 %	39,121	7.1 %
Total Unlisted Private Equity Investee Funds in diversified industries	298,493	98.8 %	508,299	92.9 %
	<u>\$ 302,091</u>	<u>100.0 %</u>	<u>\$ 547,420</u>	<u>100.0 %</u>

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

Other Price Risk (continued)

The Fund's direct private equity, direct private debt and private equity investee fund investments are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Europe	\$ 3,598	1.2 %	\$ 26,668	4.9 %
Latin America	-	- %	5,269	1.0 %
United States	-	- %	7,184	1.3 %
Total Direct Private Equity and Debt Investments	3,598	1.2 %	39,121	7.2 %
Total Unlisted Private Equity Investee Funds diversified globally	298,493	98.8 %	508,299	92.8 %
	<u>\$ 302,091</u>	<u>100.0 %</u>	<u>\$ 547,420</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$36,515,000 (2016 - \$57,266,000) or 10.0% (2016 - 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2017			Total
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	
(in 000s)				
Net Investment-Related				
Receivables	\$ -	\$ 23,524	\$ -	\$ 23,524
BCI Money Market Funds	7,045	-	-	7,045
Foreign Currency Contracts		(4)		(4)
Direct Private Equity Investments	-	-	3,598	3,598
Public Equities	32,491	-	-	32,491
Unlisted Private Equity Investee Funds	-	-	298,493	298,493
Total Investments	<u>\$ 39,536</u>	<u>\$ 23,520</u>	<u>\$ 302,091</u>	<u>\$ 365,147</u>

	2016			Total
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	
(in 000s)				
Net Investment-Related				
Receivables	\$ -	\$ 73	\$ -	\$ 73
BCI Money Market Funds	4,897	-	-	4,897
Direct Private Debt Investments	-	-	23,253	23,253
Direct Private Equity Investments	-	-	15,868	15,868
Public Equities	20,270	-	-	20,270
Unlisted Private Equity Investee Funds	-	-	508,299	508,299
Total Investments	<u>\$ 25,167</u>	<u>\$ 73</u>	<u>\$ 547,420</u>	<u>\$ 572,660</u>

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

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

Fair Value Hierarchy (continued)

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

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.

	2017			
	Direct Private Debt Investments	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)				
Balance, beginning of year	\$ 23,253	\$ 15,868	\$ 508,299	\$ 547,420
Total gains or (losses) recognized in profit or loss	(2,756)	4,925	206	2,375
Purchases	-	10	4,774	4,784
Sales	(20,497)	(17,205)	(214,786)	(252,488)
Balance, end of year	<u>\$ -</u>	<u>\$ 3,598</u>	<u>\$ 298,493</u>	<u>\$ 302,091</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (3,775)</u>	<u>\$ 7,866</u>	<u>\$ (26,187)</u>	<u>\$ (22,096)</u>

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ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

Fair Value Hierarchy (continued)

	2016			
	Direct Private Debt Investments	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)				
Balance, beginning of year	\$ 23,424	\$ 10,422	\$ 554,624	\$ 588,470
Total gains or (losses) recognized in profit or loss	(1,467)	5,446	(5,300)	(1,321)
Purchases	1,296	-	13,663	14,959
Sales	-	-	(54,688)	(54,688)
Balance, end of year	<u>\$ 23,253</u>	<u>\$ 15,868</u>	<u>\$ 508,299</u>	<u>\$ 547,420</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (1,467)</u>	<u>\$ 5,445</u>	<u>\$ (14,561)</u>	<u>\$ (10,583)</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 3,598	Market Approach	EV / EBITDA	\$ 3,598	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Unlisted Private Equity Investee Funds	\$ 298,493	Unadjusted Net Asset Value	Net Asset Value	\$ 298,493	The estimated fair value would increase (decrease) if the net asset value was higher (lower).

See accompanying Notes to the Financial Statements.

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ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 15,868	Market approach	EV / EBITDA	\$ 15,868	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Debt Investments	\$ 23,253	Market approach	EV / EBITDA	\$ 23,253	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Unlisted Private Equity Investee Funds	\$ 508,299	Unadjusted Net Asset Value	Net Asset Value	\$ 508,299	The estimated fair value would increase (decrease) if the net asset value was higher (lower).

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value ("EV") and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

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

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity and direct private debt investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds, direct private equity and direct private debt investments were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%.

(in 000s)	2017	2016
Favourable	\$ 30,209	\$ 54,765
Unfavourable	\$ (30,209)	\$ (54,765)

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

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$365,142,000 (2016 - \$572,515,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 7,045
Unlisted private equity investee funds administered by third party managers	14	\$ 7,172,677	\$ 298,493

See accompanying Notes to the Financial Statements.

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Involvement with Structured Entities (continued)
as at December 31

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 727,678	\$ 4,897
Unlisted private equity investee funds administered by third party managers	17	\$ 16,385,878	\$ 508,299

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2008 PRIVATE PLACEMENT FUND

Statement of Financial Position (all amounts in thousands <i>except number of units</i>)			
	Note	December 31, 2017	December 31, 2016
Assets			
Investments		<u>\$ 537,533</u>	<u>\$ 670,119</u>
Liabilities			
BCI cost recoveries payable	4	428	55
Other accounts payable		<u>11</u>	<u>12</u>
		<u>439</u>	<u>67</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 537,094</u></u>	<u><u>\$ 670,052</u></u>
<i>Number of redeemable units outstanding</i>	5	<i>147,890</i>	<i>199,911</i>
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 3,632</u></u>	<u><u>\$ 3,352</u></u>
<i>Unfunded committed capital</i>	6		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income (all amounts in thousands)			
	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 1	\$ -
Change in fair value of investments and derivatives:	7		
Net realized gain		120,831	169,661
Net change in unrealized depreciation		<u>(83,172)</u>	<u>(127,703)</u>
Total revenue		<u>37,660</u>	<u>41,958</u>
Expenses:			
BCI cost recoveries	4	1,168	530
Administrative fees		<u>20</u>	<u>20</u>
Total operating expenses		<u>1,188</u>	<u>550</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>36,472</u>	<u>41,408</u>
Distributions to holders of redeemable units:			
From net realized gains on investments and derivatives		<u>(119,956)</u>	<u>(169,124)</u>
		<u>(119,956)</u>	<u>(169,124)</u>
Decrease in net assets attributable to holders of redeemable units		<u><u>\$ (83,484)</u></u>	<u><u>\$ (127,716)</u></u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2008 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 670,052	\$ 898,630
Decrease in net assets attributable to holders of redeemable units	(83,484)	(127,716)
Redeemable unit transactions:		
Proceeds from units issued	2,475	4,823
Reinvestment of distributions	119,956	169,124
Amounts paid for units redeemed	(171,905)	(274,809)
Net decrease from redeemable unit transactions	(49,474)	(100,862)
Balance, end of year	\$ 537,094	\$ 670,052

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (83,484)	\$ (127,716)
Adjustments for:		
Interest income	(1)	-
Net realized gain from investments and derivatives	(120,831)	(169,661)
Net change in unrealized depreciation from investments and derivatives	83,172	127,703
Non cash distributions	119,956	169,124
Proceeds from sale of investments	172,720	276,392
Amounts paid for purchase of investments	(2,475)	(5,880)
BCI cost recoveries payable	373	23
Other accounts payable	(1)	1
Interest received	1	-
	<u>169,430</u>	<u>269,986</u>
Financing activities:		
Proceeds from issue of redeemable units	2,475	4,823
Payments on redemption of redeemable units	(171,905)	(274,809)
	<u>(169,430)</u>	<u>(269,986)</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2008 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 537,528	\$ 138,725	\$ 669,985	\$ 188,010
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>134</u>	<u>134</u>
Total Investments	<u>\$ 537,533</u>	<u>\$ 138,730</u>	<u>\$ 670,119</u>	<u>\$ 188,144</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2008 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2008 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 112,028	20.8 %	\$ 125,377	18.7 %
Unlisted Private Equity Investee Funds	406,163	75.6 %	522,074	77.9 %
Foreign Currency Contracts	(2)	- %	-	- %
BCI Money Market Funds	13,483	2.5 %	8,700	1.3 %
Net Investment-Related Receivables	5,856	1.1 %	13,834	2.1 %
	<u>\$ 537,528</u>	<u>100.0 %</u>	<u>\$ 669,985</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

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

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

DERIVATIVE LIABILITIES (in 000s)	2017				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (15,695)	\$ (15,695)	\$ (15,695)	\$ -	\$ -
Inflows	15,693	15,693	15,693	-	-
	<u>\$ (2)</u>	<u>\$ (2)</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Euro	\$ 216,901	40.4 %	\$ 286,743	42.8 %
United States Dollar	229,119	42.7 %	306,905	45.8 %
Net Exposure	<u>\$ 446,020</u>	<u>83.0 %</u>	<u>\$ 593,648</u>	<u>88.6 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$4,460,000 Cdn (2016 - \$5,936,000 Cdn), representing 0.8% of the Fund's net assets (2016 - 0.9%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017	2016
Euro	\$ 16,943	\$ 22,266
United States Dollar	56,324	67,205
	<u>\$ 73,267</u>	<u>\$ 89,471</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$733,000 Cdn (2016 - \$895,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

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

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Health Care Equipment & Services	\$ 23,824	4.6 %	\$ 43,128	6.7 %
Pharmaceuticals, Biotechnology & Life Sciences	31,559	6.1 %	31,003	4.8 %
Software & Services	56,645	10.9 %	51,246	7.9 %
Total Direct Private Equity Investments	112,028	21.6 %	125,377	19.4 %
Total Unlisted Private Equity Investee Funds in diversified industries	406,163	78.4 %	522,074	80.6 %
	<u>\$ 518,191</u>	<u>100.0 %</u>	<u>\$ 647,451</u>	<u>100.0 %</u>

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

Other Price Risk (continued)

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Europe	\$ 56,645	10.9 %	\$ 51,246	8.0 %
United States	55,383	10.7 %	74,131	11.4 %
Total Direct Private Equity Investments	112,028	21.6 %	125,377	19.4 %
Total Unlisted Private Equity Investee Funds diversified globally	406,163	78.4 %	522,074	80.6 %
	<u>\$ 518,191</u>	<u>100.0 %</u>	<u>\$ 647,451</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$53,753,000 (2016 - \$67,012,000) or 10.0% (2016 - 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2008 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2017			
	Level 1	Level 2	Level 3	Total
	(Quoted Price in Active Market)	(Significant Observable Inputs)	(Significant Unobservable Inputs)	
(in 000s)				
Net Investment-Related				
Receivables	\$ -	\$ 5,856	\$ -	\$ 5,856
BCI Money Market Funds	13,488	-	-	13,488
Direct Private Equity Investments	-	-	112,028	112,028
Foreign Currency Contracts	-	(2)	-	(2)
Unlisted Private Equity Investee Funds	-	-	406,163	406,163
Total Investments	<u>\$ 13,488</u>	<u>\$ 5,854</u>	<u>\$ 518,191</u>	<u>\$ 537,533</u>

	2016			
	Level 1	Level 2	Level 3	Total
	(Quoted Price in Active Market)	(Significant Observable Inputs)	(Significant Unobservable Inputs)	
(in 000s)				
Net Investment-Related				
Receivables	\$ -	\$ 13,834	\$ -	\$ 13,834
BCI Money Market Funds	8,834	-	-	8,834
Direct Private Equity Investments	-	-	125,377	125,377
Unlisted Private Equity Investee Funds	-	-	522,074	522,074
Total Investments	<u>\$ 8,834</u>	<u>\$ 13,834</u>	<u>\$ 647,451</u>	<u>\$ 670,119</u>

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

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

Fair Value Hierarchy (continued)

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

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.

	2017		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
	(in 000s)		
Balance, beginning of year	\$ 125,377	\$ 522,074	\$ 647,451
Total gains or (losses) recognized in profit or loss	7,753	47,065	54,818
Purchases	5,252	14,984	20,236
Sales	(26,354)	(177,960)	(204,314)
Balance, end of year	<u>\$ 112,028</u>	<u>\$ 406,163</u>	<u>\$ 518,191</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (16,164)</u>	<u>\$ (71,376)</u>	<u>\$ (87,540)</u>

See accompanying Notes to the Financial Statements.

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

Fair Value Hierarchy (continued)

	2016		
	Direct Private Equity Investments	Private Equity Investee Funds	Unlisted Total
(in 000s)			
Balance, beginning of year	\$ 257,300	\$ 625,964	\$ 883,264
Total gains or (losses) recognized in profit or loss	(2,221)	14,515	12,294
Purchases	-	20,574	20,574
Sales	(129,702)	(138,979)	(268,681)
Balance, end of year	<u>\$ 125,377</u>	<u>\$ 522,074</u>	<u>\$ 647,451</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (94,335)</u>	<u>\$ (58,211)</u>	<u>\$ (152,546)</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 112,028	Unadjusted Net Asset Value	Net Asset Value	\$ 112,028	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 374,723	Unadjusted Net Asset Value	Net Asset Value	\$ 374,723	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 31,440	Adjusted Net Asset Value	Net Asset Value	\$ 23,617	The estimated fair value would increase (decrease) if:
			Fair Value Adjustment	\$ 7,823	- The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was higher (lower).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2008 PRIVATE PLACEMENT FUND

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

2016					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 125,377	Unadjusted Net Asset Value	Net Asset Value	\$ 125,377	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 486,067	Unadjusted Net Asset Value	Net Asset Value	\$ 486,067	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 36,007	Adjusted Net Asset Value	Net Asset Value Fair Value Adjustment	\$ 18,585 \$ 17,422	The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was higher (lower).

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) **Net Asset Value:**
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.
- (ii) **Fair Value Adjustment:**
Represents total adjustments applied to the net asset value of the investee funds. BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%.

(in 000s)	2017	2016
Favourable	\$ 51,819	\$ 64,745
Unfavourable	\$ (51,819)	\$ (64,745)

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

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$537,528,000 (2016 - \$669,985,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 13,488
Unlisted private equity investee funds administered by third party managers	14	\$ 22,699,971	\$ 406,163

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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Involvement with Structured Entities (continued)
as at December 31

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 8,834
Unlisted private equity investee funds administered by third party managers	14	\$ 27,892,623	\$ 522,074

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

Statement of Financial Position (all amounts in thousands except number of units)			
	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 393,476	\$ 615,679
Liabilities			
BCI cost recoveries payable	4	259	39
Other accounts payable		11	12
		<u>270</u>	<u>51</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 393,206</u></u>	<u><u>\$ 615,628</u></u>
<i>Number of redeemable units outstanding</i>	5	393,878	879,587
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 998</u></u>	<u><u>\$ 700</u></u>
<i>Unfunded committed capital</i>	6		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income (all amounts in thousands)			
	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 1	\$ 1
Foreign exchange gain		-	3
Change in fair value of investments and derivatives:	7		
Net realized gain		168,167	45,761
Net change in unrealized appreciation (depreciation)		<u>(66,645)</u>	<u>6,996</u>
Total revenue		<u>101,523</u>	<u>52,761</u>
Expenses:			
BCI cost recoveries	4	825	378
External management fees		294	584
Administrative fees		20	20
Total operating expenses		<u>1,139</u>	<u>982</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>100,384</u>	<u>51,779</u>
Distributions to holders of redeemable units:			
From net realized gains on investments and derivatives		<u>(167,200)</u>	<u>(44,796)</u>
		<u>(167,200)</u>	<u>(44,796)</u>
Increase (decrease) in net assets attributable to holders of redeemable units		<u><u>\$ (66,816)</u></u>	<u><u>\$ 6,983</u></u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 615,628	\$ 630,732
Increase (decrease) in net assets attributable to holders of redeemable units	(66,816)	6,983
Redeemable unit transactions:		
Proceeds from units issued	6,837	30,283
Reinvestment of distributions	167,200	44,796
Amounts paid for units redeemed	(329,643)	(97,166)
Net decrease from redeemable unit transactions	(155,606)	(22,087)
Balance, end of year	\$ 393,206	\$ 615,628

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (66,816)	\$ 6,983
Adjustments for:		
Effect of exchange rate changes on cash	-	(3)
Interest income	(1)	(1)
Net realized gain from investments and derivatives	(168,167)	(45,761)
Net change in unrealized (appreciation) depreciation from investments and derivatives	66,645	(6,996)
Non cash distributions	167,200	44,796
Proceeds from sale of investments	330,796	98,812
Amounts paid for purchase of investments	(7,071)	(30,971)
BCI cost recoveries payable	220	19
Other accounts payable	(1)	1
Interest received	1	1
	<u>322,806</u>	<u>66,880</u>
Financing activities:		
Proceeds from issue of redeemable units	6,837	30,283
Payments on redemption of redeemable units	(329,643)	(97,166)
	<u>(322,806)</u>	<u>(66,883)</u>
Net decrease in cash	-	(3)
Effect of exchange rate changes on cash	-	3
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 393,471	\$ 144,809	\$ 615,615	\$ 300,308
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>64</u>	<u>64</u>
Total Investments	<u>\$ 393,476</u>	<u>\$ 144,814</u>	<u>\$ 615,679</u>	<u>\$ 300,372</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2009 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 37,965	9.6 %	\$ 66,682	10.9 %
Unlisted Private Equity Investee Funds	352,354	89.6 %	546,206	88.7 %
Foreign Currency Contracts	(1)	- %	-	- %
BCI Money Market Funds	1,982	0.5 %	1,332	0.2 %
Cash	-	- %	(80)	- %
Public Equities	1,171	0.3 %	-	- %
Net Investment-Related Receivables	-	- %	1,475	0.2 %
	<u>\$ 393,471</u>	<u>100.0 %</u>	<u>\$ 615,615</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

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

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

DERIVATIVE LIABILITIES (in 000s)	2017				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (1,946)	\$ (1,946)	\$ (1,946)	\$ -	\$ -
Inflows	1,945	1,945	1,945	-	-
	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

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

Currency Risk

The Fund holds net financial assets, including foreign currency contracts, denominated in U.S. currency totalling \$391,502,000 Cdn which represents 99.6% of the net asset value of the Fund (2016 - \$615,598,000 Cdn which represented 100.0% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity and unlisted private equity investee funds. Such exposure may include currencies not indicated above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, 2017, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$3,915,000 Cdn (2016 - \$6,156,000 Cdn), representing 1.0% of the Fund's net assets (2016 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$29,245,000 Cdn (2016 - \$69,935,000 Cdn). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$292,000 Cdn (2016 - \$699,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

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

Other Price Risk

The investments are held in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Health Care Equipment & Services	\$ 37,965	9.7 %	\$ 66,682	10.9 %
Total Unlisted Private Equity Investee Funds in diversified industries	352,354	90.3 %	546,206	89.1 %
	<u>\$ 390,319</u>	<u>100.0 %</u>	<u>\$ 612,888</u>	<u>100.0 %</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2009 PRIVATE PLACEMENT FUND

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

Other Price Risk (continued)

The Fund's unlisted private equity and private equity investee fund investments are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
United States	\$ 37,965	9.7 %	\$ 66,682	10.9 %
Total Unlisted Private Equity Investee Funds diversified globally	352,354	90.3 %	546,206	89.1 %
	<u>\$ 390,319</u>	<u>100.0 %</u>	<u>\$ 612,888</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$39,348,000 (2016 - \$61,568,000) or 10.0% (2016 – 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

(in 000s)	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Foreign Currency Contracts	\$ -	\$ (1)	\$ -	\$ (1)
BCI Money Market Funds	1,987	-	-	1,987
Public Equities	1,171	-	-	1,171
Direct Private Equity Investments	-	-	37,965	37,965
Unlisted Private Equity Investee Funds	-	-	352,354	352,354
Total Investments	<u>\$ 3,158</u>	<u>\$ (1)</u>	<u>\$ 390,319</u>	<u>\$ 393,476</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy (Continued)

	2016			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Cash	\$ -	\$ (80)	\$ -	\$ (80)
Net Investment-Related Receivables	-	1,475	-	1,475
BCI Money Market Funds	1,396	-	-	1,396
Direct Private Equity Investments	-	-	66,682	66,682
Unlisted Private Equity Investee Funds	-	-	546,206	546,206
Total Investments	\$ 1,396	\$ 1,395	\$ 612,888	\$ 615,679

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

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

Fair Value Hierarchy (Continued)

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

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.

	2017		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 66,681	\$ 546,205	\$ 612,886
Total gains or (losses) recognized in profit or loss	14,911	98,554	113,465
Purchases	-	12,129	12,129
Sales	(43,627)	(304,534)	(348,161)
Balance, end of year	\$ 37,965	\$ 352,354	\$ 390,319
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (15,139)	\$ (54,836)	\$ (69,975)

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy (Continued)

	2016		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 63,622	\$ 553,943	\$ 617,565
Total gains or (losses) recognized in profit or loss	3,059	21,013	24,072
Purchases	-	44,039	44,039
Sales	-	(72,790)	(72,790)
Balance, end of year	<u>\$ 66,681</u>	<u>\$ 546,205</u>	<u>\$ 612,886</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 3,059</u>	<u>\$ 5,861</u>	<u>\$ 8,920</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 37,965	Unadjusted Net Asset Value	Net Asset Value	\$ 37,965	The estimated fair value would increase (decrease) if the net asset value was higher (lower).
Unlisted Private Equity Investee Funds	\$ 352,354	Unadjusted Net Asset Value	Net Asset Value	\$ 352,354	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 66,682	Unadjusted Net Asset Value	Net Asset Value	\$ 66,682	The estimated fair value would increase (decrease) if the net asset value was higher (lower).
Unlisted Private Equity Investee Funds	\$ 546,206	Unadjusted Net Asset Value	Net Asset Value	\$ 546,206	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (Continued)

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%.

(in 000s)	2017	2016
Favourable	\$ 39,032	\$ 61,289
Unfavourable	\$ (39,032)	\$ (61,289)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

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

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$393,471,000 (2016 - \$615,615,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 1,987
Unlisted private equity investee funds administered by third party managers	8	\$ 10,362,272	\$ 352,354

**Involvement with Structured Entities (continued)
as at December 31**

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 1,396
Unlisted private equity investee funds administered by third party managers	10	\$ 38,793,321	\$ 546,206

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 296,887	\$ 425,237
Liabilities			
BCI cost recoveries payable	4	271	29
Other accounts payable		11	12
		<u>282</u>	<u>41</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 296,605</u></u>	<u><u>\$ 425,196</u></u>
<i>Number of redeemable units outstanding</i>	5	284.836	507.113
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 1,041</u></u>	<u><u>\$ 838</u></u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Change in fair value of investments and derivatives:	7		
Net realized gain		\$ 80,098	\$ 12,048
Net change in unrealized appreciation (depreciation)		<u>(24,076)</u>	<u>11,214</u>
Total revenue		<u>56,022</u>	<u>23,262</u>
Expenses:			
BCI cost recoveries	4	720	274
Administrative fees		19	20
Total operating expenses		<u>739</u>	<u>294</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>55,283</u>	<u>22,968</u>
Distributions to holders of redeemable units:			
From net realized gains on investments and derivatives		<u>(79,557)</u>	<u>(11,766)</u>
		<u>(79,557)</u>	<u>(11,766)</u>
Increase (decrease) in net assets attributable to holders of redeemable units		<u><u>\$ (24,274)</u></u>	<u><u>\$ 11,202</u></u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 425,196	\$ 412,285
Increase (decrease) in net assets attributable to holders of redeemable units	(24,274)	11,202
Redeemable unit transactions:		
Proceeds from units issued	9,562	33,130
Reinvestment of distributions	79,557	11,766
Amounts paid for units redeemed	(193,436)	(43,187)
Net increase (decrease) from redeemable unit transactions	(104,317)	1,709
Balance, end of year	\$ 296,605	\$ 425,196

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (24,274)	\$ 11,202
Adjustments for:		
Net realized gain from investments and derivatives	(80,098)	(12,048)
Net change in unrealized (appreciation) depreciation from investments and derivatives	24,076	(11,214)
Non cash distributions	79,557	11,766
Proceeds from sale of investments	197,582	45,240
Amounts paid for purchase of investments	(13,210)	(34,904)
BCI cost recoveries payable	242	14
Other accounts payable	(1)	1
	<u>183,874</u>	<u>10,057</u>
Financing activities:		
Proceeds from issue of redeemable units	9,562	33,130
Payments on redemption of redeemable units	(193,436)	(43,187)
	<u>(183,874)</u>	<u>(10,057)</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 296,882	\$ 158,077	\$ 425,164	\$ 262,283
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>73</u>	<u>73</u>
Total Investments	<u>\$ 296,887</u>	<u>\$ 158,082</u>	<u>\$ 425,237</u>	<u>\$ 262,356</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2010 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 292,659	98.5 %	\$ 424,890	99.9 %
Foreign Currency Contracts	2	- %	-	- %
BCI Money Market Funds	1,930	0.7 %	26	- %
Net Investment-Related Receivables	2,291	0.8 %	248	0.1 %
	<u>\$ 296,882</u>	<u>100.0 %</u>	<u>\$ 425,164</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

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

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

DERIVATIVE LIABILITIES (in 000s)	2017				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (2,292)	\$ (2,292)	\$ (2,292)	\$ -	\$ -
Inflows	2,294	2,294	2,294	-	-
	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

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

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment- Related	% of Total Net Assets	Net Investments and Investment- Related	% of Total Net Assets
	Receivables		Receivables	
Euro	\$ 69,911	23.6 %	\$ 193,014	45.4 %
United States Dollar	205,965	69.4 %	211,668	49.8 %
Net Exposure	<u>\$ 275,876</u>	<u>93.0 %</u>	<u>\$ 404,682</u>	<u>95.2 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$2,759,000 Cdn (2016 - \$4,047,000 Cdn), representing 0.9% of the Fund's net assets (2016 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017	2016
Euro	\$ 19,797	\$ 34,532
United States Dollar	27,047	39,774
	<u>\$ 46,844</u>	<u>\$ 74,306</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$468,000 Cdn (2016 - \$743,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

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

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$29,689,000 (2016 - \$42,524,000) or 10.0% (2016 – 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

		2017			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
Net Investment-Related					
Receivables	\$	-	\$ 2,291	\$ -	\$ 2,291
BCI Money Market Funds		1,935	-	-	1,935
Foreign Currency Contracts		-	2	-	2
Unlisted Private Equity Investee Funds		-	-	292,659	292,659
Total Investments	\$	1,935	\$ 2,293	\$ 292,659	\$ 296,887
		2016			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
Net Investment-Related					
Receivables	\$	-	\$ 248	\$ -	\$ 248
BCI Money Market Funds		99	-	-	99
Unlisted Private Equity Investee Funds		-	-	424,890	424,890
Total Investments	\$	99	\$ 248	\$ 424,890	\$ 425,237

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy (continued)

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

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.

	2017
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 424,890
Total gains or (losses) recognized in profit or loss	52,227
Purchases	27,910
Sales	(212,368)
Balance, end of year	<u>\$ 292,659</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (32,766)</u>
	2016
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 394,482
Total gains or (losses) recognized in profit or loss	13,644
Purchases	50,087
Sales	(33,323)
Balance, end of year	<u>\$ 424,890</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 3,821</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments, unlisted direct private debt, unlisted private equity investee funds and debt issued categorized as Level 3 in the fair value hierarchy as at December 31:

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 292,659	Unadjusted Net Asset Value	Net Asset Value	\$ 292,659	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 424,890	Unadjusted Net Asset Value	Net Asset Value	\$ 424,890	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

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

Effects of Unobservable Inputs on Fair Value Measurement

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2017	2016
Favourable	\$ 29,266	\$ 42,489
Unfavourable	\$ (29,266)	\$ (42,489)

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

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$296,882,000 (2016 - \$425,164,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 1,935
Unlisted private equity investee funds administered by third party managers	8	\$ 7,882,823	\$ 292,659

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

Involvement with Structured Entities (continued)
as at December 31

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 26
Unlisted private equity investee funds administered by third party managers	9	\$ 19,594,689	\$ 424,890

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 591,057	\$ 728,555
Liabilities			
BCI cost recoveries payable	4	372	47
Other accounts payable		11	12
		<u>383</u>	<u>59</u>
Net assets attributable to holders of redeemable units		<u>\$ 590,674</u>	<u>\$ 728,496</u>
<i>Number of redeemable units outstanding</i>	5	410.672	671.332
Net assets attributable to holders of redeemable units per unit		<u>\$ 1,438</u>	<u>\$ 1,085</u>
<i>Unfunded committed capital</i>	6		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 1	\$ -
Change in fair value of investments and derivatives:	7		
Net realized gain		106,143	9,851
Net change in unrealized appreciation		50,394	33,378
Total revenue		<u>156,538</u>	<u>43,229</u>
Expenses:			
BCI cost recoveries	4	1,176	446
Administrative fees		19	20
Total operating expenses		<u>1,195</u>	<u>466</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>155,343</u>	<u>42,763</u>
Distributions to holders of redeemable units:			
From net realized gains on investments and derivatives		(105,202)	(9,398)
		<u>(105,202)</u>	<u>(9,398)</u>
Increase in net assets attributable to holders of redeemable units		<u>\$ 50,141</u>	<u>\$ 33,365</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 728,496	\$ 597,905
Increase in net assets attributable to holders of redeemable units	50,141	33,365
Redeemable unit transactions:		
Proceeds from units issued	23,598	130,625
Reinvestment of distributions	105,202	9,398
Amounts paid for units redeemed	(316,763)	(42,797)
Net increase (decrease) from redeemable unit transactions	(187,963)	97,226
Balance, end of year	\$ 590,674	\$ 728,496

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 50,141	\$ 33,365
Adjustments for:		
Interest income	(1)	-
Net realized gain from investments and derivatives	(106,143)	(9,851)
Net change in unrealized appreciation from investments and derivatives	(50,394)	(33,378)
Non cash distributions	105,202	9,398
Proceeds from sale of investments	322,203	44,367
Amounts paid for purchase of investments	(28,168)	(131,755)
BCI cost recoveries payable	325	25
Other accounts payable	(1)	1
Interest received	1	-
	<u>293,165</u>	<u>(87,828)</u>
Financing activities:		
Proceeds from issue of redeemable units	23,598	130,625
Payments on redemption of redeemable units	(316,763)	(42,797)
	<u>(293,165)</u>	<u>87,828</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 591,052	\$ 318,976	\$ 728,438	\$ 506,756
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>117</u>	<u>117</u>
Total Investments	<u>\$ 591,057</u>	<u>\$ 318,981</u>	<u>\$ 728,555</u>	<u>\$ 506,873</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2011 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 4,115	0.7 %	\$ 5,939	0.8 %
Unlisted Private Equity Investee Funds	585,735	99.1 %	720,731	98.9 %
Foreign Currency Contracts	-	- %	(3)	- %
BCI Money Market Funds	176	- %	400	0.1 %
Net Investment-Related Receivables	1,026	0.2 %	1,371	0.2 %
	<u>\$ 591,052</u>	<u>100.0 %</u>	<u>\$ 728,438</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

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

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

DERIVATIVE LIABILITIES (in 000s)	2017				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (136)	\$ (136)	\$ (136)	\$ -	\$ -
Inflows	136	136	136	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DERIVATIVE LIABILITIES (in 000s)	2016				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (697)	\$ (697)	\$ (697)	\$ -	\$ -
Inflows	694	694	694	-	-
	<u>\$ (3)</u>	<u>\$ (3)</u>	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

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

Interest Rate Risk

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

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Australian Dollar	\$ 28,969	4.9 %	\$ 23,783	3.3 %
Euro	216,419	36.6 %	358,673	49.2 %
United States Dollar	267,383	45.3 %	271,275	37.2 %
Net Exposure	<u>\$ 512,771</u>	<u>86.8 %</u>	<u>\$ 653,731</u>	<u>89.7 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$5,128,000 Cdn (2016 - \$6,537,000 Cdn), representing 0.9% of the Fund's net assets (2016 - 0.9%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017	2016
Australian Dollar	\$ 3,485	\$ 4,487
Euro	22,151	42,438
United States Dollar	37,953	57,217
	<u>\$ 63,589</u>	<u>\$ 104,142</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$636,000 Cdn (2016 - \$1,041,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

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

Other Price Risk (continued)

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Energy	\$ 4,115	0.7 %	\$ 5,939	0.8 %
Total Unlisted Private Equity Investee Funds in diversified industries	585,735	99.3 %	720,731	99.2 %
	<u>\$ 589,850</u>	<u>100.0 %</u>	<u>\$ 726,670</u>	<u>100.0 %</u>

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Canada	\$ 4,115	0.7 %	\$ 5,939	0.8 %
Total Unlisted Private Equity Investee Funds in Canada	585,735	99.3 %	720,731	99.2 %
	<u>\$ 589,850</u>	<u>100.0 %</u>	<u>\$ 726,670</u>	<u>100.0 %</u>

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

Other Price Risk (continued)

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$59,106,000 (2016 - \$72,855,000) or 10.0% (2016 – 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2017				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)		Total
(in 000s)					
Net Investment-Related Receivables	\$ -	\$ 1,026	\$ -	\$ -	\$ 1,026
BCI Money Market Funds	181	-	-	-	181
Direct Private Equity Investments	-	-	4,115	-	4,115
Unlisted Private Equity Investee Funds	-	-	585,735	-	585,735
Total Investments	\$ 181	\$ 1,026	\$ 589,850	\$ -	\$ 591,057

	2016				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)		Total
(in 000s)					
Net Investment-Related Receivables	\$ -	\$ 1,371	\$ -	\$ -	\$ 1,371
BCI Money Market Funds	517	-	-	-	517
Foreign Currency Contracts	-	(3)	-	-	(3)
Direct Private Equity Investments	-	-	5,939	-	5,939
Unlisted Private Equity Investee Funds	-	-	720,731	-	720,731
Total Investments	\$ 517	\$ 1,368	\$ 726,670	\$ -	\$ 728,555

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

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

Fair Value Hierarchy (continued)

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

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.

	2017		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 5,939	\$ 720,731	\$ 726,670
Total gains or (losses) recognized in profit or loss	921	119,319	120,240
Purchases	-	52,652	52,652
Sales	(2,745)	(306,967)	(309,712)
Balance, end of year	\$ 4,115	\$ 585,735	\$ 589,850
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 1,956	\$ 6,212	\$ 8,168

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

Fair Value Hierarchy (continued)

	2016			
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total	
(in 000s)				
Balance, beginning of year	\$ 3,248	\$ 585,734	\$	588,982
Total gains or (losses) recognized in profit or loss	2,691	17,397		20,088
Purchases	-	161,302		161,302
Sales	-	(43,702)		(43,702)
Balance, end of year	<u>\$ 5,939</u>	<u>\$ 720,731</u>	<u>\$</u>	<u>726,670</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date				
	<u>\$ 2,691</u>	<u>\$ 10,768</u>	<u>\$</u>	<u>13,459</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 4,115	Market Approach	EV/EBITDA	\$ 4,115	The estimated fair value would increase (decrease) if the EV/EBITDA multiple was higher (lower).
Unlisted Private Equity Investee Funds	\$ 585,735	Unadjusted Net Asset Value	Net Asset Value	\$ 585,735	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 5,939	Unadjusted Net Asset Value	Net Asset Value	\$ 5,939	The estimated fair value would increase (decrease) if the fair value of the limited partnership was higher (lower).
Unlisted Private Equity Investee Funds	\$ 720,731	Unadjusted Net Asset Value	Net Asset Value	\$ 720,731	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

(i) Enterprise Value (“EV”) and EBITDA multiples:

EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

(ii) Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds’ policy to categorize the investee as level 3 within the fair value hierarchy.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets and value of private equity by 10%.

(in 000s)	2017	2016
Favourable	\$ 58,985	\$ 72,667
Unfavourable	\$ (58,985)	\$ (72,667)

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$591,052,000 (2016 - \$728,438,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 181
Unlisted private equity investee funds administered by third party managers	11	\$ 15,908,709	\$ 585,735

**Involvement with Structured Entities (continued)
as at December 31**

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 517
Unlisted private equity investee funds administered by third party managers	12	\$ 8,534,455	\$ 720,731

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2012 PRIVATE PLACEMENT FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 770,808	\$ 728,597
Liabilities			
BCI cost recoveries payable	4	540	40
Other accounts payable		11	12
		<u>551</u>	<u>52</u>
Net assets attributable to holders of redeemable units		<u>\$ 770,257</u>	<u>\$ 728,545</u>
<i>Number of redeemable units outstanding</i>	5	2,670.569	3,107.155
Net assets attributable to holders of redeemable units per unit		<u>\$ 288</u>	<u>\$ 234</u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 1	\$ -
Change in fair value of investments and derivatives:	7		
Net realized gain		79,108	25,609
Net change in unrealized appreciation		<u>71,920</u>	<u>56,692</u>
Total revenue		<u>151,029</u>	<u>82,301</u>
Expenses:			
BCI cost recoveries	4	1,212	375
Administrative fees		<u>20</u>	<u>20</u>
Total operating expenses		<u>1,232</u>	<u>395</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>149,797</u>	<u>81,906</u>
Distributions to holders of redeemable units:			
From net realized gains on investments and derivatives		<u>(78,313)</u>	<u>(25,227)</u>
		<u>(78,313)</u>	<u>(25,227)</u>
Increase in net assets attributable to holders of redeemable units		<u>\$ 71,484</u>	<u>\$ 56,679</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2012 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 728,545	\$ 623,711
Increase in net assets attributable to holders of redeemable units	71,484	56,679
Redeemable unit transactions:		
Proceeds from units issued	101,507	109,345
Reinvestment of distributions	78,313	25,227
Amounts paid for units redeemed	<u>(209,592)</u>	<u>(86,417)</u>
Net increase (decrease) from redeemable unit transactions	<u>(29,772)</u>	<u>48,155</u>
Balance, end of year	<u>\$ 770,257</u>	<u>\$ 728,545</u>

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 71,484	\$ 56,679
Adjustments for:		
Interest income	(1)	-
Net realized gain from investments and derivatives	(79,108)	(25,609)
Net change in unrealized appreciation from investments and derivatives	(71,920)	(56,692)
Non cash distributions	78,313	25,227
Proceeds from sale of investments	210,514	90,784
Amounts paid for purchase of investments	(101,697)	(113,338)
BCI cost recoveries payable	500	20
Other accounts payable	(1)	1
Interest received	1	-
	<u>108,085</u>	<u>(22,928)</u>
Financing activities:		
Proceeds from issue of redeemable units	101,507	109,345
Payments on redemption of redeemable units	<u>(209,592)</u>	<u>(86,417)</u>
	<u>(108,085)</u>	<u>22,928</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	<u>-</u>	<u>-</u>
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2012 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 770,803	\$ 446,753	\$ 728,499	\$ 476,369
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>98</u>	<u>98</u>
Total Investments	<u>\$ 770,808</u>	<u>\$ 446,758</u>	<u>\$ 728,597</u>	<u>\$ 476,467</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2012 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2012 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ -	- %	\$ 54,030	7.4 %
Unlisted Private Equity Investee Funds	768,682	99.7 %	669,338	91.9 %
Foreign Currency Contracts	-	- %	(2)	- %
BCI Money Market Funds	2,121	0.3 %	4,866	0.7 %
Net Investment-Related Receivables	-	- %	267	- %
	<u>\$ 770,803</u>	<u>100.0 %</u>	<u>\$ 728,499</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

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

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

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

DERIVATIVE LIABILITIES (in 000s)	2016				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (441)	\$ (441)	\$ (441)	\$ -	\$ -
Inflows	439	439	439	-	-
	<u>\$ (2)</u>	<u>\$ (2)</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

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

Interest Rate Risk

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

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
British Pound Sterling	\$ -	- %	\$ 54,030	7.4 %
Euro	298,957	38.8 %	254,776	35.0 %
United States Dollar	439,399	57.0 %	380,841	52.3 %
Net Exposure	<u>\$ 738,356</u>	<u>95.9 %</u>	<u>\$ 689,647</u>	<u>94.7 %</u>

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

Currency Risk (continued)

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$7,384,000 Cdn (2016 - \$6,896,000 Cdn), representing 1.0% of the Fund's net assets (2016 – 0.9%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017	2016
Euro	\$ 20,154	\$ 31,424
United States Dollar	<u>133,931</u>	<u>237,132</u>
	<u>\$ 154,085</u>	<u>\$ 268,556</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$1,541,000 Cdn (2016 - \$2,686,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Software & Services	\$ -	- %	\$ 54,030	7.5 %
Total Unlisted Private Equity Investee Funds in diversified industries	768,682	100.0 %	669,338	92.5 %
	<u>\$ 768,682</u>	<u>100.0 %</u>	<u>\$ 723,368</u>	<u>100.0 %</u>

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

Other Price Risk (continued)

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Great Britain	\$ -	- %	\$ 54,030	7.5 %
Total Unlisted Private Equity Investee Funds diversified globally	768,682	100.0 %	669,338	92.5 %
	<u>\$ 768,682</u>	<u>100.0 %</u>	<u>\$ 723,368</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$77,081,000 (2016 - \$72,860,000) or 10.0% (2016 - 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

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ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 2,126	\$ -	\$ -	\$ 2,126
Unlisted Private Equity Investee Funds	-	-	768,682	768,682
Total Investments	\$ 2,126	\$ -	\$ 768,682	\$ 770,808

	2016			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Net Investment-Related Receivables	\$ -	\$ 267	\$ -	\$ 267
BCI Money Market Funds	4,964	-	-	4,964
Foreign Currency Contracts	-	(2)	-	(2)
Direct Private Equity Investments	-	-	54,030	54,030
Unlisted Private Equity Investee Funds	-	-	669,338	669,338
Total Investments	\$ 4,964	\$ 265	\$ 723,368	\$ 728,597

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

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

Fair Value Hierarchy (continued)

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

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.

	2017		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 54,030	\$ 669,338	\$ 723,368
Total gains or (losses) recognized in profit or loss	41,017	112,089	153,106
Purchases	-	116,161	116,161
Sales	(95,047)	(128,906)	(223,953)
Balance, end of year	\$ -	\$ 768,682	\$ 768,682

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (28,726)	\$ 41,886	\$ 13,160
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See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2012 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy (continued)

	2016			
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total	
(in 000s)				
Balance, beginning of year	\$ 54,152	\$ 568,042	\$	622,194
Total gains or (losses) recognized in profit or loss	(122)	118,246		118,124
Purchases	-	(57,687)		(57,687)
Sales	-	40,737		40,737
Balance, end of year	<u>\$ 54,030</u>	<u>\$ 669,338</u>	<u>\$</u>	<u>723,368</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (122)</u>	<u>\$ 29,039</u>	<u>\$</u>	<u>28,917</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 768,682	Unadjusted Net Asset Value	Net Asset Value	\$ 768,682	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 54,030	Unadjusted Net Asset Value	Net Asset Value	\$ 54,030	The estimated fair value would increase (decrease) if the fair value of private limited partnership fund was higher (lower).
Unlisted Private Equity Investee Funds	\$ 669,338	Unadjusted Net Asset Value	Net Asset Value	\$ 699,338	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets and value of private equity by 10%.

(in 000s)	2017	2016
Favourable	\$ 76,868	\$ 72,337
Unfavourable	\$ (76,868)	\$ (72,337)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$770,803,000 (2016 - \$728,499,000) is included within Private Equity Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 2,126
Unlisted private equity investee funds administered by third party managers	9	\$ 12,223,018	\$ 768,682

**Involvement with Structured Entities (continued)
as at December 31**

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 4,964
Unlisted private equity investee funds administered by third party managers	9	\$ 17,663,967	\$ 669,338

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2013 PRIVATE PLACEMENT FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		<u>\$ 1,202,925</u>	<u>\$ 904,325</u>
Liabilities			
BCI cost recoveries payable	4	396	46
Other accounts payable		<u>11</u>	<u>12</u>
		<u>407</u>	<u>58</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 1,202,518</u></u>	<u><u>\$ 904,267</u></u>
<i>Number of redeemable units outstanding</i>	5	355.050	353.346
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 3,387</u></u>	<u><u>\$ 2,559</u></u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 1	\$ -
Change in fair value of investments:	7		
Net realized gain		82,397	35,295
Net change in unrealized appreciation		<u>216,937</u>	<u>65,470</u>
Total revenue		<u>299,335</u>	<u>100,765</u>
Expenses:			
BCI cost recoveries	4	1,241	458
Administrative fees		<u>20</u>	<u>20</u>
Total operating expenses		<u>1,261</u>	<u>478</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>298,074</u>	<u>100,287</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(81,411)</u>	<u>(34,829)</u>
		<u>(81,411)</u>	<u>(34,829)</u>
Increase in net assets attributable to holders of redeemable units		<u><u>\$ 216,663</u></u>	<u><u>\$ 65,458</u></u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2013 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 904,267	\$ 750,659
Increase in net assets attributable to holders of redeemable units	216,663	65,458
Redeemable unit transactions:		
Proceeds from units issued	216,561	155,780
Reinvestment of distributions	81,411	34,829
Amounts paid for units redeemed	<u>(216,384)</u>	<u>(102,459)</u>
Net increase from redeemable unit transactions	<u>81,588</u>	<u>88,150</u>
Balance, end of year	<u>\$ 1,202,518</u>	<u>\$ 904,267</u>

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 216,663	\$ 65,458
Adjustments for:		
Interest income	(1)	-
Net realized gain from investments	(82,397)	(35,295)
Net change in unrealized appreciation from investments	(216,937)	(65,470)
Non cash distributions	81,411	34,829
Proceeds from sale of investments	236,784	106,508
Amounts paid for purchase of investments	(236,050)	(159,378)
BCI cost recoveries payable	350	26
Other accounts payable	(1)	1
Interest received	<u>1</u>	<u>-</u>
	<u>(177)</u>	<u>(53,321)</u>
Financing activities:		
Proceeds from issue of redeemable units	216,561	155,780
Payments on redemption of redeemable units	<u>(216,384)</u>	<u>(102,459)</u>
	<u>177</u>	<u>53,321</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	<u>-</u>	<u>-</u>
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2013 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 1,202,920	\$ 600,197	\$ 904,205	\$ 518,419
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>120</u>	<u>120</u>
Total Investments	<u>\$ 1,202,925</u>	<u>\$ 600,202</u>	<u>\$ 904,325</u>	<u>\$ 518,539</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2013 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2013 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 192,249	15.9 %	\$ 307,759	34.1 %
Direct Private Debt Investments	6,365	0.5 %	7,721	0.9 %
Unlisted Private Equity Investee Funds	735,725	61.2 %	588,096	65.0 %
Restricted Public Equity	246,487	20.5 %	-	- %
BCI Money Market Funds	19,982	1.7 %	405	- %
Cash	952	0.1 %	-	- %
Net Investment-Related Receivables	1,160	0.1 %	224	- %
	<u>\$ 1,202,920</u>	<u>100.0 %</u>	<u>\$ 904,205</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

The majority of the private debt investments are in closely held private companies. Due to the private nature of the debt, it is not subject to rating by a rating agency. The maximum credit risk exposure is \$6,365,000 Cdn (2016 - \$7,721,000 Cdn).

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

Liquidity Risk

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's remaining non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

The Fund holds debt investments in conjunction with equity investments in several private companies. As at December 31, the Fund invested in the following debt instruments:

	2017		
	Carrying Value (in 000s)	Interest Rate	Maturity Date
Fixed-rate debt	\$ 6,365	12%	2020

	2016		
	Carrying Value (in 000s)	Interest Rate	Maturity Date
Fixed-rate debt	\$ 7,721	12%	2020

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2013 PRIVATE PLACEMENT FUND

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

Interest Rate Risk (continued)

The value of the combined debt and equity investments is calculated based on enterprise values of the private companies and the value is then allocated to the debt and equity investments. Any change in market value of the debt investments due to fluctuations in interest rates would result in an offsetting change in value of the related equity investment. Accordingly, sensitivity analysis that would measure the impact of changes in interest rates would not be meaningful and has not been provided.

As at December 31, 2017 and 2016, the Fund had no other assets or liabilities which change in value as a result of changes in the interest rates.

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Australian Dollar	\$ 42,604	3.5 %	\$ 37,003	4.1 %
Euro	242,983	20.2 %	148,542	16.4 %
United States Dollar	904,477	75.2 %	707,842	78.3 %
Net Exposure	<u>\$ 1,190,064</u>	<u>99.0 %</u>	<u>\$ 893,387</u>	<u>98.8 %</u>

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

Currency Risk (continued)

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity, direct private debt and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$11,901,000 Cdn (2016 - \$8,934,000 Cdn), representing 1.0% of the Fund's net assets (2016 – 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017	2016
Euro	\$ 68,849	\$ 139,501
United States Dollar	152,151	317,866
	<u>\$ 221,000</u>	<u>\$ 457,367</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$2,210,000 Cdn (2016 - \$4,574,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments, direct private debt investments, restricted public equity, and unlisted private equity investee funds are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity and Debt Investments:				
Commercial & Professional Services	\$ 57,601	4.9 %	\$ 167,475	18.5 %
Consumer Services	75,427	6.4 %	88,645	9.8 %
Food and Beverage	42,604	3.6 %	37,003	4.1 %
Telecommunication Services	14,290	1.2 %	11,783	1.3 %
Transportation	8,692	0.7 %	10,574	1.2 %
Total Direct Private Equity and Debt Investments	198,614	16.8 %	315,480	34.9 %
Total Restricted Public Equity	246,487	20.9 %	588,096	65.1 %
Total Unlisted Private Equity Investee Funds in diversified industries	735,725	62.3 %	588,096	65.1 %
	<u>\$ 1,180,826</u>	<u>100.0 %</u>	<u>\$ 903,576</u>	<u>100.0 %</u>

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

Other Price Risk (continued)

The Fund's direct private equity investments, direct private debt investments and private equity investee fund investments are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity and Debt Investments:				
Canada	\$ 8,692	0.7 %	\$ 10,574	1.2 %
Europe	57,601	4.9 %	34,478	3.8 %
United States	89,717	7.6 %	233,425	25.8 %
Australia	42,604	3.6 %	37,003	4.1 %
Total Direct Private Equity and Debt Investments	198,614	16.8 %	315,480	34.9 %
Total Restricted Public Equity	246,487	20.9 %	-	-
Total Unlisted Private Equity Investee Funds diversified globally	735,725	62.3 %	588,096	65.1 %
	<u>\$ 1,180,826</u>	<u>100.0 %</u>	<u>\$ 903,576</u>	<u>100.0 %</u>

See accompanying Notes to the Financial Statements.

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

Other Price Risk (continued)

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$120,293,000 (2016 - \$90,433,000) or 10.0% (2016 – 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Cash	\$ 952	\$ -	\$ -	\$ 952
Net Investment-Related				
Receivables	-	1,160	-	1,160
BCI Money Market Funds	19,987	-	-	19,987
Direct Private Equity Investments	-	-	192,249	192,249
Direct Private Debt Investments	-	-	6,365	6,365
Restricted Public Equity	-	246,487	-	246,487
Unlisted Private Equity Investee Funds	-	-	735,725	735,725
Total Investments	\$ 20,939	\$ 247,647	\$ 934,339	\$ 1,202,925

	2016			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Net Investment-Related				
Receivables	\$ -	\$ 224	\$ -	\$ 224
BCI Money Market Funds	525	-	-	525
Direct Private Equity Investments	-	-	307,759	307,759
Direct Private Debt Investments	-	-	7,721	7,721
Unlisted Private Equity Investee Funds	-	-	588,096	588,096
Total Investments	\$ 525	\$ 224	\$ 903,576	\$ 904,325

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

Fair Value Hierarchy (continued)

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

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

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.

	2017			
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)				
Balance, beginning of year	\$ 307,759	\$ 7,721	\$ 588,096	\$ 903,576
Total gains or (losses) recognized in profit or loss	(56,537)	(4,061)	97,516	36,918
Purchases	135	2,705	251,309	254,149
Sales	(59,108)	-	(201,196)	(260,304)
Balance, end of year	<u>\$ 192,249</u>	<u>\$ 6,365</u>	<u>\$ 735,725</u>	<u>\$ 934,339</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (64,806)</u>	<u>\$ (4,061)</u>	<u>\$ 23,347</u>	<u>\$ (45,520)</u>

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

Fair Value Hierarchy (continued)

	2016			
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)				
Balance, beginning of period	\$ 321,044	\$ 20,128	\$ 404,150	\$ 745,322
Total gains or (losses) recognized in profit or loss	3,097	(14,822)	53,439	41,714
Purchases	3,943	2,415	177,646	184,004
Sales	(20,325)	-	(47,139)	(67,464)
Balance, end of period	<u>\$ 307,759</u>	<u>\$ 7,721</u>	<u>\$ 588,096</u>	<u>\$ 903,576</u>
Total unrealized gains or (losses) for the period included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (7,996)</u>	<u>\$ (14,822)</u>	<u>\$ 49,942</u>	<u>\$ 27,124</u>

During 2017, one investment transferred out of Level 3 to Level 2 at a fair value of \$246,500,000 due to the company undergoing an IPO, and BCI's existing shares transferring to restricted public equity with a lock-up discount. Given this restriction, BCI has classified this as Level 2. During 2016 there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Debt Investment	\$ 6,365	Market approach	EV / EBITDA	\$ 6,365	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Equity Investments	\$ 16,617	Market approach	EV / EBITDA	\$ 16,617	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Equity Investments	\$ 57,601	Adjusted Net Asset Value	Net Asset Value	\$ 16,552	The estimated fair value would increase (decrease) if: - The fair value of direct private equity investments was higher (lower). - The fair value adjustment was lower (higher).
			Fair Value Adjustment	\$ 41,049	
Direct Private Equity Investments	\$ 118,031	Unadjusted Net Asset Value	Net Asset Value	\$ 118,031	The estimated fair value would increase (decrease) if the fair value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Fund	\$ 735,725	Unadjusted Net Asset Value	Net Asset Value	\$ 735,725	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Debt Investment	\$ 7,721	Market approach	EV / EBITDA	\$ 7,721	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Equity Investments	\$ 147,633	Market approach	EV / EBITDA	\$ 147,633	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Equity Investments	\$ 34,478	Adjusted Net Asset Value	Net Asset Value	\$ 18,381	The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).
			Fair Value Adjustment	\$ 16,097	
Direct Private Equity Investments	\$ 125,648	Unadjusted Net Asset Value	Net Asset Value	\$ 125,648	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Fund	\$ 588,096	Unadjusted Net Asset Value	Net Asset Value	\$ 588,096	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2013 PRIVATE PLACEMENT FUND

Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

(i) Enterprise Value ("EV") and EBITDA multiples:

EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

(ii) Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

(iii) Fair value adjustment:

Represents total adjustments applied to the net asset value of the investee funds. BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity and direct private debt investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds, direct private equity and direct private debt investments were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%.

(in 000s)	2017	2016
Favourable	\$ 118,083	\$ 90,358
Unfavourable	\$ (118,083)	\$ (90,358)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$1,202,920,000 (2016 - \$904,205,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 19,996
Unlisted private equity investee funds administered by third party managers	8	\$ 37,448,646	\$ 735,725

**Involvement with Structured Entities (continued)
as at December 31**

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 525
Unlisted private equity investee funds administered by third party managers	9	\$ 20,533,858	\$ 588,096

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 928,965	\$ 572,619
Liabilities			
BCI cost recoveries payable	4	409	39
Other accounts payable		11	12
		<u>420</u>	<u>51</u>
Net assets attributable to holders of redeemable units		<u>\$ 928,545</u>	<u>\$ 572,568</u>
<i>Number of redeemable units outstanding</i>	5	17.361	12.142
Net assets attributable to holders of redeemable units per unit		<u>\$ 53,485</u>	<u>\$ 47,156</u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 1	\$ -
Change in fair value of investments and derivatives:	7		
Net realized gain		4,095	414
Net change in unrealized appreciation		<u>118,257</u>	<u>76,552</u>
Total revenue		<u>122,353</u>	<u>76,966</u>
Expenses:			
BCI cost recoveries	4	1,166	512
Administrative fees		19	20
Total operating expenses		<u>1,185</u>	<u>532</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>121,168</u>	<u>76,434</u>
Increase in net assets attributable to holders of redeemable units		<u>\$ 121,168</u>	<u>\$ 76,434</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 572,568	\$ 316,420
Increase in net assets attributable to holders of redeemable units	121,168	76,434
Redeemable unit transactions:		
Proceeds from units issued	266,539	182,871
Amounts paid for units redeemed	(31,730)	(3,157)
Net increase from redeemable unit transactions	234,809	179,714
Balance, end of year	\$ 928,545	\$ 572,568

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 121,168	\$ 76,434
Adjustments for:		
Interest income	(1)	-
Net realized gain from investments and derivatives	(4,095)	(414)
Net change in unrealized appreciation from investments and derivatives	(118,257)	(76,552)
Proceeds from sale of investments	38,855	4,600
Amounts paid for purchase of investments	(272,849)	(183,805)
BCI cost recoveries payable	370	22
Other accounts payable	(1)	1
Interest received	1	-
	(234,809)	(179,714)
Financing activities:		
Proceeds from issue of redeemable units	266,539	182,871
Payments on redemption of redeemable units	(31,730)	(3,157)
	234,809	179,714
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 928,960	\$ 699,189	\$ 572,522	\$ 461,008
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>97</u>	<u>97</u>
Total Investments	<u>\$ 928,965</u>	<u>\$ 699,194</u>	<u>\$ 572,619</u>	<u>\$ 461,105</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2014 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 255,948	27.5 %	\$ 217,016	37.9 %
Unlisted Private Equity Investee Funds	672,373	72.4 %	353,175	61.7 %
Foreign Currency Contracts	(1)	- %	-	- %
BCI Money Market Funds	640	0.1 %	2,331	0.4 %
	<u>\$ 928,960</u>	<u>100.0 %</u>	<u>\$ 572,522</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

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

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

Liquidity Risk

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's remaining non-derivative liabilities are due within three months of the year-end of the Fund.

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

DERIVATIVE LIABILITIES (in 000s)	2017				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (973)	\$ (973)	\$ (973)	\$ -	\$ -
Inflows	972	972	972	-	-
	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

Substantially all 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.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

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

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments	% of Total Net Assets	Net Investments	% of Total Net Assets
Euro	\$ 126,942	13.7 %	\$ 81,228	14.2 %
United States Dollar	768,673	82.8 %	471,020	82.3 %
Net Exposure	<u>\$ 895,615</u>	<u>96.5 %</u>	<u>\$ 552,248</u>	<u>96.5 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity, direct private debt and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$8,956,000 Cdn (2016 - \$5,522,000 Cdn), representing 1.0% of the Fund's net assets (2016 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017	2016
Euro	\$ 58,538	\$ 93,931
United States Dollar	374,155	671,630
	<u>\$ 432,693</u>	<u>\$ 765,561</u>

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

Currency Risk (continued)

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$4,327,000 Cdn (2016 - \$7,656,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Industrials	\$ 44,530	4.8 %	\$ 36,288	6.4 %
Consumer Durables & Apparel	29,558	3.2 %	18,418	3.2 %
Health Care	167,016	18.0 %	148,203	26.0 %
Telecommunication Services	14,844	1.6 %	14,107	2.5 %
Total Direct Private Equity Investments	255,948	27.6 %	217,016	38.1 %
Total Unlisted Private Equity Investee Funds in diversified industries	672,373	72.4 %	353,175	61.9 %
	<u>\$ 928,321</u>	<u>100.0 %</u>	<u>\$ 570,191</u>	<u>100.0%</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

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

Other Price Risk (continued)

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

**GEOGRAPHIC REGION
(in 000s)**

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Europe	\$ 44,530	4.8 %	\$ 36,288	6.4 %
Asia	46,236	5.0 %	43,302	7.6 %
Middle East	150,338	16.2 %	123,319	21.6 %
South America	14,844	1.6 %	14,107	2.5 %
Total Direct Private Equity Investments	255,948	27.6 %	217,016	38.1 %
Total Unlisted Private Equity Investee Funds diversified globally	672,373	72.4 %	353,175	61.9 %
	<u>\$ 928,321</u>	<u>100.0 %</u>	<u>\$ 570,191</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$92,897,000 (2016 - \$57,262,000) or 10.0% (2016 - 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Foreign Exchange Contracts	\$ -	\$ (1)	\$ -	\$ (1)
BCI Money Market Funds	645	-	-	645
Direct Private Equity Investments	-	-	255,948	255,948
Unlisted Private Equity Investee Funds	-	-	672,373	672,373
Total Investments	<u>\$ 645</u>	<u>\$ (1)</u>	<u>\$ 928,321</u>	<u>\$ 928,965</u>

	2016			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 2,428	-	\$ -	\$ 2,428
Direct Private Equity Investments	-	-	217,016	217,016
Unlisted Private Equity Investee Funds	-	-	353,175	353,175
Total Investments	<u>\$ 2,428</u>	<u>\$ -</u>	<u>\$ 570,191</u>	<u>\$ 572,619</u>

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

Fair Value Measurement Discussion (continued)
as at December 31

Fair Value Hierarchy (continued)

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

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.

	2017		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 217,016	\$ 353,175	\$ 570,191
Total gains or (losses) recognized in profit or loss	34,848	77,929	112,777
Purchases	4,084	310,957	315,041
Sales	-	(69,688)	(69,688)
Balance, end of year	<u>\$ 255,948</u>	<u>\$ 672,373</u>	<u>\$ 928,321</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 34,848</u>	<u>\$ 59,525</u>	<u>\$ 94,373</u>

Fair Value Measurement Discussion (continued)
as at December 31

Fair Value Hierarchy (continued)

	2016		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 177,754	\$ 137,284	\$ 315,038
Total gains or (losses) recognized in profit or loss	40,581	31,311	71,892
Purchases	97	195,231	195,328
Sales	(1,416)	(10,651)	(12,067)
Balance, end of year	<u>\$ 217,016</u>	<u>\$ 353,175</u>	<u>\$ 570,191</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 40,326</u>	<u>\$ 30,286</u>	<u>\$ 70,612</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 44,530	Market approach	EV / EBITDA	\$ 44,530	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Equity Investments	\$ 211,418	Unadjusted Net Asset Value	Net Asset Value	\$ 211,418	The estimated fair value would increase (decrease) if the fair value of private equity partnership funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 589,962	Unadjusted Net Asset Value	Net Asset Value	\$ 589,962	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Fund	\$ 82,411	Adjusted Net Asset Value	Net Asset Value	\$ 69,315	The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).
			Fair Value Adjustment	\$ 13,096	

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 36,288	Market approach	EV / EBITDA	\$ 36,288	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Equity Investments	\$ 180,728	Unadjusted Net Asset Value	Net Asset Value	\$ 180,728	The estimated fair value would increase (decrease) if the fair value of private limited partnership funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 308,235	Unadjusted Net Asset Value	Net Asset Value	\$ 308,235	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 44,940	Adjusted Net Asset Value	Net Asset Value	\$ 32,945	The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).
			Fair Value Adjustment	\$ 11,995	

See accompanying Notes to the Financial Statements.

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Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

(i) Enterprise Value ("EV") and EBITDA multiples:

EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

(ii) Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

(iii) Fair value adjustment:

Represents total adjustments applied to the net asset value of the investee funds. BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity and direct private debt investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2017	2016
Favourable	\$ 92,832	\$ 57,019
Unfavourable	\$ (92,832)	\$ (57,019)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

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

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$928,960,000 (2016 - \$572,522,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 645
Unlisted private equity investee funds administered by third party managers	11	\$ 18,316,597	\$ 672,373

**Involvement with Structured Entities (continued)
as at December 31**

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 2,428
Unlisted private equity investee funds administered by third party managers	11	\$ 10,221,141	\$ 353,175

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Investments		\$ 1,057,652	\$ 721,275
Liabilities			
BCI cost recoveries payable	4	600	43
Other accounts payable		11	12
		<u>611</u>	<u>55</u>
Net assets attributable to holders of redeemable units		<u>\$ 1,057,041</u>	<u>\$ 721,220</u>
<i>Number of redeemable units outstanding</i>	5	804.916	627.129
Net assets attributable to holders of redeemable units per unit		<u>\$ 1,313</u>	<u>\$ 1,150</u>
<i>Unfunded committed capital</i>	6		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Period Ended December 31, 2016
Revenue:			
Interest income		\$ 2	\$ 1
Change in fair value of investments and derivatives:	7		
Net realized gain		9,057	15,759
Net change in unrealized appreciation		<u>133,527</u>	<u>122,337</u>
Total revenue		<u>142,586</u>	<u>138,097</u>
Expenses:			
BCI cost recoveries	4	1,141	651
Administrative fees		19	20
Pursuit costs		-	89
Total operating expenses		<u>1,160</u>	<u>760</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>141,426</u>	<u>137,337</u>
Distributions to holders of redeemable units:			
From net realized gains on investments and derivatives		<u>(8,371)</u>	<u>(8,476)</u>
		<u>(8,371)</u>	<u>(8,476)</u>
Increase in net assets attributable to holders of redeemable units		<u>\$ 133,055</u>	<u>\$ 128,861</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Period Ended December 31, 2016
Balance, beginning of period	\$ 721,220	\$ 477,700
Increase in net assets attributable to holders of redeemable units	133,055	128,861
Redeemable unit transactions:		
Proceeds from units issued	235,158	257,605
Reinvestment of distributions	8,371	8,476
Amounts paid for units redeemed	(40,763)	(151,422)
Net increase from redeemable unit transactions	202,766	114,659
Balance, end of period	\$ 1,057,041	\$ 721,220

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Period Ended December 31, 2016
Operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 133,055	\$ 128,861
Adjustments for:		
Interest income	(2)	(1)
Net realized gain from investments and derivatives	(9,057)	(15,759)
Net change in unrealized appreciation from investments and derivatives	(133,527)	(122,337)
Non cash distributions	8,371	8,476
Proceeds from sale of investments	41,907	153,286
Amounts paid for purchase of investments	(235,700)	(258,302)
BCI cost recoveries payable	557	(409)
Other accounts payable	(1)	1
Interest received	2	1
	(194,395)	(106,183)
Financing activities:		
Proceeds from issue of redeemable units	235,158	257,605
Payments on redemption of redeemable units	(40,763)	(151,422)
	194,395	106,183
Net increase (decrease) in cash	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 1,057,647	\$ 740,031	\$ 721,166	\$ 537,077
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>109</u>	<u>109</u>
Total Investments	<u>\$ 1,057,652</u>	<u>\$ 740,036</u>	<u>\$ 721,275</u>	<u>\$ 537,186</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2015 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 336,289	31.8 %	\$ 324,230	45.0 %
Unlisted Private Equity Investee Funds	712,910	67.4 %	395,204	54.8 %
Foreign Currency Contracts	-	- %	(5)	- %
BCI Money Market Funds	1,393	0.1 %	32	- %
Cash	7,055	0.7 %	-	- %
Net Investment-Related Receivables	-	- %	1,705	0.2 %
	<u>\$ 1,057,647</u>	<u>100.0 %</u>	<u>\$ 721,166</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

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

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

Liquidity Risk

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's remaining non-derivative liabilities are due within three months of the year-end of the Fund.

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

DERIVATIVE LIABILITIES (in 000s)	2016				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (1,130)	\$ (1,130)	\$ (1,130)	\$ -	\$ -
Inflows	1,125	1,125	1,125	-	-
	<u>\$ (5)</u>	<u>\$ (5)</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ -</u>

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

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

Interest Rate Risk

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

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment-		Net Investments and Investment-	
	Related Receivables	% of Total Net Assets	Related Receivables	% of Total Net Assets
Euro	\$ 237,371	22.5 %	\$ 172,081	23.9 %
United States Dollar	782,231	74.0 %	527,201	73.1 %
Net Exposure	<u>\$ 1,019,602</u>	<u>96.5 %</u>	<u>\$ 699,282</u>	<u>97.0 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity, direct private debt and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

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

Currency Risk (continued)

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$10,196,000 Cdn (2016 - \$6,993,000 Cdn), representing 1.0% of the Fund's net assets (2016 – 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017	2016
Euro	\$ 137,780	\$ 170,421
United States Dollar	484,200	686,797
	<u>\$ 621,980</u>	<u>\$ 857,218</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$6,220,000 Cdn (2016 - \$8,572,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Food, Beverage & Tobacco	\$ 71,209	6.8 %	\$ 57,973	8.1 %
Software & Services	229,645	21.9 %	234,524	32.6 %
Technology Hardware & Equipment	35,435	3.4 %	31,733	4.4 %
Total Direct Private Equity Investments	336,289	32.1 %	324,230	45.1 %
Total Unlisted Private Equity Investee Funds in diversified industries	712,910	67.9 %	395,204	54.9 %
	<u>\$ 1,049,199</u>	<u>100.0 %</u>	<u>\$ 719,434</u>	<u>100.0 %</u>

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

Other Price Risk (continued)

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Europe	\$ 71,209	6.8 %	\$ 57,973	8.1 %
United States	265,080	25.3 %	266,257	37.0 %
Total Direct Private Equity Investments	336,289	32.1 %	324,230	45.1 %
Total Unlisted Private Equity Investee Funds diversified globally	712,910	67.9 %	395,204	54.9 %
	<u>\$ 1,049,199</u>	<u>100.0 %</u>	<u>\$ 719,434</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$105,765,000 (2016 - \$72,128,000) or 10.0% (2016 - 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Cash	\$ 7,055	\$ -	\$ -	\$ 7,055
BCI Money Market Funds	1,398	-	-	1,398
Direct Private Equity Investments	-	-	336,289	336,289
Unlisted Private Equity Investee Funds	-	-	712,910	712,910
Total Investments	<u>\$ 8,453</u>	<u>\$ -</u>	<u>\$ 1,049,199</u>	<u>\$ 1,057,652</u>

	2016			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Net Investment-Related Receivables	\$ -	\$ 1,705	\$ -	\$ 1,705
BCI Money Market Funds	141	-	-	141
Foreign Currency Contracts	-	(5)	-	(5)
Direct Private Equity Investments	-	-	324,230	324,230
Unlisted Private Equity Investee Funds	-	-	395,204	395,204
Total Investments	<u>\$ 141</u>	<u>\$ 1,700</u>	<u>\$ 719,434</u>	<u>\$ 721,275</u>

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

Fair Value Hierarchy (continued)

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

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

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.

	2017		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 324,230	\$ 395,205	\$ 719,435
Total gains or (losses) recognized in profit or loss	19,747	112,241	131,988
Purchases	-	254,354	254,354
Sales	(7,688)	(48,890)	(56,578)
Balance, end of year	<u>\$ 336,289</u>	<u>\$ 712,910</u>	<u>\$ 1,049,199</u>

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 19,695</u>	<u>\$ 104,784</u>	<u>\$ 124,479</u>
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See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy (continued)

	2016		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of period	\$ 360,074	\$ 113,779	\$ 473,853
Total gains or (losses) recognized in profit or loss	90,642	43,472	134,114
Purchases	42,330	277,274	319,604
Sales	(168,816)	(39,320)	(208,136)
Balance, end of period	<u>\$ 324,230</u>	<u>\$ 395,205</u>	<u>\$ 719,435</u>
Total unrealized gains or (losses) for the period included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (9,656)</u>	<u>\$ 42,548</u>	<u>\$ 32,892</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017			
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range
Direct Private Equity Investments	\$ 71,209	Market approach	EV / EBITDA	\$ 71,209
				The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Equity Investments	\$ 265,080	Unadjusted Net Asset Value	Net Asset Value	\$ 265,080
				The estimated fair value would increase (decrease) if the fair value of the private limited partnership funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 712,910	Unadjusted Net Asset Value	Net Asset Value	\$ 712,910
				The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 292,496	Market approach	EV / EBITDA	\$ 292,496	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Equity Investments	\$ 31,734	Unadjusted Net Asset Value	Net Asset Value	\$ 31,734	The estimated fair value would increase (decrease) if the fair value of the private limited partnership funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 395,204	Unadjusted Net Asset Value	Net Asset Value	\$ 395,204	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value ("EV") and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

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

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity and direct private debt investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of direct private equity investments and unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2017	2016
Favourable	\$ 104,920	\$ 71,943
Unfavourable	\$ (104,920)	\$ (71,943)

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

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$1,057,647,000 (2016 - \$721,166,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 1,398
Unlisted private equity investee funds administered by third party managers	10	\$ 15,548,050	\$ 712,910

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

Involvement with Structured Entities (continued)
as at December 31

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 141
Unlisted private equity investee funds administered by third party managers	10	\$ 9,256,353	\$ 395,204

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 PRIVATE PLACEMENT FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016 (note 1)
Assets			
Investments		<u>1,595,357</u>	<u>322,403</u>
		<u>1,595,357</u>	<u>322,403</u>
Liabilities			
BCI cost recoveries payable	4	1,556	762
Other accounts payable		<u>11</u>	<u>12</u>
		<u>1,567</u>	<u>774</u>
Net assets attributable to holders of redeemable units		<u>\$ 1,593,790</u>	<u>\$ 321,629</u>
<i>Number of redeemable units outstanding</i>	5	3,699.173	952.729
Net assets attributable to holders of redeemable units per unit		<u>\$ 431</u>	<u>\$ 338</u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Period Ended December 31, 2016 (note 1)
Revenue:			
Interest income		\$ 34	\$ 7
Change in fair value of investments and derivatives:	7		
Net realized gain		3,181	-
Net change in unrealized appreciation (depreciation)		<u>317,074</u>	<u>(10,359)</u>
Total revenue		<u>320,289</u>	<u>(10,352)</u>
Expenses:			
BCI cost recoveries	4	4,604	7,605
Administrative fees		28	21
Pursuit costs		4,027	640
Withholding taxes		<u>27</u>	<u>-</u>
Total operating expenses		<u>8,686</u>	<u>8,266</u>
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		<u>311,603</u>	<u>(18,618)</u>
Increase (decrease) in net assets attributable to holders of redeemable units		<u>\$ 311,603</u>	<u>\$ (18,618)</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 PRIVATE PLACEMENT FUND

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

	Year Ended December 31, 2017	Period Ended December 31, 2016 <i>(note 1)</i>
Balance, beginning of period	\$ 321,629	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	311,603	(18,618)
Redeemable unit transactions:		
Proceeds from units issued	1,036,373	340,247
Amounts paid for units redeemed	(75,815)	-
Net increase from redeemable unit transactions	960,558	340,247
Balance, end of period	\$ 1,593,790	\$ 321,629

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Period Ended December 31, 2016 <i>(note 1)</i>
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 311,603	\$ (18,618)
Adjustments for:		
Interest income	(34)	(7)
Withholding taxes	27	-
Net realized gain from investments and derivatives	(3,181)	-
Net change in unrealized (appreciation) depreciation from investments and derivatives	(317,074)	10,359
Proceeds from sale of investments	95,853	7,494
Amounts paid for purchase of investments	(1,048,552)	(340,256)
BCI cost recoveries	794	762
Other accounts payable	(1)	12
Interest received	34	7
Withholding taxes paid	(27)	-
	(960,558)	(340,247)
Financing activities:		
Proceeds from issue of redeemable units	1,036,373	340,247
Payments on redemption of redeemable units	(75,815)	-
	960,558	340,247
Net increase (decrease) in cash	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 1,595,129	\$ 1,288,414	\$ 320,392	\$ 330,751
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>228</u>	<u>228</u>	<u>2,011</u>	<u>2,011</u>
Total Investments	<u>\$ 1,595,357</u>	<u>\$ 1,288,642</u>	<u>\$ 322,403</u>	<u>\$ 332,762</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 PRIVATE PLACEMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2016 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 744,039	46.6 %	\$ 216,165	67.5 %
Unlisted Private Equity Investee Funds	851,052	53.4 %	104,215	32.5 %
Foreign Currency Contracts	(21)	- %	-	- %
BCI Money Market Funds	59	- %	12	- %
	<u>\$ 1,595,129</u>	<u>100.0 %</u>	<u>\$ 320,392</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

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

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

Liquidity Risk

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's remaining non-derivative liabilities are due within three months of the year-end of the Fund.

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

DERIVATIVE LIABILITIES (in 000s)	2017				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ 20,338	\$ 20,338	\$ 20,338	\$ -	\$ -
Inflows	(20,359)	(20,359)	(20,359)	-	-
	<u>\$ (21)</u>	<u>\$ (21)</u>	<u>\$ (21)</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 PRIVATE PLACEMENT FUND

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

Interest Rate Risk

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

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment-		Net Investments and Investment-	
	Related Receivables	% of Total Net Assets	Related Receivables	% of Total Net Assets
Euro	\$ 507,754	31.9 %	\$ 3,172	1.0 %
United States Dollar	1,087,356	68.2 %	317,211	98.6 %
Net Exposure	<u>\$ 1,595,110</u>	<u>100.1 %</u>	<u>\$ 320,383</u>	<u>99.6 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity, direct private debt and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

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

Currency Risk (continued)

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$15,951,000 Cdn (2016 - \$3,204,000 Cdn), representing 1.0% of the Fund's net assets (2016 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017	2016
Euro	\$ 522,712	\$ 582,017
United States Dollar	1,985,638	2,492,421
	<u>\$ 2,508,350</u>	<u>\$ 3,074,438</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$25,084,000 Cdn (2016 - \$30,744,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 PRIVATE PLACEMENT FUND

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

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Diversified Financials	\$ 273,172	17.1 %	\$ -	- %
Capital Goods	287,708	18.0 %	54,685	17.1 %
Transportation	183,159	11.5 %	161,480	50.4 %
Total Direct Private Equity Investments	744,039	46.6 %	216,165	67.5 %
Total Unlisted Private Equity Investee Funds in diversified industries	851,052	53.4 %	104,215	32.5 %
	<u>\$ 1,595,091</u>	<u>100.0 %</u>	<u>\$ 320,380</u>	<u>100.0 %</u>

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

Other Price Risk (continued)

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Europe	\$ 40,240	2.5 %	\$ 34,007	10.6 %
United States	142,919	9.0 %	127,473	39.8 %
Asia	287,708	18.0 %	54,685	17.1 %
United Kingdom	273,172	17.1 %	-	- %
Total Direct Private Equity Investments	744,039	46.6 %	216,165	67.5 %
Total Unlisted Private Equity Investee Funds diversified globally	851,052	53.4 %	104,215	32.5 %
	<u>\$ 1,595,091</u>	<u>100.0 %</u>	<u>\$ 320,380</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$159,536,000 (2016 - \$32,240,000) or 10.0% (2016 - 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 287	\$ -	\$ -	\$ 287
Foreign Currency Contracts	-	(21)	-	(21)
Direct Private Equity Investments	-	-	744,039	744,039
Unlisted Private Equity Investee Funds	-	-	851,052	851,052
Total Investments	\$ 287	\$ (21)	\$ 1,595,091	\$ 1,595,357

	2016			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 2,023	\$ -	\$ -	\$ 2,023
Direct Private Equity Investments	-	-	216,165	216,165
Unlisted Private Equity Investee Funds	-	-	104,215	104,215
Total Investments	\$ 2,023	\$ -	\$ 320,380	\$ 322,403

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

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

Fair Value Hierarchy (continued)

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

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.

	2017		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 216,165	\$ 104,215	\$ 320,380
Total gains or (losses) recognized in profit or loss	265,511	11,804	277,315
Purchases	262,363	823,096	1,085,459
Sales	-	(88,063)	(88,063)
Balance, end of year	\$ 744,039	\$ 851,052	\$ 1,595,091

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 265,511	\$ 14,083	\$ 279,594
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See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 PRIVATE PLACEMENT FUND

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

Fair Value Hierarchy (continued)

	2016		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of period	\$ -	\$ -	\$ -
Total gains or (losses) recognized in profit or loss	(4,593)	(6,484)	(11,077)
Purchases	220,758	110,699	331,457
Sales	-	-	-
Balance, end of period	<u>\$ 216,165</u>	<u>\$ 104,215</u>	<u>\$ 320,380</u>
Total unrealized gains or (losses) for the period included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (4,593)</u>	<u>\$ (6,484)</u>	<u>\$ (11,077)</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 416,092	Market approach	EV / EBITDA	\$ 416,092	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Equity Investments	\$ 40,239	Unadjusted Net Asset Value	Net Asset Value	\$ 40,239	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Direct Private Equity Investments	\$ 287,708	Adjusted NAV	Net Asset Value	\$ 62,554	The estimated fair value would increase (decrease) if:
			Fair Value Adjustment	\$ 225,154	- The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was higher (lower).
Unlisted Private Equity Investee Funds	\$ 767,178	Unadjusted Net Asset Value	Net Asset Value	\$ 767,178	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Fund	\$ 83,874	Adjusted NAV	Net Asset Value	\$ 104,212	The estimated fair value would increase (decrease) if:
			Fair Value Adjustment	\$ (20,338)	- The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was higher (lower).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 PRIVATE PLACEMENT FUND

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 216,165	Market approach	EV / EBITDA	\$ 216,165	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Unlisted Private Equity Investee Funds	\$ 104,215	Unadjusted Net Asset Value	Net Asset Value	\$ 104,215	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value ("EV") and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.
- (iii) Fair Value Adjustment:
Represents total adjustments applied to the net asset value of the investee funds. BCI management determines these adjustments based on judgement, on an investee by investee basis, through review of information received from underlying investees and other sources.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 PRIVATE PLACEMENT FUND

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

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity and direct private debt investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of direct private equity investments and unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2017	2016
Favourable	\$ 159,509	\$ 32,038
Unfavourable	\$ (159,509)	\$ (32,038)

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

The Fund's investments are held primarily through 3 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$1,595,129,000 (2016 - \$320,392,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 287
Unlisted private equity investee funds administered by third party managers	11	\$ 9,071,423	\$ 851,052

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 PRIVATE PLACEMENT FUND

Involvement with Structured Entities (continued)
as at December 31

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 2,023
Unlisted private equity investee funds administered by third party managers	6	\$ 483,013	\$ 104,215

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 PRIVATE PLACEMENT FUND

**Involvement with Subsidiaries and Associates
as at December 31**

The Fund also holds through intermediary holding corporations the following investments in which it has a controlling position or a position where it could otherwise exert significant influence on the operations of the investee. The Fund measures these investments at FVTPL. The tables below set out interests held by the Fund in these unconsolidated subsidiaries and associates:

December 31, 2017

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/Registration	Ownership Interest	Voting Rights	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Hayfin Capital Partners	European credit platform specializing in sourcing, structuring, and managing European private debt instruments.	Common shares	Subsidiary	U.K.	England	66.51%	66.51%	\$ 273,173
Pilot Air Freight LLC and Subsidiaries	Operates as a manager and/or coordinator of logistics transportation services.	Common shares	Associate	U.S.	U.S.	41.93%	41.93%	\$ 142,919
Total								<u>\$ 416,092</u>

December 31, 2016

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/Registration	Ownership Interest	Voting Rights	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Pilot Air Freight LLC and Subsidiaries	Operates as a manager and/or coordinator of logistics transportation services.	Common shares	Associate	U.S.	U.S.	41.93%	41.93%	\$ 127,474
Total								<u>\$ 127,474</u>

During 2017 and 2016, the Fund did not provide financial support to subsidiaries or associates and has no intention of providing financial or other support. Furthermore, the subsidiaries and associates listed in the table above are not subject to any restrictions.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2017 PRIVATE EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017 (note 1)
Assets		
Investments		<u>\$ 197,385</u>
Liabilities		
BCI cost recoveries payable	4	2,378
Other accounts payable		<u>11</u>
		<u>2,389</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 194,996</u></u>
<i>Number of redeemable units outstanding</i>	5	<i>1,817.138</i>
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 107</u></u>
<i>Unfunded committed capital</i>	6	

Statement of Comprehensive Loss

(all amounts in thousands)

	Note	Period Ended December 31, 2017 (note 1)
Revenue:		
Interest income		\$ 7
Change in fair value of investments:	7	
Net change in unrealized appreciation		<u>4,983</u>
Total revenue		<u>4,990</u>
Expenses:		
BCI cost recoveries	4	13,289
External management fees		46
Administrative fees		166
Pursuit costs		<u>2,281</u>
Total operating expenses		<u>15,782</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(10,792)</u>
Decrease in net assets attributable to holders of redeemable units		<u><u>\$ (10,792)</u></u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2017 PRIVATE EQUITY FUND

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

	Period Ended December 31, 2017 <i>(note 1)</i>
Balance, beginning of period	\$ -
Decrease in net assets attributable to holders of redeemable units	(10,792)
Redeemable unit transactions:	
Proceeds from units issued	216,098
Amounts paid for units redeemed	(10,310)
Net increase from redeemable unit transactions	205,788
Balance, end of period	\$ 194,996

Statement of Cash Flows
(all amounts in thousands)

	Period Ended December 31, 2017 <i>(note 1)</i>
Operating activities:	
Decrease in net assets attributable to holders of redeemable units	\$ (10,792)
Adjustments for:	
Interest income	(7)
Net change in unrealized appreciation from investments	(4,983)
Proceeds from sale of investments	23,091
Amounts paid for purchase of investments	(215,493)
BCI cost recoveries	2,378
Other accounts payable	11
Interest received	7
	<u>(205,788)</u>
Financing activities:	
Proceeds from issue of redeemable units	216,098
Payments on redemption of redeemable units	(10,310)
	<u>205,788</u>
Net increase (decrease) in cash	-
Cash, beginning of period	-
Cash, end of period	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2017 PRIVATE EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017	
	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 197,380	\$ 192,397
Money Market Investments:		
Units in BCI Pooled Investment Portfolio		
Fund ST1	<u>5</u>	<u>5</u>
Total Investments	<u>\$ 197,385</u>	<u>\$ 192,402</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2017 PRIVATE EQUITY FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2017 Private Equity Fund.

	2017	
	Total	% of Total
Direct Private Equity Investments	\$ 89,768	45.5 %
Direct Private Debt Investments	2,187	1.1 %
Unlisted Private Equity Investee Funds	107,601	54.5 %
BCI Money Market Funds	12	- %
Net Investment-Related Payables	(2,188)	(1.1)%
	<u>\$ 197,380</u>	<u>100.0 %</u>

Credit Risk

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

Liquidity Risk

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's remaining non-derivative liabilities are due within three months of the year-end of the Fund.

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

Interest Rate Risk

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

Currency Risk

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

CURRENCY (Cdn 000s)	2017	
	Net Investments and Investment- Related Receivables	% of Total Net Assets
Euro	\$ 91,101	46.7 %
United States Dollar	108,455	55.6 %
Net Exposure	<u>\$ 199,556</u>	<u>102.3 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity, direct private debt and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2017 PRIVATE EQUITY FUND

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

Currency Risk (continued)

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$1,996,000 Cdn, representing 1.0% of the Fund's net assets. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017
Euro	\$ 488,904
United States Dollar	1,651,469
	<u>\$ 2,140,373</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$21,404,000 Cdn. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

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

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments, direct private debt investments and unlisted private equity investee funds are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2017	
	Total	% of Total
Direct Private Equity and Debt Investments:		
Pharmaceuticals, Biotechnology & Life Sciences	\$ 89,768	45.0 %
Food, Beverage & Tobacco	2,187	1.1 %
Total Direct Private Equity and Debt Investments	91,955	46.1 %
Total Unlisted Private Equity Investee Funds in diversified industries	107,601	53.9 %
	<u>\$ 199,556</u>	<u>100.0 %</u>

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2017 PRIVATE EQUITY FUND

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

Other Price Risk (continued)

The Fund's direct private equity investments, direct private debt investments and unlisted private equity investee funds are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2017	
	Total	% of Total
Direct Private Equity and Debt Investments:		
Europe	\$ 91,955	46.1 %
Total Direct Private Equity and Debt Investments	91,955	46.1 %
Total Unlisted Private Equity Investee Funds diversified globally	107,601	53.9 %
	<u>\$ 199,556</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$19,739,000 or 10.1% of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

(in 000s)	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Net Investment-Related Payables	\$ -	\$ (2,187)	\$ -	\$ (2,187)
BCI Money Market Funds	17	-	-	17
Direct Private Equity Investments	-	-	89,768	89,768
Direct Private Debt Investments	-	-	2,187	2,187
Unlisted Private Equity Investee Funds	-	-	107,601	107,601
Total Investments	<u>\$ 17</u>	<u>\$ (2,187)</u>	<u>\$ 199,556</u>	<u>\$ 197,386</u>

During 2017 there were no significant transfers between Level 1 and Level 2.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2017 PRIVATE EQUITY FUND

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

Fair Value Hierarchy (continued)

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

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

(in 000s)	2017			
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Total
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -
Total gains or (losses) recognized in profit or loss	2,730	(371)	3,515	5,874
Purchases	87,038	2,558	104,086	193,682
Sales	-	-	-	-
Balance, end of period	<u>\$ 89,768</u>	<u>\$ 2,187</u>	<u>\$ 107,601</u>	<u>\$ 199,556</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 2,730</u>	<u>\$ (371)</u>	<u>\$ 3,515</u>	<u>\$ 5,874</u>

During 2017, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 89,768	Market approach	EV / EBITDA	\$ 89,768	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Debt Investments	\$ 2,187	Market Approach	EV / EBITDA	\$ 2,187	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Unlisted Private Equity Investee Funds	\$ 107,601	Unadjusted Net Asset Value	Net Asset Value	\$ 107,601	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2017 PRIVATE EQUITY FUND

Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

(i) Enterprise Value (“EV”) and EBITDA multiples:

EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

(ii) Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds’ policy to categorize the investee as level 3 within the fair value hierarchy.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity and direct private debt investments, BCI management engages third party independent valutors to estimate the fair market value. The valutors produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of direct private equity investments, direct private debt investments and unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2017
Favourable	\$ 19,956
Unfavourable	\$ (19,956)

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2017 PRIVATE EQUITY FUND

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

The Fund's investments are held primarily through 3 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$197,380,000 is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 17
Unlisted private equity investee funds administered by third party managers	10	\$ 583,295	\$ 107,601

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Cash		\$ -	\$ 10
Investments		<u>5,662,021</u>	<u>5,740,399</u>
		<u>5,662,021</u>	<u>5,740,409</u>
Liabilities			
BCI cost recoveries payable	4	4,140	304
Other accounts payable		<u>-</u>	<u>17</u>
		<u>4,140</u>	<u>321</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 5,657,881</u></u>	<u><u>\$ 5,740,088</u></u>
<i>Number of redeemable units outstanding</i>	5	2,996.496	2,946.145
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 1,888</u></u>	<u><u>\$ 1,948</u></u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 1	\$ (5,241)
Dividend income		424,238	505,534
Foreign exchange gain (loss)		(2)	19
Change in fair value of investments:	7		
Net realized gain (loss)		149,914	(3,772)
Net change in unrealized appreciation (depreciation)		<u>4,886</u>	<u>(93,603)</u>
Total revenue		<u>579,037</u>	<u>402,937</u>
Expenses:			
BCI cost recoveries	4	7,730	3,361
Administrative fees		498	88
Pursuit costs		1,627	736
Withholding taxes		<u>348</u>	<u>1,772</u>
Total operating expenses		<u>10,203</u>	<u>5,957</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>568,834</u>	<u>396,980</u>
Distributions to holders of redeemable units:			
From net investment income		(311,124)	(496,575)
From net realized gains on investments		(149,914)	-
Return of Capital		<u>(277,906)</u>	<u>(23,266)</u>
		<u>(738,944)</u>	<u>(519,841)</u>
Decrease in net assets attributable to holders of redeemable units		<u><u>\$ (170,110)</u></u>	<u><u>\$ (122,861)</u></u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 5,740,088	\$ 4,380,192
Decrease in net assets attributable to holders of redeemable units	(170,110)	(122,861)
Redeemable unit transactions:		
Proceeds from units issued	87,903	1,482,757
Amounts paid for units redeemed	-	-
Net increase from redeemable unit transactions	87,903	1,482,757
Balance, end of year	\$ 5,657,881	\$ 5,740,088

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (170,110)	\$ (122,861)
Adjustments for:		
Effect of exchange rate changes on cash	2	(19)
Interest income	(1)	5,241
Dividend income	(424,238)	(505,534)
Withholding taxes	348	1,772
Net realized (gain) loss from investments	(149,914)	3,772
Net change in unrealized (appreciation) depreciation from investments	(4,886)	93,603
Cash distribution	738,944	519,841
Proceeds from sale of investments	325,220	399,357
Amounts paid for purchase of investments	(92,042)	(1,856,432)
BCI cost recoveries payable	3,836	(192)
Other accounts payable	(17)	6
Interest received	1	(5,241)
Dividends received	424,238	505,534
Withholding taxes paid	(348)	(1,772)
	<u>651,033</u>	<u>(962,925)</u>
Financing activities:		
Proceeds from issue of redeemable units	87,903	1,482,757
Distributions paid to holders of redeemable units	(738,944)	(519,841)
	<u>(651,041)</u>	<u>962,916</u>
Net decrease in cash	(8)	(9)
Effect of exchange rate changes on cash	(2)	19
Cash, beginning of year	10	-
Cash, end of year	\$ -	\$ 10

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments¹:	\$ 5,662,015	\$ 4,853,242	\$ 5,740,387	\$ 4,936,501
Money Market Investments:				
Units in BCI Pooled				
Investment Portfolio				
Fund ST1	5	5	10	10
Fund ST3	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>
	<u>6</u>	<u>6</u>	<u>12</u>	<u>11</u>
Total Investments	<u>\$ 5,662,021</u>	<u>\$ 4,853,248</u>	<u>\$ 5,740,399</u>	<u>\$ 4,936,512</u>

¹ The private equity investments are held through private corporations and limited partnerships.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Infrastructure Funds are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Strategic Inv 100 Foreign PP Fund.

The Fund holds its private equity and debt investments through private corporations and limited partnerships. The private corporations, limited partnerships and pooled investment portfolio hold the following net assets:

(in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 4,090,151	72.3 %	\$ 3,762,386	65.7 %
Direct Private Debt Investments	374,266	6.6 %	461,740	8.0 %
Unlisted Private Equity Investee Funds	1,355,869	23.9 %	1,459,624	25.4 %
BCI Money Market Funds	21,849	0.4 %	65,367	1.1 %
Debt Issued	(30,733)	(0.5)%	(43,921)	(0.8)%
Net Investment-Related Payables	(149,387)	(2.7)%	35,191	0.6 %
	<u>\$ 5,662,015</u>	<u>100.0 %</u>	<u>\$ 5,740,387</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and limited partnerships and their investing activities have been considered.

Credit Risk

The majority of the private debt investments are in closely held private companies where the Fund has a significant ownership percentage. Due to the private nature of the debt, it is not subject to rating by a rating agency. The maximum credit risk exposure is \$374,266,000 Cdn (2016 - \$461,740,000 Cdn).

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

Liquidity Risk

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's remaining non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

The Fund holds debt investments in conjunction with equity investments in several private companies. As at December 31, the Fund invested in the following debt instruments:

	2017		
	Carrying Value (in 000s)	Interest Rate	Maturity Date
Fixed-rate debt	<u>\$ 374,266</u>	<u>8.51% to 11.00%</u>	<u>2019 to 2029</u>
	2016		
	Carrying Value (in 000s)	Interest Rate	Maturity Date
Fixed-rate debt	<u>\$ 461,740</u>	<u>8.51% to 11.00%</u>	<u>2019 to 2029</u>

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

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

Interest Rate Risk (continued)

The value of the combined debt and equity investments is calculated based on enterprise values of the private companies and the value is then allocated to the debt and equity investments. Any change in market value of the debt investments due to fluctuations in interest rates would result in an offsetting change in value of the related equity investment. Accordingly, sensitivity analysis that would measure the impact of changes in interest rates would not be meaningful and has not been provided.

As at December 31, 2017 and 2016, the Fund had no other assets or liabilities which change in value as a result of changes in the interest rates.

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets
Australian Dollar	\$ 411,069	7.3 %	\$ 415,691	7.2 %
British Pound Sterling	609,844	10.8 %	544,261	9.5 %
Euro	819,549	14.5 %	902,254	15.7 %
United States Dollar	3,349,854	59.2 %	3,435,817	59.9 %
Net Exposure	<u>\$ 5,190,316</u>	<u>91.7 %</u>	<u>\$ 5,298,023</u>	<u>92.3 %</u>

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

Currency Risk (continued)

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity, direct private debt and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, 2017, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$51,903,000 Cdn (2016 - \$52,980,000 Cdn), representing 0.9 percent of the Fund's net assets (2016 - 0.9 percent). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Other Price Risk section provides additional disclosure on several investments denominated in United States dollars and domiciled in different jurisdictions.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

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

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017	2016
Euro	\$ 13,220	\$ 14,184
United States Dollar	169,944	246,545
	<u>\$ 183,164</u>	<u>\$ 260,729</u>

As at December 31, 2017, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased by \$1,832,000 Cdn (2016 - \$2,607,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

Other Price Risk

The investments are concentrated in the power, utility and energy infrastructure sectors in Canada, Chile, Europe, the United States, and United Kingdom. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

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

Other Price Risk (continued)

The Fund's unlisted private equity, private debt and private equity investee fund investments are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity and Debt Investments:				
Coal infrastructure	\$ 78,831	1.3 %	\$ 64,530	1.1 %
Diversified infrastructure	173,813	3.0 %	165,985	2.9 %
Electricity transmission infrastructure	2,001,727	34.4 %	1,680,770	29.6 %
Gas transmission infrastructure	551,201	9.5 %	432,601	7.6 %
Oil transmission and storage infrastructure	-	- %	199,149	3.5 %
Transportation infrastructure	577,003	9.9 %	613,178	10.8 %
Water, wastewater and sewage infrastructure	1,081,842	18.6 %	1,067,913	18.8 %
Total Direct Private Equity and Debt Investments	4,464,417	76.7 %	4,224,126	74.3 %
Total Unlisted Private Equity Investee Funds in diversified infrastructure	1,355,869	23.3 %	1,459,624	25.7 %
	<u>\$ 5,820,286</u>	<u>100.0 %</u>	<u>\$ 5,683,750</u>	<u>100.0 %</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

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

Other Price Risk (continued)

The Fund's direct private equity and debt investments, and unlisted private equity investee funds are concentrated in the following geographic regions:

GEOGRAPHIC REGION
(in 000s)

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity and Debt Investments:				
Australia	\$ 416,130	7.0 %	\$ 415,691	7.3 %
Brazil	170,486	2.9 %	195,432	3.4 %
Canada	720,402	12.4 %	696,397	12.3 %
Chile	1,106,791	19.0 %	759,821	13.4 %
Germany	551,201	9.5 %	432,601	7.6 %
Spain	-	- %	199,149	3.5 %
United Kingdom	604,481	10.4 %	534,837	9.4 %
United States	894,926	15.4 %	990,198	17.4 %
Total Direct Private Equity and Debt Investments	4,464,417	76.7 %	4,224,126	74.3 %
Total Unlisted Private Equity Investee Funds in diversified infrastructure	1,355,869	23.3 %	1,459,624	25.7 %
	<u>\$ 5,820,286</u>	<u>100.0 %</u>	<u>\$ 5,683,750</u>	<u>100.0 %</u>

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

Other Price Risk (continued)

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Accordingly, sensitivity analysis that would measure the impact to changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017, had the fair value of the investments increased or decreased by 10 percent, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased by approximately \$566,202,000 (2016 - \$574,040,000) or 10.0 percent (2016 – 10.0 percent) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

(in 000s)	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Direct Private Equity Investments	\$ -	\$ -	\$ 4,090,151	\$ 4,090,151
Direct Private Debt Investments	-	-	374,266	374,266
Unlisted Private Equity Investee Funds	-	-	1,355,869	1,355,869
BCI Money Market Funds	21,855	-	-	21,855
Debt Issued	-	-	(30,733)	(30,733)
Net Investment-Related Payables	-	(149,387)	-	(149,387)
Total Investments	<u>\$ 21,855</u>	<u>\$ (149,387)</u>	<u>\$ 5,789,553</u>	<u>\$ 5,662,021</u>

(in 000s)	2016			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Direct Private Equity Investments	\$ -	\$ -	\$ 3,762,386	\$ 3,762,386
Direct Private Debt Investments	-	-	461,740	461,740
Unlisted Private Equity Investee Funds	-	-	1,459,624	1,459,624
BCI Money Market Funds	65,379	-	-	65,379
Debt Issued	-	-	(43,921)	(43,921)
Net Investment-Related Receivables	-	35,191	-	35,191
Total Investments	<u>\$ 65,379</u>	<u>\$ 35,191</u>	<u>\$ 5,639,829</u>	<u>\$ 5,740,399</u>

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

Fair Value Hierarchy (continued)

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

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

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

(in 000s)	2017				
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Debt Issued	Total
Balance, beginning of year	\$ 3,762,386	\$ 461,740	\$ 1,459,624	\$ (43,921)	\$ 5,639,829
Total gains or (losses) recognized in profit or loss	591,067	(19,808)	(45,606)	4,513	530,166
Purchases	20,583	-	77,842	8,675	107,100
Sales	(283,885)	(67,666)	(135,991)	-	(487,542)
Balance, end of year	<u>\$ 4,090,151</u>	<u>\$ 374,266</u>	<u>\$ 1,355,869</u>	<u>\$ (30,733)</u>	<u>\$ 5,789,553</u>

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 435,226</u>	<u>\$ (36,898)</u>	<u>\$ (67,919)</u>	<u>\$ 4,513</u>	<u>\$ 334,922</u>
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See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

Fair Value Measurement Discussion (continued)
as at December 31

Fair Value Hierarchy (continued)

	2016				
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Debt Issued	Total
(in 000s)					
Balance, beginning of year	\$ 2,614,652	\$ 483,603	\$ 1,248,190	\$ (66,748)	\$ 4,279,697
Total gains or (losses) recognized in profit or loss	166,275	(21,863)	79,073	6,685	230,170
Purchases	1,246,370	-	269,754	16,142	1,532,266
Sales	(264,911)	-	(137,393)	-	(402,304)
Balance, end of year	\$ 3,762,386	\$ 461,740	\$ 1,459,624	\$ (43,921)	\$ 5,639,829
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (22,178)	\$ (21,863)	\$ 42,633	\$ 6,685	\$ 5,277

During 2017 and 2016, there were no significant transfers into or out of Level 3.

Significant Unobservable Inputs Used in Measuring Fair Value

The following table sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments, direct private debt, unlisted private equity investee funds and debt issued categorized as Level 3 in the fair value hierarchy as at December 31:

Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$3,916,331	Market approach	EV / EBITDA	\$3,916,331	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Equity Investments	\$ 173,820	Unadjusted Net Asset Value	Net Asset Value	\$173,820	The estimated fair value would increase (decrease) if the fair value of direct private equity investee funds was higher (lower).
Direct Private Debt Investments	\$ 374,266	Market approach	EV / EBITDA	\$374,266	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Unlisted Private Equity Investee Funds	\$ 468,043	Unadjusted Net Asset Value	Net Asset Value	\$468,043	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 887,826	Adjusted Net Asset Value	Net Asset Value Fair Value Adjustment	\$911,203 \$(23,377)	The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).
Debt issued	\$ (30,733)	Discounted Cash Flows	Discount Rate	12%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$3,420,838	Market approach	EV / EBITDA	\$3,420,838	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Equity Investments	\$ 277,019	Unadjusted Net Asset Value	Net Asset Value	\$277,019	The estimated fair value would increase (decrease) if the fair value of direct private equity investee funds was higher (lower).
Direct Private Equity Investments	\$ 64,529	Adjusted Net Asset Value	Net Asset Value	\$68,587	The estimated fair value would increase (decrease) if:
			Fair Value Adjustment	\$(4,058)	- The fair value of direct private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).
Direct Private Debt Investments	\$ 461,740	Market Approach	EV / EBITDA	\$461,740	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Unlisted Private Equity Investee Funds	\$1,192,472	Unadjusted Net Asset Value	Net Asset Value	\$1,192,472	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

	2016				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 267,152	Adjusted Net Asset Value	Fair Value Adjustment	\$272,944	The estimated fair value would increase (decrease) if:
			Fair Value Adjustment	\$(5,792)	- The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).
Debt issued	\$ (43,921)	Discounted Cash Flows	Discount rate	12.0%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).

Significant unobservable inputs are developed as follows:

- (i) Discount rate:
Represents the discount rate applied to the expected future cash flows of each private debt investment and debt issued. For the discount rates used, BCI management assesses both the risk premium and the appropriate risk-free rate based on the economic environment in which the investee entity operates. The discount rate is adjusted for such matters as liquidity differences, credit and market factors. The estimated future cash flows are then discounted using the discount rate determined. Cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the respective investee entity.
- (ii) Enterprise Value ("EV") and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

- (iii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

- (iv) Fair value adjustment:
Represents total adjustments applied to the net asset value of the investee funds. BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity and direct private debt investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Inputs on Fair Value Measurement (continued)

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if:

- a) the valuations of certain direct private equity and direct private debt investments were calculated by recalibrating the model values using unobservable inputs based on the upper and lower threshold of the respective investment's range of possible estimates.
- b) the valuations of unlisted private equity investee funds, of certain direct private equity and direct private debt investments and debt issued were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%.

(in 000s)	2017	2016
Favourable	\$ 484,897	\$ 347,901
Unfavourable	\$ (462,375)	\$ (498,408)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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STRATEGIC INV 100 FOREIGN PP FUND

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

The Fund's investments are held primarily through 9 intermediary holding corporations and 4 limited partnerships, all of which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities, approximately \$5,662,015,000 (2016 - \$5,389,225,000), is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations and limited partnerships). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 21,855
Unlisted private equity investee funds administered by third party managers	19	\$ 32,129,624	\$ 1,355,869

**Involvement with Structured Entities (continued)
as at December 31**

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 65,379
Unlisted private equity investee funds administered by third party managers	19	\$ 48,802,205	\$ 1,459,624

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund has commitments to provide financial or other support to the intermediary holding corporations and limited partnerships to fund day-to-day operations and investment activity under loan agreements or shareholder's resolutions as needed

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

**Involvement with Subsidiaries and Associates
as at December 31**

The Fund holds through intermediary holding corporations the following investments in which it has a controlling position or a position where it could otherwise exert significant influence on the operations of the investee. The Fund measures these investments at Fair Value Through Profit or Loss. The tables below set out interests held by the Fund in these unconsolidated subsidiaries and associates:

December 31, 2017

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/ Registration	Ownership Interest	Voting Rights	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Corix Infrastructure Inc.	Water, wastewater and energy infrastructure company	Common shares and shareholder loan	Subsidiary	U.S. and Canada	Canada	47.4%	47.4%	\$ 477,360
Open Grid Europe GmbH.	Regulated gas transmission service operator	Common shares	Associate	Germany	Germany	27.3%	27.3%	\$ 551,201
ETC Holdings Ltd.	Regulated electricity transmission	Common shares	Associate	Chile	Chile	22.1%	22.1%	\$ 1,106,791
InTransit BC Limited Partnership	Operation of the CanadaLine project	Limited partnership interest	Associate	Canada	Canada	28.3%	28.3%	\$ 69,218
Cleco Corporation	Regulated electricity utility	Limited partnership interest	Associate	U.S.	U.S.	31.3%	31.3%	\$ 894,926

December 31, 2016

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/ Registration	Ownership Interest	Voting Rights	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Corix Infrastructure Inc.	Water, wastewater and energy infrastructure company	Common shares and shareholder loan	Subsidiary	U.S. and Canada	Canada	51.2%	51.2%	\$ 463,825
Open Grid Europe GmbH.	Regulated gas transmission service operator	Common shares	Associate	Germany	Germany	27.3%	27.3%	\$ 432,601
ETC Holdings Ltd.	Regulated electricity transmission	Common shares	Associate	Chile	Chile	22.1%	22.1%	\$ 759,821
InTransit BC Limited Partnership	Operation of the CanadaLine project	Limited partnership interest	Associate	Canada	Canada	28.3%	28.3%	\$ 66,583
Cleco Corporation	Regulated electricity utility	Limited partnership interest	Associate	U.S.	U.S.	31.3%	31.3%	\$ 920,949

During 2017 and 2016, the Fund did not provide financial support to subsidiaries or associates and has no intention of providing financial or other support. Furthermore, the subsidiaries and associates listed in the table above are not subject to any restrictions.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Interest receivable		\$ 28	\$ -
Investments		<u>2,327,343</u>	<u>1,431,648</u>
		2,327,371	1,431,648
Liabilities			
BCI cost recoveries payable	4	2,006	656
Other accounts payable		<u>-</u>	<u>5</u>
		<u>2,006</u>	<u>661</u>
Net assets attributable to holders of redeemable units		<u>\$ 2,325,365</u>	<u>\$ 1,430,987</u>
<i>Number of redeemable units outstanding</i>	5	2,544.964	1,505.498
Net assets attributable to holders of redeemable units per unit		<u>\$ 914</u>	<u>\$ 951</u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 3,926	\$ 8
Foreign exchange loss		(14)	-
Change in fair value of investments:	7		
Net realized gain (loss)		210	(268)
Net change in unrealized appreciation (depreciation)		<u>(75,864)</u>	<u>19,024</u>
Total Revenue		<u>(71,742)</u>	<u>18,764</u>
Expenses:			
BCI cost recoveries	4	\$ 11,739	6,118
Administrative fees		120	214
Pursuit cost		<u>7,089</u>	<u>8,804</u>
Total operating expenses		<u>18,948</u>	<u>15,136</u>
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(90,690)</u>	<u>3,628</u>
Increase (decrease) in net assets attributable to holders of redeemable units		<u>\$ (90,690)</u>	<u>\$ 3,628</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of period	\$ 1,430,987	\$ 4
Increase (decrease) in net assets attributable to holders of redeemable units	(90,690)	3,628
Redeemable unit transactions:		
Proceeds from units issued	1,107,898	1,430,125
Amounts paid for units redeemed	(122,830)	(2,770)
Net increase from redeemable unit transactions	985,068	1,427,355
Balance, end of period	<u>\$ 2,325,365</u>	<u>\$ 1,430,987</u>

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (90,690)	\$ 3,628
Adjustments for:		
Effect of exchange rate changes on cash	14	-
Interest income	(3,926)	(8)
Net realized (gain) loss from investments	(210)	268
Net change in unrealized (appreciation) depreciation from investments	75,864	(19,024)
Proceeds from sale of investments	573,177	13,418
Amounts paid for purchase of investments	(1,544,526)	(1,426,300)
BCI cost recoveries payable	1,350	650
Other accounts payable	(5)	5
Interest received	3,898	8
	<u>(985,054)</u>	<u>(1,427,355)</u>
Financing activities:		
Proceeds from issue of redeemable units	1,107,898	1,430,125
Payments on redemption of redeemable units	(122,830)	(2,770)
	<u>985,068</u>	<u>1,427,355</u>
Net increase in cash	14	-
Effect of exchange rate changes on cash	(14)	-
Cash, beginning of period	-	-
Cash, end of period	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

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

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments¹:	\$ 2,117,535	\$ 2,166,462	\$ 1,431,638	\$ 1,412,614
Private Debt Investments:	209,803	217,716	-	-
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST2	<u>5</u>	<u>5</u>	<u>10</u>	<u>10</u>
	<u>5</u>	<u>5</u>	<u>10</u>	<u>10</u>
Total Investments	<u>\$ 2,327,343</u>	<u>\$ 2,384,183</u>	<u>\$ 1,431,648</u>	<u>\$ 1,412,624</u>

¹ The private equity investments are held through the pooled investment portfolio, a private corporation and limited partnerships.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

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

The investment objectives, eligible investments and general information on the financial risks related to the Infrastructure Funds are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Strategic Infrastructure Investment Fund 2 (Foreign).

The Fund holds its private equity investments through a corporation and limited partnerships. The corporation, limited partnerships and pooled investment portfolio hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$1,894,279	81.4 %	\$1,381,763	96.5 %
Direct Private Debt	209,803	9.0 %	-	- %
Unlisted Private Equity Investee Funds	221,346	9.5 %	49,859	3.5 %
BCI Money Market Funds	1,502	0.1 %	16	- %
FX Contracts	2	- %	-	- %
Net Investment-Related Receivable / Payables	406	- %	-	- %
	<u>\$2,327,338</u>	<u>100.0 %</u>	<u>\$1,431,638</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and limited partnerships and their investing activities have been considered.

Credit Risk

The Funds private debt investments are in closely held private companies. Due to the private nature of the debt, it is not subject to rating by a rating agency. The maximum credit risk exposure is \$209,803,000 Cdn (2016 - \$0 Cdn).

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

Liquidity Risk

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements.

Interest Rate Risk

The Fund holds debt investments in conjunction with equity investments in several private companies. As at December 31, the Fund invested in the following debt instruments:

	2017		
	Carrying Value (in 000s)	Interest Rate	Maturity Date
INTEREST RATE RISK			
Variable-rate debt	209,803	3.69%	2027
	<u>\$ 209,803</u>		

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

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

Currency Risk

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

CURRENCY (Cdn 000s)	2017		2016	
	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets
Australian Dollar	\$ 447,939	19.3 %	\$ -	- %
Euro	129,956	5.6 %	-	- %
United States Dollar	1,749,380	75.2 %	1,432,438	100.1 %
Net Exposure	<u>\$ 2,327,275</u>	<u>100.1 %</u>	<u>\$ 1,432,438</u>	<u>100.1 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$23,273,000 Cdn (2016 - \$14,324,000), representing 1.0% of the Fund's net assets (2016 - 1%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2017	2016
Euro	\$ 133,713	\$ 248,240
United States Dollar	188,639	239,787
	<u>\$ 322,352</u>	<u>\$ 488,027</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$3,224,000 (2016 - \$4,880,000) Cdn. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

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

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The Fund's unlisted private equity, private debt and private equity investee fund investments are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct private equity and debt investments:				
Infrastructure	\$ 1,277,390	54.9 %	\$ 1,381,763	96.5 %
Energy	826,692	35.6 %	-	- %
Total direct private equity and debt investments	2,104,082	90.5 %	1,381,763	96.5 %
Total unlisted private equity investee funds in diversified infrastructure	221,346	9.5 %	49,859	3.5 %
	<u>\$ 2,325,428</u>	<u>100.0 %</u>	<u>\$ 1,431,622</u>	<u>100.0 %</u>

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

Other Price Risk (continued)

The Fund's unlisted private equity, private debt and private equity investee fund investments are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct private equity and debt investments:				
Australia	\$ 447,942	19.3 %	\$ -	- %
Brazil	378,750	16.3 %	-	- %
Columbia	706,515	30.4 %	646,297	45.1 %
International	570,875	24.5 %	735,466	51.4 %
Total direct private equity and debt investments	2,104,082	90.5 %	1,381,763	96.5 %
Total unlisted private equity investee funds in diversified infrastructure	221,346	9.6 %	49,859	3.5 %
	<u>\$ 2,325,428</u>	<u>100.1 %</u>	<u>\$ 1,431,622</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Accordingly, sensitivity analysis that would measure the impact to changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$232,734,000 (2016 - \$143,165,000) or 10.0% of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Net Investment Related				
Receivables	\$ -	\$ 406	\$ -	\$ 406
Direct Private Debt Investments	-	-	209,803	209,803
BCI Money Market Funds	1,507	-	-	1,507
Foreign Currency Contracts	-	2	-	2
Direct Private Equity Investments	-	-	1,894,279	1,894,279
Unlisted Private Equity Investee Funds	-	-	221,346	221,346
Total Investments	\$ 1,507	\$ 408	\$ 2,325,428	\$ 2,327,343

	2016			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 26	\$ -	\$ -	\$ 26
Direct Private Equity Investments	-	-	1,381,763	1,381,763
Unlisted Private Equity Investee Funds	-	-	49,859	49,859
Total Investments	\$ 26	\$ -	\$ 1,431,622	\$ 1,431,648

During 2017, there were no significant transfers between Level 1 and Level 2.

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

Fair Value Hierarchy (continued)

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

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.

	2017			
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)				
Balance, beginning of year	\$ 1,381,763	\$ -	\$ 49,859	\$ 1,431,622
Total gains or (losses) recognized in profit or loss	(195,469)	(7,913)	2,240	(201,142)
Purchases	707,985	217,716	175,278	1,100,979
Sales	-	-	(6,031)	(6,031)
Balance, end of year	\$ 1,894,279	\$ 209,803	\$ 221,346	\$ 2,325,428

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (195,469)	\$ (7,913)	\$ 2,006	\$ (201,376)
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See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

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

Fair Value Hierarchy (Continued)

	2016		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ -	\$ -	\$ -
Total gains or (losses) recognized in profit or loss	14,711	4,931	19,642
Purchases	1,367,052	54,366	1,421,418
Sales	-	(9,438)	(9,438)
Balance, end of year	<u>\$ 1,381,763</u>	<u>\$ 49,859</u>	<u>\$ 1,431,622</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 14,711</u>	<u>\$ 4,465</u>	<u>\$ 19,176</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$1,894,279	Market approach	EV / EBITDA	\$1,894,279	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Debt Investments	\$ 209,803	Market approach	EV / EBITDA	\$ 209,803	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Unlisted Private Equity Investee Funds	\$ 129,549	Unadjusted Net Asset Value	Net Asset Value	\$ 129,549	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Fund	\$ 91,797	Adjusted Net Asset Value	Net Asset Value	\$ 97,033	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).
			Fair Value Adjustment	(5,236)	

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

2016					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$1,381,763	Market Approach	EV / EBITDA	\$1,381,763	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Unlisted Private Equity Investee Funds	\$ 49,859	Unadjusted Net Asset Value	Net Asset Value	\$49,859	The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower).

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

(i) Enterprise Value ("EV") and EBITDA multiples:

EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

(ii) Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

(iii) Fair value adjustment:

Represents total adjustments applied to the net asset value of the investee funds. BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

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

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity and direct private debt investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds, direct private equity investments and direct private debt investments were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2017	2016
Favourable	\$ 232,734	\$ 143,162
Unfavourable	\$ (232,734)	\$ (143,162)

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

As at December 31, 2017 the Fund's investments are held primarily through an intermediary holding corporation and limited partnerships which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities, approximately \$1,947,118,363 (2016 - \$1,431,648,000), is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	3	\$ 6,405,182	\$ 1,507
Unlisted private equity investee funds administered by third party managers	2	\$ 9,135,146	\$ 221,346

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

Involvement with Structured Entities (continued)
as at December 31

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	3	\$ 3,028,308	\$ 26
Unlisted private equity investee funds administered by third party managers	2	\$ 2,439,826	\$ 49,859

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Receivable from sale of investments		\$ -	\$ 28,508
Investments		17,556	24,627
		<u>17,556</u>	<u>53,135</u>
Liabilities			
Payable for redemption of units		-	28,508
BCI cost recoveries payable	4	86	159
Other accounts payable		11	12
		<u>97</u>	<u>28,679</u>
Net assets attributable to holders of redeemable units		<u>\$ 17,459</u>	<u>\$ 24,456</u>
<i>Number of redeemable units outstanding</i>	5	15.966	14.347
Net assets attributable to holders of redeemable units per unit		<u>\$ 1,094</u>	<u>\$ 1,705</u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Loss

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 4	\$ 2
Change in fair value of investments:	7		
Net realized gain		-	63
Net change in unrealized appreciation (depreciation)		<u>(7,029)</u>	<u>1,319</u>
Total revenue		<u>(7,025)</u>	<u>1,384</u>
Expenses:			
BCI cost recoveries	4	976	1,622
Administrative fees		29	20
Pursuit costs		-	14
Total operating expenses		<u>1,005</u>	<u>1,656</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(8,030)</u>	<u>(272)</u>
Decrease in net assets attributable to holders of redeemable units		<u>\$ (8,030)</u>	<u>\$ (272)</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 24,456	\$ 23,220
Decrease in net assets attributable to holders of redeemable units	(8,030)	(272)
Redeemable unit transactions:		
Proceeds from units issued	1,033	1,801
Amounts paid for units redeemed	-	(293)
Net increase from redeemable unit transactions	1,033	1,508
Balance, end of year	\$ 17,459	\$ 24,456

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (8,030)	\$ (272)
Adjustments for:		
Interest income	(4)	(2)
Net realized gain from investments	-	(63)
Net change in unrealized (appreciation) depreciation from investments	7,029	(1,319)
Proceeds from sale of investments	1,080	1,883
Amounts paid for purchase of investments	(1,038)	(1,803)
Receivable from sale of investments	28,508	-
Payable for redemption of units	(28,508)	-
BCI cost recoveries payable	(73)	65
Other accounts payable	(1)	1
Interest received	4	2
	<u>(1,033)</u>	<u>(1,508)</u>
Financing activities:		
Proceeds from issue of redeemable units	1,033	1,801
Payments on redemption of redeemable units	-	(293)
	<u>1,033</u>	<u>1,508</u>
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments¹:	\$ 17,196	\$ 35,200	\$ 24,225	\$ 35,200
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST2	<u>360</u>	<u>360</u>	<u>402</u>	<u>402</u>
Total Investments	<u>\$ 17,556</u>	<u>\$ 35,560</u>	<u>\$ 24,627</u>	<u>\$ 35,602</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Renewable Resources Investment program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Renewable Resources Investment Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Fund	\$ 17,172	99.9%	\$ 24,197	99.9%
BCI Money Market Funds	24	0.1%	28	0.1%
	<u>\$ 17,196</u>	<u>100.0%</u>	<u>\$ 24,225</u>	<u>100.0%</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

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

Liquidity Risk

The Fund's financial assets include unlisted equity investments, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

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

Interest Rate Risk

Substantially all 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 financial assets denominated in U.S. currency totalling \$17,185,000 Cdn which represents 98.4% of the net asset value of the Fund (2016 - \$24,211,000 Cdn which represented 99.0% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee fund. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, 2017, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$172,000 Cdn (2016 - \$242,000 Cdn), representing 1.0% of the Fund's net assets (2016 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$8,000 Cdn (2016 - \$8,000 Cdn). As at December 31, 2016 and 2015 if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased by less than \$1,000 Cdn. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

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

Other Price Risk

The net assets include real estate properties and other related receivables and payables. The real estate investments are primarily in timberlands and concentrated in Brazil.

The fair value of this investment fluctuates in response to specific property characteristics rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$1,756,000 (2016 - \$2,463,000) or 10.1% (2016 – 10.1%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

		2017			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds		\$ 384	\$ -	\$ -	\$ 384
Unlisted Private Equity Investee Fund		-	-	17,172	17,172
Total Investments		\$ 384	\$ -	\$ 17,172	\$ 17,556

		2016			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds		\$ 430	\$ -	\$ -	\$ 430
Unlisted Private Equity Investee Fund		-	-	24,197	24,197
Total Investments		\$ 430	\$ -	\$ 24,197	\$ 24,627

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

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

Fair Value Hierarchy (continued)

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

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.

	2017	2016
	Unlisted Private Equity Investee Funds	Unlisted Private Equity Investee Funds
(in 000s)		
Balance, beginning of year	\$ 24,197	\$ 22,800
Total gains or (losses) recognized in profit or loss	(7,025)	1,397
Purchases	-	-
Sales	-	-
Balance, end of year	<u>\$ 17,172</u>	<u>\$ 24,197</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (7,025)</u>	<u>\$ 1,397</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

2017					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Fund	\$ 17,172	Adjusted Net Asset Value	Net Asset Value Fair Value Adjustment	\$ 17,290 \$ (118)	The estimated fair value would increase (decrease) if: - The fair value of the unlisted private equity investee fund was higher (lower). - The fair value adjustment was lower (higher).
2016					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Fund	\$ 24,197	Unadjusted Net Asset Value	Net Asset Value	\$ 24,197	The estimated fair value would increase (decrease) if the net asset value of the unlisted private equity investee fund was higher (lower).

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

(ii) Fair Value Adjustment:

Represents total adjustments applied to the net asset value of the investee funds. BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Inputs on Fair Value Measurement

The unlisted private equity investee fund is valued based on information received from the external manager through co-investment arrangement. The fair value of the investment fluctuates in response to changes in specific assumptions for the investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuation of unlisted private equity investee fund was calculated by adjusting the underlying investee fund's net assets by 10%.

(in 000s)	2017	2016
Favourable	\$ 1,720	\$ 2,420
Unfavourable	\$ (1,720)	\$ (2,420)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

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

The Fund's investments are held through 2 intermediary holding corporations, both of which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities, approximately \$17,196,000 (2016 - \$24,225,000), is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market fund organized as unit trust and indirectly held investee fund organized as limited partnership. Both of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market fund administered by BCI	2	\$ 5,482,111	\$ 384
Unlisted private equity investee fund administered by third party manager	1	\$ 118,639	\$ 17,172

**Involvement with Structured Entities (continued)
as at December 31**

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market fund administered by BCI	2	\$ 3,256,248	\$ 430
Unlisted private equity investee fund administered by third party manager	1	\$ 159,415	\$ 24,197

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund has commitments to provide financial or other support to the intermediary holding corporations to fund day-to-day operations and investment activity under loan agreements or shareholder's resolutions as needed.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 RENEWABLE RESOURCES FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Interest receivable		\$ -	\$ 5,655
Derivative assets:			
Foreign currency contracts		-	5,660
Investments		481,550	304,497
		<u>481,550</u>	<u>315,812</u>
Liabilities			
BCI cost recoveries payable	4	19	25
Other accounts payable		11	12
Derivative liabilities:			
Foreign currency contracts		-	5,655
		<u>30</u>	<u>5,692</u>
Net assets attributable to holders of redeemable units		<u>\$ 481,520</u>	<u>\$ 310,120</u>
<i>Number of redeemable units outstanding</i>	5	298.367	230.432
Net assets attributable to holders of redeemable units per unit		<u>\$ 1,614</u>	<u>\$ 1,346</u>
<i>Unfunded committed capital</i>	6		

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 22,008	\$ 22,442
Foreign exchange loss		(3,719)	(4,206)
Change in fair value of investments and derivatives:	7		
Net realized loss		(350)	(44)
Net change in unrealized appreciation		63,885	38,328
Total revenue		<u>81,824</u>	<u>56,520</u>
Expenses:			
BCI cost recoveries	4	263	246
Administrative fees		35	309
Pursuit costs		-	2
Total operating expenses		<u>298</u>	<u>557</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>81,526</u>	<u>55,963</u>
Distributions to holders of redeemable units:			
From net investment income		(18,018)	(17,690)
		<u>(18,018)</u>	<u>(17,690)</u>
Increase in net assets attributable to holders of redeemable units		<u>\$ 63,508</u>	<u>\$ 38,273</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 RENEWABLE RESOURCES FUND

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of period	\$ 310,120	\$ 155,954
Increase in net assets attributable to holders of redeemable units	63,508	38,273
Redeemable unit transactions:		
Proceeds from units issued	106,532	103,653
Reinvestment of distributions	18,018	17,690
Amounts paid for units redeemed	(16,658)	(5,450)
Net increase from redeemable unit transactions	107,892	115,893
Balance, end of period	\$ 481,520	\$ 310,120

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 63,508	\$ 38,273
Adjustments for:		
Effect of exchange rate changes on cash	3,719	4,206
Interest income	(22,008)	(22,442)
Net realized loss from investments and derivatives	350	44
Net change in unrealized appreciation from investments and derivatives	(63,885)	(38,328)
Non cash distributions	18,018	17,690
Proceeds from sale of investments	122,825	108,470
Amounts paid for purchase of investments	(236,338)	(218,713)
BCI cost recoveries payable	(6)	15
Other accounts payable	(1)	1
Interest received	27,663	16,787
	(86,155)	(93,997)
Financing activities:		
Proceeds from issue of redeemable units	106,532	103,653
Payments on redemption of redeemable units	(16,658)	(5,450)
	89,874	98,203
Net increase in cash	3,719	4,206
Effect of exchange rate changes on cash	(3,719)	(4,206)
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 RENEWABLE RESOURCES FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments ¹:	\$ 250,203	\$ 137,588	\$ 178,259	\$ 137,581
Private Debt Investments:	231,342	231,911	126,210	118,727
Money Market Investments:				
Units in BCI Pooled Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>28</u>	<u>28</u>
Total Investments	<u>\$ 481,550</u>	<u>\$ 369,504</u>	<u>\$ 304,497</u>	<u>\$ 256,336</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 RENEWABLE RESOURCES FUND

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

The investment objectives, eligible investments and general information on the financial risks related to the Renewable Resources Investment program are described in note 6 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2016 Renewable Resources Fund.

The Fund owns one private equity investment. The investment is a U.S. based company with interests in multiple food and agriculture focused businesses that are leaders in their respective industries.

The Fund holds its private equity and debt investments through a limited partnership and a corporation. The limited partnership and corporation hold the following net assets:

(in 000s)	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 479,920	191.9 %	\$ 302,570	169.7 %
BCI Money Market Funds	1,625	0.6 %	7,426	4.2 %
Debt Issued	(231,342)	(92.5)%	(126,076)	(70.7)%
Net Investment-Related Payables	-	- %	(5,661)	(3.2)%
	<u>\$ 250,203</u>	<u>100.0 %</u>	<u>\$ 178,259</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

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

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

Liquidity Risk

The Fund's financial assets include direct private equity investments, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements.

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

DERIVATIVE LIABILITIES (in 000s)	2016				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ (5,655)	\$ (5,655)	\$ (5,655)	\$ -	\$ -
Inflows	5,660	5,660	5,660	-	-
	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 RENEWABLE RESOURCES FUND

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

Currency Risk

The Fund holds net financial assets, including foreign currency contracts, denominated in U.S. currency totalling \$480,286,000 Cdn which represents 99.7% of the net asset value of the Fund (2016 - \$303,211,000 Cdn which represented 97.8% of the net asset value of the Fund). As at December 31, 2017, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$4,803,000 Cdn (2016 - \$3,032,000 Cdn), representing 1.0% of the Fund's net assets (2016 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Other Price Risk

The fair value of the Fund fluctuates in response to global demand and economic growth, the regulatory environment or changes among other factors. Accordingly, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$48,155,000 (2016 - \$30,500,000) or 10.0% (2016 - 9.8%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

2017				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 1,630	\$ -	\$ -	\$ 1,630
Direct Private Equity Investments	-	-	479,920	479,920
Total Investments	\$ 1,630	\$ -	\$ 479,920	\$ 481,550

2016				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Net Investment-Related Payables	\$ -	\$ (5,661)	\$ -	\$ (5,661)
BCI Money Market Funds	7,454	-	-	7,454
Direct Private Equity Investments	-	-	302,570	302,570
Direct Private Debt Investments	-	-	134	134
Total Investments	\$ 7,454	\$ (5,661)	\$ 302,704	\$ 304,497

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 RENEWABLE RESOURCES FUND

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

Fair Value Hierarchy (continued)

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

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.

	2017		
(in 000s)	Direct Private Equity Investments	Direct Private Debt Investments	Total
Balance, beginning of year	\$ 302,570	\$ 134	\$ 302,704
Total gains or (losses) recognized in profit or loss	71,454	3,963	75,417
Purchases	105,896	113,182	219,078
Sales	-	(117,279)	(117,279)
Balance, end of year	<u>\$ 479,920</u>	<u>\$ -</u>	<u>\$ 479,920</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (71,454)</u>	<u>\$ (134)</u>	<u>\$ (71,588)</u>

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

Fair Value Hierarchy (continued)

	2016		
(in 000s)	Direct Private Equity Investments	Direct Private Debt Investments	Total
Balance, beginning of period	\$ 154,663	\$ -	\$ 154,663
Total gains or (losses) recognized in profit or loss	45,415	4,100	49,515
Purchases	102,492	109,628	212,120
Sales	-	(113,594)	(113,594)
Balance, end of period	<u>\$ 302,570</u>	<u>\$ 134</u>	<u>\$ 302,704</u>
Total unrealized gains or (losses) for the period included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 45,415</u>	<u>\$ 134</u>	<u>\$ 45,549</u>

During 2017 and 2016, there were no significant transfers into or out of Level 3.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 RENEWABLE RESOURCES FUND

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

2017					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 479,920	Adjusted Net Asset Value	Net Asset Value	\$ 220,414	The estimated fair value would increase (decrease) if:
			Fair Value Adjustment	\$ 259,506	- The fair value of the private equity investee fund was higher (lower). - The fair value adjustment was lower (higher).
2016					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 302,570	Adjusted Net Asset Value	Net Asset Value	\$ 255,148	The estimated fair value would increase (decrease) if:
			Fair Value Adjustment	\$ 47,422	- The fair value of the private equity investee fund was higher (lower). - The fair value adjustment was lower (higher).
Direct Private Debt	\$ 134	Discounted Cash Flows	Discount rate	10.0%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).

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

Significant unobservable inputs are developed as follows:

- (i) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

- (ii) Fair value adjustment:
Represents total adjustments applied to the net asset value of the investee funds. BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

- (iii) Discount rate:
Represents the discount rate applied to the expected future cash flows of each private debt investment and debt issued. For the discount rates used, BCI management assesses both the risk premium and the appropriate risk-free rate based on the economic environment in which the investee entity operates. The discount rate is adjusted for such matters as liquidity differences, credit and market factors. The estimated future cash flows are then discounted using the discount rate determined. Cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the respective investee entity.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2016 RENEWABLE RESOURCES FUND

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

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuation of direct private equity investment was calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2017	2016
Favourable	\$ 47,992	\$ 30,270
Unfavourable	\$ (47,992)	\$ (30,270)

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

The Fund's investments are held primarily through a corporation and a limited partnership which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$250,204,000 (2016 - \$178,259,000) is included within Investments in the Statement of Financial Position. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 2017		
	Number of	Total Net Assets of	Carrying Amount Included in
	Investee Funds	Investee Funds (in 000s)	Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 1,132,807	\$ 1,630

Entity	December 31, 2016		
	Number of	Total Net Assets of	Carrying Amount Included in
	Investee Funds	Investee Funds (in 000s)	Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 785,646	\$ 7,454

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT 2 FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016 (note 1)
Assets			
Investments		\$ 153,774	\$ 10
		<u>153,774</u>	<u>10</u>
Liabilities			
BCI cost recoveries payable	4	204	-
Other accounts payable		11	2
		<u>215</u>	<u>2</u>
Net assets attributable to holders of redeemable units		<u>\$ 153,559</u>	<u>\$ 8</u>
<i>Number of redeemable units outstanding</i>	5	169.143	0.010
Net assets attributable to holders of redeemable units per unit		<u>\$ 908</u>	<u>\$ 800</u>

Statement of Comprehensive Loss

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Period Ended December 31, 2016 (note 1)
Revenue:			
Interest income		\$ 1	\$ -
Change in fair value of investments	7	-	-
Net change in unrealized depreciation		(1,701)	-
Total revenue		<u>(1,700)</u>	<u>-</u>
Expenses:			
BCI cost recoveries	4	706	-
Administrative fees		43	2
Pursuit costs		75	-
Total operating expenses		<u>824</u>	<u>2</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(2,524)</u>	<u>(2)</u>
Decrease in net assets attributable to holders of redeemable units		<u>\$ (2,524)</u>	<u>\$ (2)</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT 2 FUND

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

	Year Ended December 31, 2017	Period Ended December 31, 2016 <i>(note 1)</i>
Balance, beginning of period	\$ 8	\$ -
Decrease in net assets attributable to holders of redeemable units	(2,524)	(2)
Redeemable unit transactions:		
Proceeds from units issued	156,098	10
Amounts paid for units redeemed	(23)	-
Net increase from redeemable unit transactions	156,075	10
Balance, end of period	\$ 153,559	\$ 8

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Period Ended December 31, 2016 <i>(note 1)</i>
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (2,524)	\$ (2)
Adjustments for:		
Interest income	(1)	-
Net change in unrealized depreciation from investments	1,701	-
Proceeds from sale of investments	634	-
Amounts paid for purchase of investments	(156,099)	(10)
BCI cost recoveries payable	204	-
Other accounts payable	9	2
Interest received	1	-
	(156,075)	(10)
Financing activities:		
Proceeds from issue of redeemable units	156,098	10
Payments on redemption of redeemable units	(23)	-
	156,075	10
Net increase (decrease) in cash	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT 2 FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments¹:	\$ 153,769	\$ 155,470	\$ 1	\$ 1
Money Market Investments:				
Units in BCI Pooled				
Investment Portfolio				
Fund ST1	<u>5</u>	<u>5</u>	<u>9</u>	<u>9</u>
Total Investments	<u>\$ 153,774</u>	<u>\$ 155,475</u>	<u>\$ 10</u>	<u>\$ 10</u>

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT 2 FUND

Financial Risk Management Discussion
as at December 31

The investment objectives, eligible investments and general information on the financial risks related to the Renewable Resources Investment program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Renewable Resources Investment 2 Fund.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

	2017		2016	
	Total	% of Total	Total	% of Total
Direct Private Equity Investment	\$ 153,750	100.0 %	\$ -	- %
BCI Money Market Funds	19	- %	1	100.0 %
	<u>\$ 153,769</u>	<u>100.0 %</u>	<u>\$ 1</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

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

Liquidity Risk

The Fund's financial assets include unlisted equity investments, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Financial Risk Management Discussion (continued)
as at December 31

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing or have a short term to maturity, 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 financial assets denominated in U.S. currency totalling \$153,755,000 Cdn which represents 100.1% of the net asset value of the Fund (2016 - \$nil) Cdn which represented -% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee fund. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, 2017, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$1,538,000 Cdn (2016 - \$nil Cdn), representing 1.0% of the Fund's net assets (2016 - -%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT 2 FUND

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

Other Price Risk

The net assets include a renewable resource investment and BCI money market funds. The renewable resource investment is in the forestry sector and concentrated in Uruguay.

The fair value of the investment fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$15,377,000 (2016 - \$1,000) or 10.0% (2016 – 12.5%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

		2017			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds		\$ 24	\$ -	\$ -	\$ 24
Private Equity Investments		-	-	153,750	153,750
Total Investments		\$ 24	\$ -	\$ 153,750	\$ 153,774

		2016			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds		\$ 10	\$ -	\$ -	\$ 10
Total Investments		\$ 10	\$ -	\$ -	\$ 10

During 2017, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT 2 FUND

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

Fair Value Hierarchy (continued)

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

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 as at December 31, 2017 (2016 \$ nil).

	2017
	Direct Private Equity Investments
(in 000s)	
Balance, beginning of year	\$ -
Total gains or (losses) recognized in profit or loss	(1,000)
Purchases	154,750
Sales	-
Balance, end of year	<u>\$ 153,750</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (1,000)</u>

During 2017 there were no significant transfers into or out of Level 3.

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

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments as Level 3 in the fair value hierarchy as at December 31, 2017 (2016 \$ nil):

	2017			
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range
Direct Private Equity Investment	\$ 153,750	Unadjusted Net Asset Value	Net Asset Value	\$ 153,750
				Sensitivity to Change in Significant Unobservable Input
				The estimated fair value would increase (decrease) if: - The fair value of the direct private equity investee fund was higher (lower).

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT 2 FUND

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of direct private equity investment was calculated by adjusting the value of direct private equity investment by 10%.

(in 000s)	2017	2016
Favourable	\$ 15,376	\$ -
Unfavourable	\$ (15,376)	\$ -

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

The Fund's investments are held through an intermediary holding corporation and investment partnership, which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity, approximately \$153,769,000 (2016 - \$1,000), is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in another structured entity, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entity is comprised of a directly held investee money market fund organized as a unit trust. This fund has been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors. Accordingly, the Fund's interest in this entity is reflected through the holding of trust units. The tables below set out the direct and indirect interests held by the Fund in this other structured entity:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market fund administered by BCI	2	\$ 1,132,807	\$ 24

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market fund administered by BCI	1	\$ 3,256,248	\$ 10

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT 2 FUND

Involvement with Structured Entities (continued)
as at December 31

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017, the Fund has commitments to provide financial or other support to the intermediary holding corporations to fund day-to-day operations and investment activity under loan agreements or shareholder's resolutions as needed.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT 2 FUND

**Involvement with Subsidiaries and Associates
as at December 31**

The Fund also holds through intermediary holding corporations the following investments in which it has a controlling position or a position where it could otherwise exert significant influence on the operations of the investee. The Fund measures these investments at Fair Value Through Profit or Loss. The tables below set out interests held by the Fund in these unconsolidated subsidiaries and associates:

December 31, 2017

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/ Registration	Ownership Interest	Voting Rights	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Ormond Investments S.L.	Investment in forest products company	Limited partnership interest	Associate	Uruguay	Uruguay	29.25%	29.25%	\$ 153,750
Total								<u>\$ 153,750</u>

During 2017 the Fund did not provide financial support to subsidiaries or associates and has no intention of providing financial or other support. Furthermore, the subsidiaries and associates listed in the table above are not subject to any restrictions.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2017	December 31, 2016
Assets			
Receivable from issue of units		\$ -	\$ 28,508
Investments		<u>267,876</u>	<u>221,919</u>
		<u>267,876</u>	<u>250,427</u>
Liabilities			
Payable for purchase of investments		-	28,508
BCI cost recoveries payable	4	20	10
Other accounts payable		<u>11</u>	<u>12</u>
		<u>31</u>	<u>28,530</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 267,845</u></u>	<u><u>\$ 221,897</u></u>
<i>Number of redeemable units outstanding</i>	5	166.065	182.346
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 1,613</u></u>	<u><u>\$ 1,217</u></u>

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue:			
Interest income		\$ 3	\$ 2
Foreign exchange loss		(7)	(9)
Change in fair value of investments:	7		
Net realized loss		(38)	(11)
Net change in unrealized appreciation		<u>60,812</u>	<u>4,571</u>
Total revenue		<u>60,770</u>	<u>4,553</u>
Expenses:			
BCI cost recoveries	4	122	120
Administrative fees		<u>20</u>	<u>22</u>
Total operating expenses		<u>142</u>	<u>142</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>60,628</u>	<u>4,411</u>
Increase in net assets attributable to holders of redeemable units		<u><u>\$ 60,628</u></u>	<u><u>\$ 4,411</u></u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance, beginning of year	\$ 221,897	\$ 228,325
Increase in net assets attributable to holders of redeemable units	60,628	4,411
Redeemable unit transactions:		
Proceeds from units issued	238	325
Amounts paid for units redeemed	(14,918)	(11,164)
Net decrease from redeemable unit transactions	(14,680)	(10,839)
Balance, end of year	\$ 267,845	\$ 221,897

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 60,628	\$ 4,411
Adjustments for:		
Effect of exchange rate changes on cash	7	9
Interest income	(3)	(2)
Net realized loss from investments	38	11
Net change in unrealized appreciation from investments	(60,812)	(4,571)
Proceeds from sale of investments	58,439	44,222
Amounts paid for purchase of investments	(43,622)	(33,237)
Receivable from issue of units	28,508	-
Payable for purchase of investments	(28,508)	-
BCI cost recoveries payable	10	2
Other accounts payable	(1)	1
Interest received	3	2
	<u>14,687</u>	<u>10,848</u>
Financing activities:		
Proceeds from issue of redeemable units	238	325
Payments on redemption of redeemable units	(14,918)	(11,164)
	<u>(14,680)</u>	<u>(10,839)</u>
Net increase in cash	7	9
Effect of exchange rate changes on cash	(7)	(9)
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

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

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Private Equity Investments¹:	\$ 267,864	\$ 159,415	\$ 221,902	\$ 174,265
Money Market Investments:				
Units in BCI Pooled				
Investment Portfolio				
Fund ST2	5	5	10	10
Fund ST3	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
	<u>12</u>	<u>12</u>	<u>17</u>	<u>17</u>
Total Investments	<u>\$ 267,876</u>	<u>\$ 159,427</u>	<u>\$ 221,919</u>	<u>\$ 174,282</u>

¹ The private equity investments are held through an externally managed limited partnership.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

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

The investment objectives, eligible investments and general information on the financial risks related to the Renewable Resources Investment program are described in note 8 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the IT Investment Trust.

IT Investment Trust (the Fund) directly owns a Canadian limited partnership which holds investments denominated in U.S. dollars. The principal business of the limited partnership is growing and harvesting timber in Coastal British Columbia. The limited partnership is also engaged in real estate development and sales. The Fund's activities expose it to a variety of financial risks.

Credit Risk

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

Liquidity Risk

The Fund's financial assets include unlisted equity investments, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

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

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

Currency Risk

The Fund holds net financial assets denominated in U.S. currency totalling \$267,871,000 Cdn which represents 100.0% of the net asset value of the Fund (2016 - \$221,908,000 Cdn which represented 100.0% of the net asset value of the Fund).

As at December 31, 2017, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$2,679,000 Cdn (2016 - \$2,219,000 Cdn), representing 1.0% of the Fund's net assets (2016 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Other Price Risk

The fair value of the Fund fluctuates in response to global demand and economic growth, the regulatory environment or changes among other factors. Accordingly, sensitivity analysis that would measure the impact of changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2017 and 2016, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$26,788,000 (2016 - \$22,192,000) or 10.0% (2016 - 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

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

Fair Value Hierarchy

As described in note 9 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 tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

		2017			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds	\$	12	\$ -	\$ -	\$ 12
Direct Private Equity Investment		-	-	267,864	267,864
Total Investments	\$	12	\$ -	\$ 267,864	\$ 267,876

		2016			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds	\$	17	\$ -	\$ -	\$ 17
Direct Private Equity Investment		-	-	221,902	221,902
Total Investments	\$	17	\$ -	\$ 221,902	\$ 221,919

During 2017 and 2016, there were no significant transfers between Level 1 and Level 2.

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

Fair Value Hierarchy (continued)

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

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.

		2017	2016
		Direct Private Equity Investment	Direct Private Equity Investment
(in 000s)			
Balance, beginning of year	\$	221,902	\$ 228,326
Total gains or (losses) recognized in profit or loss		60,812	4,571
Purchases		-	-
Sales		(14,850)	(10,995)
Balance, end of year	\$	267,864	\$ 221,902

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$	60,812	\$ 4,571
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During 2017 and 2016, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

2017				
Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investment	Adjusted Net Asset Value	Net Asset Value	\$ 290,205	The estimated fair value would increase (decrease) if: - The fair value of the direct private equity investee fund was higher (lower). - The fair value adjustment was lower (higher).
		Fair Value Adjustment	\$ (22,341)	

2016				
Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investment	Adjusted Net Asset Value	Net Asset Value	\$ 258,269	The estimated fair value would increase (decrease) if: - The fair value of the direct private equity investee fund was higher (lower). - The fair value adjustment was lower (higher).
		Fair Value Adjustment	\$ (36,367)	

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

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) **Net Asset Value:**
Represents the net asset value of the direct private equity investment. BCI management values the investment primarily based on the latest available financial information provided by the general partner.

The direct private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.
- (ii) **Fair Value Adjustment:**
Represents total adjustments applied to the net asset value of the investee funds. BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of direct private equity investment was calculated by adjusting the value of direct private equity investment by 10%.

(in 000s)	2017	2016
Favourable	\$ 26,786	\$ 22,190
Unfavourable	\$ (26,786)	\$ (22,190)

Involvement with Structured Entities
as at December 31

Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The structured entities are comprised of directly held investee money market 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 issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units. The tables below set out the direct and indirect interests held by the Fund in these structured entities:

Entity	December 31, 2017		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 5,482,111	\$ 12

Entity	December 31, 2016		
	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 3,256,248	\$ 17

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2017 and 2016, the Fund did not provide financial or other support to these structured entities.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

**Involvement with Subsidiaries and Associates
as at December 31**

The Fund holds the following investment in which it has a position where it could exert significant influence on the operations of the investee. The Fund measures the investment at Fair Value Through Profit or Loss. The tables below set out interest held by the Fund in this unconsolidated associate.

December 31, 2017

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/Registration	Ownership Interest	Voting Rights	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Island Timberlands Limited Partnership	Investment in, management and disposition of timberlands in British Columbia, Canada	Limited partnership interest	Associate	Canada	Canada	28.3%	28.3%	\$ 267,864

December 31, 2016

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/Registration	Ownership Interest	Voting Rights	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Island Timberlands Limited Partnership	Investment in, management and disposition of timberlands in British Columbia, Canada	Limited partnership interest	Associate	Canada	Canada	28.3%	28.3%	\$ 221,902

During 2017 and 2016, the Fund did not provide financial support to the associate and has no intention of providing financial or other support. Furthermore, the associate listed in the table above is not subject to any restrictions.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

The Funds were established on the following dates:

Pooled Investment Portfolios	Dates Established
Mezzanine Mortgage Fund	September 28, 1999
US Mortgage Opportunity Fund	August 10, 2016
Private Placement Fund 1996	March 20, 1996
Private Placement Fund 1997	March 12, 1997
Private Placement Fund 1998	March 12, 1998
Private Placement Fund 1999	March 17, 1999
Private Placement Fund 1999A	March 17, 1999
2000 Private Placement Fund	January 1, 2004
2001 Private Placement Fund	January 1, 2004
2002 Private Placement Fund	January 1, 2004
2003 Private Placement Fund	January 1, 2004
2004 Private Placement Fund	January 1, 2004

Pooled Investment Portfolios	Dates Established
2005 Private Placement Fund	January 1, 2005
2006 Private Placement Fund	January 27, 2006
2007 Private Placement Fund	January 11, 2007
2008 Private Placement Fund	January 9, 2008
2009 Private Placement Fund	January 13, 2009
2010 Private Placement Fund	January 29, 2010
2011 Private Placement Fund	February 11, 2011
2012 Private Placement Fund	March 1, 2012
2013 Private Placement Fund	March 4, 2013
2014 Private Placement Fund	February 14, 2014
2015 Private Placement Fund	February 5, 2015
2016 Private Placement Fund	January 11, 2016

Pooled Investment Portfolios	Dates Established
2017 Private Equity Fund*	February 9, 2017
Strategic Inv 100 Foreign PP Fund	December 23, 2004
Strategic Infrastructure Investment Fund 2 (Foreign)	December 24, 2015
Renewable Resources Investment Fund	May 19, 2005
2016 Renewable Resources Fund	June 3, 2015
Renewable Resources Investment 2 Fund	August 31, 2016
IT Investment Trust	December 9, 2013

*As this Fund was established in 2017, no comparative figures have been presented in the respective financial statements.

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2. Basis of preparation

(a) Statement of compliance

The financial statements of the Funds have been prepared in compliance with International Financial Reporting Standards ("IFRS"). The financial statements were authorized for issue by the Chief Executive Officer / Chief Investment Officer on , 2018.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In determining the fair value of some of its investments, BCI reviews and assesses external managers' estimates and assumptions regarding investment industry performance and prospects, as well as general business and economic conditions that prevail or are expected to prevail. By nature, these asset valuations are subjective and do not necessarily result in precise determinations. 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. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next fiscal year is included in note 9. This information relates to the determination of fair value of investments with significant unobservable inputs.

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3. Significant accounting policies

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

(a) Financial instruments

(i) Recognition and measurement

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

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Funds have a legal right to offset the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Funds have not classified any of their financial instruments as available-for-sale or assets held to maturity.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) is based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, BCI determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Funds' policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including certain complex derivative instruments, is determined using valuation techniques. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation techniques 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 for a similar financial asset or liability.

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3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Loans and receivables

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

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

(iv) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Funds' classify BCI cost recoveries payable and other accounts payables as other financial liabilities.

(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 *Pooled Investment Portfolios Regulation*, B.C. Reg. 447/99 (section 10), each Fund is required to distribute, to unitholders of the respective Fund's redeemable units, the taxable income and taxable capital gains of the Fund at least annually. Accordingly, such units are classified as financial liabilities at FVTPL and measured at redemption amount. Distributions to holders of redeemable units are recognized in comprehensive income when they are authorized and no longer at the discretion of BCI.

(c) Issue and redemption of units

Participation in each Fund is expressed in units. The initial value of a unit of a Fund on inception is \$1 million. For each subsequent unit issuance and redemption, the unit value is determined by dividing the fair value of the net assets of the portfolio by the total number of units outstanding. Where one Fund invests in another Fund, the unit issuances and redemptions are transacted on the same basis as client transactions. All unit transactions are recorded on a trade date basis.

(d) Foreign exchange

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

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3. Significant accounting policies (continued)

(e) Revenue recognition

Interest income is recognized on an accrual basis using the effective interest method. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined using the average cost basis of the respective investments. Commissions, stock exchange fees and other identifiable transaction costs that are directly attributable to the acquisition or disposal of an investment are expensed as incurred. Pursuit costs are charged to net income of the respective Funds in the period incurred.

(f) Income taxes

The Funds qualify as an inter-vivos trusts under section 108(1) of the *Income Tax Act (Canada)*. 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 such that no income tax is payable by the Fund. As a result, the Funds do not record income taxes. Income taxes associated with any of the Funds' underlying investments are accounted for in determining the fair value of the respective investments.

(g) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2017, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statements of the Funds, with the possible exception of IFRS 9, *Financial Instruments*.

IFRS 9 deals with recognition, de-recognition, classification and measurement of financial instruments and represents a significant change from the existing requirements in IAS 39, *Financial Instruments: Recognition and Measurement*, in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, and early adoption is permitted. Management has evaluated the potential effect of this standard and concluded there is no material impact on the financial statements.

4. Related party transactions

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.

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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 year ended:

	MEZZANINE MORTGAGE FUND		US MORTGAGE OPPORTUNITY FUND		PRIVATE PLACEMENT FUND 1996	
	2017	2016	2017	2016	2017	2016
Outstanding, beginning of period	40.208	50.453	0.010	(note 1) -	0.015	0.028
Issued for cash	3.220	14.853	2,816.439	0.010	0.004	0.002
Issued on reinvestment of distributions	0.909	7.561	-	-	-	0.010
Consolidation of units	(0.909)	(7.561)	-	-	-	(0.010)
Redeemed	(3.885)	(25.098)	-	-	-	(0.015)
Outstanding, end of period	<u>39.543</u>	<u>40.208</u>	<u>2,816.449</u>	<u>0.010</u>	<u>0.019</u>	<u>0.015</u>

	PRIVATE PLACEMENT FUND 1997		PRIVATE PLACEMENT FUND 1998		PRIVATE PLACEMENT FUND 1999	
	2017	2016	2017	2016	2017	2016
Outstanding, beginning of period	1.730	3.438	0.163	0.329	9.841	18.037
Issued for cash	0.032	0.020	0.003	0.003	0.078	0.045
Issued on reinvestment of distributions	0.323	0.981	0.031	0.109	1.364	4.333
Consolidation of units	(0.323)	(0.981)	(0.031)	(0.109)	(1.364)	(4.333)
Redeemed	(0.566)	(1.728)	(0.036)	(0.169)	(2.947)	(8.241)
Outstanding, end of period	<u>1.196</u>	<u>1.730</u>	<u>0.130</u>	<u>0.163</u>	<u>6.972</u>	<u>9.841</u>

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5. Redeemable units (continued)

	PRIVATE PLACEMENT FUND 1999A		2000 PRIVATE PLACEMENT FUND		2001 PRIVATE PLACEMENT FUND	
	2017	2016	2017	2016	2017	2016
Outstanding, beginning of period	0.870	1.576	3.027	5.275	1.498	3.000
Issued for cash	0.029	0.018	0.040	0.019	0.019	0.014
Issued on reinvestment of distributions	-	0.112	0.334	1.750	0.527	1.150
Consolidation of units	-	(0.112)	(0.334)	(1.750)	(0.527)	(1.150)
Redeemed	-	(0.724)	(0.469)	(2.267)	(0.674)	(1.516)
Outstanding, end of period	<u>0.899</u>	<u>0.870</u>	<u>2.598</u>	<u>3.027</u>	<u>0.843</u>	<u>1.498</u>

	2002 PRIVATE PLACEMENT FUND		2003 PRIVATE PLACEMENT FUND		2004 PRIVATE PLACEMENT FUND	
	2017	2016	2017	2016	2017	2016
Outstanding, beginning of period	10.274	16.503	20.204	40.951	29.213	36.397
Issued for cash	0.039	0.033	0.109	0.061	0.257	0.166
Issued on reinvestment of distributions	2.236	3.571	1.956	18.337	2.793	2.179
Consolidation of units	(2.236)	(3.571)	(1.956)	(18.337)	(2.793)	(2.179)
Redeemed	<u>(4.101)</u>	<u>(6.262)</u>	<u>(3.083)</u>	<u>(20.808)</u>	<u>(14.729)</u>	<u>(7.350)</u>
Outstanding, end of period	<u>6.212</u>	<u>10.274</u>	<u>17.230</u>	<u>20.204</u>	<u>14.741</u>	<u>29.213</u>

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5. Redeemable units (continued)

	2005 PRIVATE PLACEMENT FUND		2006 PRIVATE PLACEMENT FUND		2007 PRIVATE PLACEMENT FUND	
	2017	2016	2017	2016	2017	2016
Outstanding, beginning of period	159.455	216.620	132.458	196.904	327.634	383.113
Issued for cash	0.821	0.639	0.436	0.255	0.897	5.310
Issued on reinvestment of distributions	72.950	39.229	39.809	39.420	74.291	27.629
Consolidation of units	(72.950)	(39.229)	(39.809)	(39.420)	(74.291)	(27.629)
Redeemed	(110.109)	(57.804)	(68.384)	(64.701)	(144.889)	(60.789)
Outstanding, end of period	<u>50.167</u>	<u>159.455</u>	<u>64.510</u>	<u>132.458</u>	<u>183.642</u>	<u>327.634</u>

	2008 PRIVATE PLACEMENT FUND		2009 PRIVATE PLACEMENT FUND		2010 PRIVATE PLACEMENT FUND	
	2017	2016	2017	2016	2017	2016
Outstanding, beginning of period	199.911	301.617	879.587	989.656	507.113	521.359
Issued for cash	0.728	1.883	11.197	50.240	11.172	45.165
Issued on reinvestment of distributions	35.986	50.455	239.220	63.994	87.286	14.040
Consolidation of units	(35.986)	(50.455)	(239.220)	(63.994)	(87.286)	(14.040)
Redeemed	(52.749)	(103.589)	(496.906)	(160.309)	(233.449)	(59.411)
Outstanding, end of period	<u>147.890</u>	<u>199.911</u>	<u>393.878</u>	<u>879.587</u>	<u>284.836</u>	<u>507.113</u>

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5. Redeemable units (continued)

	2011 PRIVATE PLACEMENT FUND		2012 PRIVATE PLACEMENT FUND		2013 PRIVATE PLACEMENT FUND	
	2017	2016	2017	2016	2017	2016
Outstanding, beginning of period	671.332	579.192	3,107.155	2,985.765	353.346	326.791
Issued for cash	23.326	137.189	449.601	560.941	89.295	73.945
Issued on reinvestment of distributions	93.115	8.661	321.521	107.807	33.085	13.611
Consolidation of units	(93.115)	(8.661)	(321.521)	(107.807)	(33.085)	(13.611)
Redeemed	(283.986)	(45.049)	(886.187)	(439.551)	(87.591)	(47.390)
Outstanding, end of period	<u>410.672</u>	<u>671.332</u>	<u>2,670.569</u>	<u>3,107.155</u>	<u>355.050</u>	<u>353.346</u>
	2014 PRIVATE PLACEMENT FUND		2015 PRIVATE PLACEMENT FUND		2016 PRIVATE PLACEMENT FUND	
	2017	2016	2017	2016	2017	2016
Outstanding, beginning of period	12.142	7.669	627.129	512.415	952.729	(note 1)
Issued for cash	5.939	4.545	214.306	280.585	2,965.064	952.729
Issued on reinvestment of distributions	-	-	7.598	7.370	-	-
Consolidation of units	-	-	(7.598)	(7.370)	-	-
Redeemed	(0.720)	(0.072)	(36.519)	(165.871)	(218.620)	-
Outstanding, end of period	<u>17.361</u>	<u>12.142</u>	<u>804.916</u>	<u>627.129</u>	<u>3,699.173</u>	<u>952.729</u>

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5. Redeemable units (continued)

	2017 PRIVATE EQUITY FUND
	2017
	(note 1)
Outstanding, beginning of period	-
Issued for cash	1,831.575
Issued on reinvestment of distributions	-
Consolidation of units	-
Redeemed	(14.437)
Outstanding, end of period	<u>1,817.138</u>

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5. Redeemable units (continued)

	STRATEGIC INV 100 FOREIGN PP FUND		STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)		RENEWABLE RESOURCES INVESTMENT FUND	
	2017	2016	2017	2016	2017	2016
Outstanding, beginning of period	2,946.145	2,162.722	1,505.498	0.010	14.347	11.748
Issued for cash	50.351	783.423	1,173.925	1,508.580	1.619	2.826
Issued on reinvestment of distributions	-	-	-	-	-	-
Consolidation of units	-	-	-	-	-	-
Redeemed	-	-	(134.459)	(3.092)	-	(0.227)
Outstanding, end of period	2,996.496	2,946.145	2,544.964	1,505.498	15.966	14.347

	2016 RENEWABLE RESOURCES FUND		RENEWABLE RESOURCES INVESTMENT 2 FUND		IT INVESTMENT TRUST	
	2017	2016	2017	2016	2017	2016
Outstanding, beginning of period	230.432	137.512	0.010	-	182.346	190.132
Issued for cash	81.539	98.125	169.157	0.010	0.171	0.238
Issued on reinvestment of distributions	14.301	13.143	-	-	-	-
Consolidation of units	(14.301)	(13.143)	-	-	-	-
Redeemed	(13.604)	(5.205)	(0.024)	-	(16.452)	(8.024)
Outstanding, end of period	298.367	230.432	169.143	0.010	166.065	182.346

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6. Unfunded committed capital

Unfunded capital commitments represent total commitments minus net contributions outstanding as of the reporting date. Net Contributions equals contributions less any recallable capital distributions. Recallable capital are distributions or previously contributed capital that has been returned, that may be recalled at some future date. Thus, due to changes in recallable capital, unfunded commitments may change at different reporting dates.

Furthermore, commitments to unlisted private equity investee funds and direct private equity investments are typically made in US dollars or Euro, but reported in Canadian dollars. Unfunded commitments are translated at the spot rate and net contributions are translated at historical exchange rates. Therefore, due to foreign exchange movements, unfunded commitments will vary on the reporting date.

The amounts in the table represent the contractual undiscounted cash commitments that can be called on demand.

Pooled Investment Portfolios (in \$000s)	Unfunded committed capital	
	As of December 31, 2017	As of December 31, 2016
US Mortgage Opportunity Fund	186,027	-
Private Placement Fund 1996	414	442
Private Placement Fund 1997	14,353	16,033
Private Placement Fund 1999	3,072	4,559
Private Placement Fund 1999A	125	134
2000 Private Placement Fund	5,105	2,530
2001 Private Placement Fund	1,440	1,059
2002 Private Placement Fund	3,493	3,678
2003 Private Placement Fund	30,017	30,901
2004 Private Placement Fund	9,064	9,232
2005 Private Placement Fund	27,145	49,683
2006 Private Placement Fund	23,575	52,350
2007 Private Placement Fund	64,767	175,639
2008 Private Placement Fund	79,953	96,658
2009 Private Placement Fund	29,245	69,935
2010 Private Placement Fund	51,377	80,578
2011 Private Placement Fund	76,743	117,262
2012 Private Placement Fund	158,598	274,177
2013 Private Placement Fund	222,866	457,367
2014 Private Placement Fund	463,570	812,256
2015 Private Placement Fund	673,424	927,393
2016 Private Placement Fund	2,508,350	3,074,438
2017 Private Equity Fund	2,140,373	-
Strategic Inv 100 Foreign PP Fund	183,264	260,121
Strategic Infrastructure Investment Fund 2 (Foreign)	322,352	488,027
Renewable Resources Investment Fund	8	8
2016 Renewable Resources Fund	-	-
Renewable Resources Investment 2 Fund	-	-
IT Investment Trust	-	-

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

Pooled Investment Portfolios (in \$000s)	2017					
	Net Gain (Loss) from Financial instruments Held for Trading – Derivative Financial Instruments	Net Gain (Loss) from Financial Assets Designated as at Fair Value Through Profit or Loss – Investments	Total Net Gain (Loss) from Financial Assets Designated as at Fair Value Through Profit or Loss	Net Gain (Loss) from Financial Assets Designated as at Fair Value Through Profit or Loss		
				Realized	Unrealized	Total
Mezzanine Mortgage Fund	-	16,300	16,300	4,874	11,426	16,300
US Mortgage Opportunity Fund	-	394	394	-	394	394
Private Placement Fund 1996	-	(18)	(18)	-	(18)	(18)
Private Placement Fund 1997	-	(446)	(446)	1,452	(1,898)	(446)
Private Placement Fund 1998	-	254	254	763	(509)	254
Private Placement Fund 1999	-	(4,960)	(4,960)	2,497	(7,457)	(4,960)
Private Placement Fund 1999A	-	(213)	(213)	-	(213)	(213)
2000 Private Placement Fund	-	(912)	(912)	1,569	(2,481)	(912)
2001 Private Placement Fund	-	(253)	(253)	2,234	(2,487)	(253)
2002 Private Placement Fund	-	51	51	6,227	(6,176)	51
2003 Private Placement Fund	-	4,941	4,941	3,289	1,652	4,941
2004 Private Placement Fund	-	(4,180)	(4,180)	(15,483)	11,303	(4,180)
2005 Private Placement Fund	-	1,987	1,987	83,081	(81,094)	1,987
2006 Private Placement Fund	-	(607)	(607)	88,527	(89,134)	(607)
2007 Private Placement Fund	-	38,583	38,583	126,659	(88,076)	38,583
2008 Private Placement Fund	-	37,659	37,659	120,831	(83,172)	37,659
2009 Private Placement Fund	-	101,522	101,522	168,167	(66,645)	101,522
2010 Private Placement Fund	-	56,022	56,022	80,098	(24,076)	56,022
2011 Private Placement Fund	-	156,537	156,537	106,143	50,394	156,537
2012 Private Placement Fund	-	151,028	151,028	79,108	71,920	151,028
2013 Private Placement Fund	-	299,334	299,334	82,397	216,937	299,334
2014 Private Placement Fund	-	122,352	122,352	4,095	118,257	122,352
2015 Private Placement Fund	-	142,584	142,584	9,057	133,527	142,584
2016 Private Placement Fund	-	320,255	320,255	3,181	317,074	320,255
2017 Private Equity Fund	-	4,983	4,983	-	4,983	4,983
Strategic Inv 100 Foreign PP Fund	-	154,800	154,800	149,914	4,886	154,800
Strategic Infrastructure Investment Fund 2 (Foreign)	-	(75,654)	(75,654)	210	(75,864)	(75,654)
Renewable Resources Investment Fund	-	(7,029)	(7,029)	-	(7,029)	(7,029)
2016 Renewable Resources Fund	-	63,535	63,535	(350)	63,885	63,535
Renewable Resources Investment 2 Fund	-	(1,701)	(1,701)	-	(1,701)	(1,701)
IT Investment Trust	-	60,774	60,774	(38)	60,812	60,774

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

Pooled Investment Portfolios (in \$000s)	2016					
	Net Gain (Loss) from Financial instruments Held for Trading – Derivative Financial Instruments	Net Gain (Loss) from Financial Assets Designated as at Fair Value Through Profit or Loss – Investments	Total Net Gain (Loss) from Financial Assets Designated as at Fair Value Through Profit or Loss	Net Gain (Loss) from Financial Assets Designated as at Fair Value Through Profit or Loss		
				Realized	Unrealized	Total
Mezzanine Mortgage Fund	-	18,818	18,818	34,206	(15,388)	18,818
US Mortgage Opportunity Fund	-	-	-	-	-	-
Private Placement Fund 1996	-	(51)	(51)	151	(202)	(51)
Private Placement Fund 1997	-	6	6	4,267	(4,261)	6
Private Placement Fund 1998	-	521	521	2,505	(1,984)	521
Private Placement Fund 1999	-	(375)	(375)	8,208	(8,583)	(375)
Private Placement Fund 1999A	-	(190)	(190)	388	(578)	(190)
2000 Private Placement Fund	-	641	641	7,443	(6,802)	641
2001 Private Placement Fund	-	(505)	(505)	5,088	(5,593)	(505)
2002 Private Placement Fund	-	(2,113)	(2,113)	10,521	(12,634)	(2,113)
2003 Private Placement Fund	-	(12,487)	(12,487)	29,927	(42,414)	(12,487)
2004 Private Placement Fund	-	(2,063)	(2,063)	2,101	(4,164)	(2,063)
2005 Private Placement Fund	-	(10,530)	(10,530)	45,874	(56,404)	(10,530)
2006 Private Placement Fund	-	(54,362)	(54,362)	88,289	(142,651)	(54,362)
2007 Private Placement Fund	-	39,879	39,879	48,881	(9,002)	39,879
2008 Private Placement Fund	-	41,958	41,958	169,661	(127,703)	41,958
2009 Private Placement Fund	-	52,757	52,757	45,761	6,996	52,757
2010 Private Placement Fund	-	23,262	23,262	12,048	11,214	23,262
2011 Private Placement Fund	-	43,229	43,229	9,851	33,378	43,229
2012 Private Placement Fund	-	82,301	82,301	25,609	56,692	82,301
2013 Private Placement Fund	-	100,765	100,765	35,295	65,470	100,765
2014 Private Placement Fund	-	76,966	76,966	414	76,552	76,966
2015 Private Placement Fund	-	138,096	138,096	15,759	122,337	138,096
2016 Private Placement Fund	-	(10,359)	(10,359)	-	(10,359)	(10,359)
2017 Private Equity Fund	-	-	-	-	-	-
Strategic Inv 100 Foreign PP Fund	-	(97,375)	(97,375)	(3,772)	(93,603)	(97,375)
Strategic Infrastructure Investment Fund 2 (Foreign)	-	18,756	18,756	(268)	19,024	18,756
Renewable Resources Investment Fund	-	1,382	1,382	63	1,319	1,382
2016 Renewable Resources Fund	-	38,285	38,285	(44)	38,328	38,284
Renewable Resources Investment 2 Fund	-	-	-	-	-	-
IT Investment Trust	-	4,560	4,560	(11)	4,571	4,560

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8. 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. The mandates and investment policies are described below.

Mezzanine Mortgage Fund

The Mezzanine Mortgage Fund invests in highly levered real estate loans that provide investors with higher returns to compensate for the increased risks. These mortgages may provide fixed term or construction financing for multi-family residences (e.g. apartments, condominiums, and seniors' developments), office, retail and industrial buildings. The Fund does not provide mortgages for single-family homes. The Fund maintains a prudent level of diversification. The additional risks associated with construction projects are mitigated by requiring the involvement of only experienced developers, obtaining construction engineer evaluations, requiring significant pre-sales/pre-leasing levels and sufficient profit margin levels, as well as obtaining additional security provisions from borrowers. The performance benchmark for the Mezzanine Mortgage Fund is the FTSE TMX Canada 365 Day T-Bill Index plus 250 basis points.

The Fund invests in the following securities:

- Canadian first, second or third mortgages, or equity participation investments, on commercial property or raw land,
- Units/shares in Canadian mortgage trusts, mortgage funds, limited partnerships, co-investment agreements, and parallel investments agreements, where the underlying assets comply with these investment policies,
- A/B Notes, providing noteholders with a pro rata interest in a first mortgage loan or loans, with the security in favour of holders of B Notes subordinated to the security in favour of corresponding A Notes,
- BCI Canadian Money Market Funds (ST1) and (ST2), and
- Units in the Floating Rate Funds.

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

- Mortgages must be eligible investments under the *Pensions Benefits Standards Act*, R.S.B.C. 1996, c. 352.
- No mortgage will be made without a site inspection, current market appraisal and a current environmental audit.
- The Fund may not invest in derivatives.

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8. Financial risk management (continued)

(a) Risk management framework (continued)

US Mortgage Opportunity Fund

The US Mortgage Opportunity Fund is an open participation pool consisting of higher risk real estate loans that provide investors with higher returns to compensate for the increased risks. These mortgages may provide fixed term or construction financing for multi-family residences, office, retail, hospitality, industrial buildings and land development. The Pool does not provide mortgages for single-family homes, however it may provide financing on single-family land subdivisions. The Fund maintains a prudent level of diversification. The additional risks associated with construction projects are mitigated by requiring the involvement of only experienced developers, obtaining construction engineer evaluations, requiring significant pre-sales/pre-leasing levels and sufficient profit margin levels, as well as, obtaining additional security provisions from borrowers where applicable. The performance benchmark for the US Mortgage Opportunity Fund is the Bank of America Merrill Lynch US Treasuries (1-10 Year) Index + 3.0% over a 4 year moving average.

The Fund invests in the following securities:

- US first, second and third mortgages, structured financing, and/or equity participation investments, on properties or raw land,
- Directly or indirectly, units/shares in US mortgage trusts, mortgage funds, limited partnerships, co-investment agreements, and parallel investment agreements where the underlying assets comply with these investment policies,
- Units in pooled funds of external managers provided such holdings are permissible investments for the Pool, and
- Units in the US Dollar Money Market Fund (ST3) and other BCI short-term fixed income pooled funds for cash management purposes.

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

- Mortgages must be eligible investments under the *Pensions Benefits Standards Act*, R.S.B.C. 1996, c. 352.
- No mortgage will be made without a site inspection, current market appraisal and a current environmental audit.
- The Fund may not invest in derivatives with the exception of currency hedging.

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8. Financial risk management (continued)

(a) Risk management framework (continued)

Private Placement Vintage Funds

The Private Placement Vintage Funds invest in privately negotiated transactions involving private, and on occasion, public companies. Investments consist primarily of debt, equity or hybrid securities of investee companies. BCI typically invests in private placements through limited partnerships managed by external fund managers. On occasion, BCI invests directly in companies alongside investments made by its external managers (known as co-investments) or independently. The partnerships invest in domestic and international companies at various stages of development, and are related to early-stage or late-stage venture capital, buy-out, or senior or subordinated debt financing. The investment objectives of the Private Placement Vintage Funds are to provide a higher rate of return than the Morgan Stanley Capital International (MSCI) All Country World Net Index plus 200 basis points on equity investments, and a nominal rate of return on fixed income investments of at least 8 percent. The Private Placement Program has the following long-term diversification targets based on geographic region and investment purpose (venture capital, growth expansion, buyouts and other).

Geographic Targets	Range
Canada	5% to 20%
United States	40% to 70%
Europe	10% to 35%
Asia	10% to 30%
Emerging Markets	10% to 15%

Investment Purpose Targets	Range
Venture Capital/Growth Expansion	5% to 20%
Buyouts	55% to 90%
Other	0% to 20%

The geographic ranges relate to the investment focus rather than the locations of the fund managers. The composition of the investments within individual Private Placement Vintage Funds may deviate significantly from these targets, so unitholders may need to invest in successive vintage years to achieve the above long-term diversification targets.

The Private Placement Vintage Funds may hold the following securities:

- privately negotiated investment securities, including, but not limited to, trust units, partnership interests, shares, debt instruments, convertible securities, rights, warrants, and units in externally managed pooled investment portfolios,
- publicly traded common stock or fixed income securities,
- derivatives, with CIO approval, such as, but not limited to, spot contracts, forwards, futures, swaps and options, to manage interest rate risk and currency exposure,
- units of BCI's Pooled Investment Portfolio Funds ST1, ST2 and ST3 (money market funds) and/or Currency Hedging Funds, and
- Units in the Floating Rate Funds.

The following restrictions apply to the Private Placement Vintage Funds' investing activities:

- Direct investments may not exceed 20 percent of the total funds within the Private Placement Program.
- Direct investments in one particular company may not exceed 30 percent of the Private Placement Program's allocation to direct investments (calculated based on commitment values).
- No fund or direct investment will be made without extensive due diligence reviews being completed by BCI.
- The Fund may not sell short, borrow securities, or purchase securities via a margin account.
- The investments must comply with the *Pensions Benefits Standards Act*, R.S.B.C. 1996, c. 352.

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8. Financial risk management (continued)

(a) Risk management framework (continued)

Infrastructure Funds

The Strategic Inv 100 Foreign PP Fund and Strategic Infrastructure Investment Fund 2 (Foreign) are part of the Infrastructure Program. The Infrastructure Funds seek to invest in tangible long-life assets with potential for strong cash flows and favourable risk-return characteristics that provide an attractive match with participants' liabilities. Investments in the Funds are global in scope and typically include physical assets that provide essential services such as utilities, energy, and transportation. The Funds invest directly in the equity of privately held companies and selectively through private limited partnerships managed by external fund managers. Occasionally, the Funds invest in publicly traded securities, or private or public debt instruments for the purpose of gaining a meaningful position in a company. These positions may be taken to effect privatization or to maintain exposure to companies that own certain infrastructure assets but may not be investable in private markets at attractive valuations. The investment objective of the Funds are to provide a nominal annual rate of return of at least 7 percent.

The Funds may hold the following securities:

- privately negotiated investment securities, including, but not limited to, trust units, partnership interests, common and/or preferred shares, debt instruments, convertible securities, rights, warrants, and units in externally managed pooled investment portfolios,
- publicly traded common stock or common stock equivalents including preferred shares, instalment receipts, convertible securities, as well as rights and warrants received via corporate actions,
- derivatives, with CIO approval, such as, but not limited to, spot contracts, forwards, futures, swaps and options, to manage interest rate risk, currency exposure, and other investment risks,
- money market securities rated A-1(Low) or better and units of BCI's Pooled Investment Portfolio Funds ST1, ST2 and ST3 (money market funds),
- publicly traded fixed income securities,
- privately negotiated fixed income securities, and
- Units in the Floating Rate Funds.

The following restrictions apply to the Funds' investing activities:

- No fund investment or direct investment will be made without extensive due diligence reviews being completed by BCI.
- The Funds may not sell short, borrow securities, or purchase securities via a margin account.
- The investments must comply with the *Pensions Benefits Standards Act*, R.S.B.C. 1996, c. 352.

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8. Financial risk management (continued)

(a) Risk management framework (continued)

Renewable Resources Investment Funds

The Renewable Resources Investment Fund, 2016 Renewable Resources Fund, Renewable Resources Investment 2 Fund, and IT Investment Trust are part of the Renewable Resources Investment Funds Program. The Funds seek to invest in tangible long-life renewable resource assets with potential for strong cash flows and favourable risk-return characteristics that provide an attractive match with participants' liabilities. Investments in the Funds are global in scope and typically include physical assets that are used in the production of food for human consumption and wood-based products. Renewable resource assets targeted by the Funds will primarily include timberland plantations and farmlands, but may also target renewable resources used for energy production. The Funds invest directly in the equity of privately held companies and assets and selectively through private limited partnerships managed by external fund managers. Occasionally, the Funds invest in publicly traded securities, or private or public debt instruments for the purpose of gaining a meaningful position in a company. These positions may be taken to effect privatization or to maintain exposure to companies that own certain renewable resource assets but may not be investable in private markets at attractive valuations. The investment objective of the Funds is to provide a nominal annual rate of return of at least 7 percent.

The Funds may hold the following securities:

- privately negotiated investment securities, including, but not limited to, trust units, partnership interests, common and/or preferred shares, debt instruments, convertible securities, rights, warrants, and units in externally managed pooled investment portfolios,
- publicly traded common stock or common stock equivalents including preferred shares, instalment receipts, convertible securities, as well as rights and warrants received via corporate actions,
- derivatives, with CIO approval, such as, but not limited to, spot contracts, forwards, futures, swaps and options, to manage interest rate risk, currency exposure, and other investment risks,
- money market securities rated A-1(Low) or better and units of BCI's Pooled Investment Portfolio Funds ST1, ST2 and ST3 (money market funds),
- publicly traded and privately negotiated fixed income securities,
- real estate investments including, but not limited to, trust units, partnership interests, shares, and debt. Leverage is permitted on real estate to a maximum of 25 percent, however, another 5 percent is allowed for the assumption or renewal of existing debt, and
- Units in the Floating Rate Funds.

The following restrictions apply to the Funds' investing activities:

- No fund or direct investment will be made without extensive due diligence reviews being completed by BCI.
- The Funds may not sell short, borrow securities, or purchase securities via a margin account.
- The investments must comply with the *Pensions Benefits Standards Act*, R.S.B.C. 1996, c. 352.

Financial Risks

In the normal course of business, each Fund is exposed to financial risks including credit risk, liquidity risk, and market risk (including interest rate, currency and other price risks). The level of risk varies depending on the investment objective of the Fund and type of investments it holds.

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8. Financial risk management (continued)

(b) Credit risk

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

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

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

See additional discussion of credit risk in the Financial Risk Management Discussion following each Fund's financial statements.

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 Chief Investment Officer (CIO). In order to protect the interest of all clients, the CIO may also establish redemption limits for each Fund. The purchase and redemption limits may vary depending on market circumstances, client demand, and the liquidity of the underlying investments.

The Funds' cash position is monitored on a daily basis. In general, investments in cash and 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 ensures that sufficient cash reserves are available to meet forecasted cash outflows.

See additional discussion of liquidity risk in the Financial Risk Management Discussion following each Fund's financial statements.

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8. Financial risk management (continued)

(d) Market risk

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

(i) Interest rate risk

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

The money market investments, bonds, derivatives and mortgages are subject to interest rate risk. The Funds that hold these investments have established duration bands based on their relevant benchmarks to avoid undue active interest rate risk.

See additional discussion of interest rate risk in the Financial Risk Management Discussion following each Fund's financial statements.

(ii) Currency risk

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

Some Funds are exposed to currency risk through holding of investments, investment receivables and investment liabilities in various currencies. The Funds may use foreign currency contracts to hedge some foreign currency exposure on investment-related receivables and liabilities and engage in the buying and selling of currencies through the spot market, forward contracts, futures contracts, and/or options in order to achieve the desired currency exposure.

See additional discussion of currency risk in the Financial Risk Management Discussion following each Fund's financial statements.

(iii) Other price risk

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

All financial instruments are subject to other price risk and a potential loss of capital. The maximum risk is determined by the market value of the financial instruments. The Funds may not sell short, borrow securities, or purchase securities on margin, which limits the potential loss of capital. There are established investment criteria for each Fund related to diversification of investments and investment mandates for external managers to avoid undue market risk.

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8. Financial risk management (continued)

(d) Market risk (continued)

(iii) Other price risk (continued)

Other market price risk arises from the Fund's investments in direct private equity, in direct private debt, and in unlisted private equity investee funds, whose valuation is based on the valuation of the underlying companies of those investee funds. The Fund invests in such financial assets in order to take advantage of their long-term growth. All investments present a risk of loss of capital. BCI management moderates this risk through careful selection of the investee funds within specified limits. All of the investee funds and their underlying investments are subject to the risks inherent in their industries. Moreover, established markets do not exist for these holdings, and they are therefore considered illiquid.

The Fund makes commitments to a diversified portfolio of private equity, private debt and private infrastructure funds, managed by managers with a strong track record. The Fund diversifies its portfolio of investee funds across managers, underlying industries, countries and investment stages.

BCI management follows a rigorous investment due diligence process prior to making an investment decision. BCI management considers both qualitative and quantitative criteria in the areas of financial performance, business strategy, tax and legal compliance, such as financial information obtained through the underlying manager of the investee funds through on-site visits, interviews and questionnaires together with information gathered from external sources. Prior to entering into an investment agreement, gathered information is confirmed through reference checks or through BCI's standing data and experience.

See additional discussion of other price risk in the Financial Risk Management Discussion following each Fund's financial statements.

9. Fair value of financial instruments

(a) Fair value hierarchy

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

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

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

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

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

Level 3 inputs that are unobservable.

See additional discussion on the three-tier hierarchy in the Fair Value Measurement Discussion following each Fund's financial statements.

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9. Fair value of financial instruments (continued)

(b) Valuation models

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

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

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

For more complex instruments, such as private equity and debt, the Funds use proprietary valuation models, which are usually developed from recognized valuation methods. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates, or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Funds believe that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Funds and the counterparties where appropriate.

(c) Valuation framework

The Funds have an established framework with respect to the measurement of fair values. Where possible, for direct private equity and debt investments held by the Funds, external, independent valuation specialists are engaged annually to assist in the determination of fair value. In those circumstances where the Funds are reliant on a third party manager for the determination of fair value, BCI reviews the appropriateness of such valuations using audited financial statements of the underlying investments, and other information from the underlying third party manager or other sources.

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9. Fair value of financial instruments (continued)

(c) Valuation framework (continued)

In addition, BCI applies the following specific controls in relation to the determination of fair values:

- verification of observable pricing inputs;
- analysis and investigation of significant valuation movements; and
- review of unobservable inputs and valuation adjustments.

When third party information, such as broker quotes or pricing services, is used to measure fair value, then BCI management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations are appropriate. 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 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.

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10. Taxes

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

Pooled Investment Portfolios (in \$000s)	As of December 31, 2017		As of December 31, 2016	
	Net Capital Losses	Non-capital Losses	Net Capital Losses	Non-capital Losses
Mezzanine Mortgage Fund	-	-	-	-
US Mortgage Opportunity Fund	-	730	-	2
Private Placement Fund 1996	170	67	170	-
Private Placement Fund 1997	185	-	185	-
Private Placement Fund 1998	94	-	94	-
Private Placement Fund 1999	35	-	35	-
Private Placement Fund 1999A	30	91	29	-
2000 Private Placement Fund	1,559	-	1,559	-
2001 Private Placement Fund	6	-	6	-
2002 Private Placement Fund	7	-	7	-
2003 Private Placement Fund	9	-	9	-
2004 Private Placement Fund	-	-	-	-
2005 Private Placement Fund	8	-	8	-
2006 Private Placement Fund	3,405	-	3,405	-
2007 Private Placement Fund	-	-	-	-
2008 Private Placement Fund	3,161	-	3,161	-
2009 Private Placement Fund	3	-	3	-
2010 Private Placement Fund	-	-	-	-
2011 Private Placement Fund	-	-	-	-
2012 Private Placement Fund	-	-	-	-
2013 Private Placement Fund	-	-	-	-
2014 Private Placement Fund	-	409	-	3,617
2015 Private Placement Fund	-	-	-	-
2016 Private Placement Fund	3	12,086	-	8,247
2017 Private Equity Fund	-	14,754	-	-
Strategic Inv 100 Foreign PP Fund	-	-	88,446	-
Strategic Infrastructure Investment Fund 2 (Foreign)	-	26,152	-	15,135
Renewable Resources Investment Fund	-	2,747	-	2,077
2016 Renewable Resources Fund	446	-	95	-
Renewable Resources Investment 2 Fund	-	772	-	-
IT Investment Trust	50	592	11	466

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10. Taxes (continued)

Net capital losses are available to be carried forward indefinitely and applied against future net realized capital gains. Non-capital losses may be carried forward up to 20 years to reduce future taxable income. The Funds' non-capital losses expire as follows:

Pooled Investment Portfolios (in \$000s)	Year of Expiry							
	2031	2032	2033	2034	2035	2036	2037	Total
Mezzanine Mortgage Fund	-	-	-	-	-	-	-	-
US Mortgage Opportunity Fund	-	-	-	-	-	2	728	730
Private Placement Fund 1996	-	-	-	-	-	-	67	67
Private Placement Fund 1997	-	-	-	-	-	-	-	-
Private Placement Fund 1998	-	-	-	-	-	-	-	-
Private Placement Fund 1999	-	-	-	-	-	-	-	-
Private Placement Fund 1999A	-	-	-	-	-	-	91	91
2000 Private Placement Fund	-	-	-	-	-	-	-	-
2001 Private Placement Fund	-	-	-	-	-	-	-	-
2002 Private Placement Fund	-	-	-	-	-	-	-	-
2003 Private Placement Fund	-	-	-	-	-	-	-	-
2004 Private Placement Fund	-	-	-	-	-	-	-	-
2005 Private Placement Fund	-	-	-	-	-	-	-	-
2006 Private Placement Fund	-	-	-	-	-	-	-	-
2007 Private Placement Fund	-	-	-	-	-	-	-	-
2008 Private Placement Fund	-	-	-	-	-	-	-	-
2009 Private Placement Fund	-	-	-	-	-	-	-	-
2010 Private Placement Fund	-	-	-	-	-	-	-	-
2011 Private Placement Fund	-	-	-	-	-	-	-	-
2012 Private Placement Fund	-	-	-	-	-	-	-	-
2013 Private Placement Fund	-	-	-	-	-	-	-	-
2014 Private Placement Fund	-	-	-	-	304	105	-	409
2015 Private Placement Fund	-	-	-	-	-	-	-	-
2016 Private Placement Fund	-	-	-	-	-	8,247	3,839	12,086
2017 Private Equity Fund	-	-	-	-	-	-	14,754	14,754
Strategic Inv 100 Foreign PP Fund	-	-	-	-	-	-	-	-
Strategic Infrastructure Investment Fund 2 (Foreign)	-	-	-	-	6	15,129	11,017	26,152
Renewable Resources Investment Fund	-	-	-	-	498	1,579	670	2,747
2016 Renewable Resources Fund (formerly 2015A Private Placement Fund)	-	-	-	-	-	-	-	-
Renewable Resources Investment 2 Fund	-	-	-	-	-	-	772	772
IT Investment Trust	-	-	129	100	103	134	126	592

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

10. Taxes (continued)

By order of the British Columbia Supreme Court, and affirmed on appeal by the British Columbia Court of Appeal, the investment pools managed by BCI have been declared to be immune from the application of the Excise Tax Act. Those same pools have been declared to be bound to certain reciprocal tax treaties between Canada and British Columbia which may require them to pay amounts in lieu of GST and which may entitle them to obtain full refunds on any amounts paid.



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

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