



# Infrastructure & Renewable Resources - Pooled Fund Financial Statements

DECEMBER 2018

---

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

---

Strategic Inv 100 Foreign PP Fund  
Strategic Infrastructure Investment Fund 2 (Foreign)  
Strategic Infrastructure Investment Fund 3  
Renewable Resources Investment Fund  
2016 Renewable Resources Fund  
Renewable Resources Investment 2 Fund  
IT Investment Trust

---

**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 ended December 31, 2018:

Strategic Inv 100 Foreign PP Fund	2016 Renewable Resources Fund
Strategic Infrastructure Investment Fund 2 (Foreign)	Renewable Resources Investment 2 Fund
Strategic Infrastructure Investment Fund 3	IT Investment Trust
Renewable Resources Investment 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 judgement and best estimates.

BCI's Board has established an Audit Committee. The Committee's mandate includes making recommendations on the appointment of the external auditor for the 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 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  
July 4, 2019



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

## INDEPENDENT AUDITORS' REPORT

To the Unitholders of the following funds managed by British Columbia Investment Management Corporation:

Strategic Inv 100 Foreign PP Fund  
Strategic Infrastructure Investment Fund 2 (Foreign)  
Strategic Infrastructure Investment Fund 3  
Renewable Resources Investment Fund  
2016 Renewable Resources Fund  
Renewable Resources Investment 2 Fund  
IT Investment Trust (collectively, the "Funds")

### ***Opinion***

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

- the statements of financial position as at December 31, 2018
- the statements of comprehensive income/(loss) for the year then ended (period from inception on June 5, 2018 to December 31, 2018 for the Strategic Infrastructure Investment Fund 3 only)
- the statements of changes in net assets attributable to holders of redeemable units for the year then ended (period from inception on June 5, 2018 to December 31, 2018 for the Strategic Infrastructure Investment Fund 3 only)
- the statements of cash flows for the year then ended (period from inception on June 5, 2018 to December 31, 2018 for the Strategic Infrastructure Investment Fund 3 only)
- and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2018, and their financial performance and their cash flows for the year then ended (period from inception on June 5, 2018 to December 31, 2018 for the Strategic Infrastructure Investment Fund 3 only) in accordance with International Financial Reporting Standards (IFRS).



### ***Basis for Opinion***

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

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

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

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

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

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

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

### ***Auditors’ Responsibilities for the Audit of the Financial Statements***

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

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

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

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





We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Vancouver, Canada  
July 4, 2019

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INV 100 FOREIGN PP FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2018	December 31, 2017
<b>Assets</b>			
Cash		\$ 1,280	\$ -
Investments		<u>5,749,887</u>	<u>5,662,021</u>
		<u>5,751,167</u>	<u>5,662,021</u>
<b>Liabilities</b>			
BCI cost recoveries payable	4	6,181	4,140
Other accounts payable		<u>11</u>	<u>-</u>
		<u>6,192</u>	<u>4,140</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 5,744,975</u></u>	<u><u>\$ 5,657,881</u></u>
<i>Number of redeemable units outstanding</i>	5	3,016.835	2,996.496
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 1,904</u></u>	<u><u>\$ 1,888</u></u>
<i>Unfunded committed capital</i>	6		

**Statement of Comprehensive Income/(Loss)**

(all amounts in thousands)

	Note	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Revenue:</b>			
Interest income		\$ 7	\$ 1
Dividend income		341,933	424,238
Foreign exchange gain (loss)		107	(2)
Change in fair value of investments:			
Net realized gain		626	149,914
Net change in unrealized appreciation		<u>123,692</u>	<u>4,886</u>
Total revenue		<u>466,365</u>	<u>579,037</u>
<b>Expenses:</b>			
BCI cost recoveries	4	9,549	7,730
Administrative fees		(912)	498
Pursuit costs		263	1,627
Withholding taxes		<u>-</u>	<u>348</u>
Total operating expenses		<u>8,900</u>	<u>10,203</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>457,465</u>	<u>568,834</u>
Distributions to holders of redeemable units:			
From net investment income		(345,222)	(311,124)
From net realized gains on investments		<u>(626)</u>	<u>(149,914)</u>
		<u>(345,848)</u>	<u>(461,038)</u>
<b>Increase in net assets attributable to holders of redeemable units</b>		<u><u>\$ 111,617</u></u>	<u><u>\$ 107,796</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  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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, 2018	Year Ended December 31, 2017
Balance, beginning of year	\$ 5,657,881	\$ 5,740,088
Increase in net assets attributable to holders of redeemable units	111,617	107,796
Return of capital distributions to holders of redeemable units	(61,575)	(277,906)
Redeemable unit transactions: Proceeds from units issued	37,052	87,903
<b>Balance, end of year</b>	<b>\$ 5,744,975</b>	<b>\$ 5,657,881</b>

**Statement of Cash Flows**  
(all amounts in thousands)

	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Operating activities:</b>		
Increase in net assets attributable to holders of redeemable units	\$ 111,617	\$ 107,796
Adjustments for:		
Effect of exchange rate changes on cash	(107)	2
Interest income	(7)	(1)
Dividend income	(341,933)	(424,238)
Withholding taxes	-	348
Net realized gain from investments	(626)	(149,914)
Net change in unrealized appreciation of investments	(123,692)	(4,886)
Cash distributions	345,848	461,038
Proceeds from sale of investments	84,777	325,220
Amounts paid for purchase of investments	(48,325)	(92,042)
BCI cost recoveries payable	2,041	3,836
Other accounts payable	11	(17)
Interest received	7	1
Dividends received	341,933	424,238
Withholding taxes paid	-	(348)
	<u>371,544</u>	<u>651,033</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	37,052	87,903
Distributions paid to holders of redeemable units	(407,423)	(738,944)
	<u>(370,371)</u>	<u>(651,041)</u>
Net increase (decrease) in cash	1,173	(8)
Effect of exchange rate changes on cash	107	(2)
Cash, beginning of year	-	10
<b>Cash, end of year</b>	<b>\$ 1,280</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INV 100 FOREIGN PP FUND**

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

	2018		2017	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 5,749,880	\$ 4,817,416	\$ 5,662,015	\$ 4,853,242
<b>Money Market Investments:</b>				
Units in BCI Pooled				
Investment Portfolio:				
Fund ST1	5	5	5	5
Fund ST3	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>7</u>	<u>6</u>	<u>6</u>	<u>6</u>
<b>Total Investments</b>	<u>\$ 5,749,887</u>	<u>\$ 4,817,422</u>	<u>\$ 5,662,021</u>	<u>\$ 4,853,248</u>

<sup>1</sup> The private equity investments are held through private corporations and limited partnerships.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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 7 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 investments through private corporations and limited partnerships. The private corporations and limited partnerships hold the following net assets:

(in 000s)	2018		2017	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 4,081,632	71.1 %	\$ 4,090,151	72.3 %
Direct Private Debt Investments	335,995	5.8 %	374,266	6.6 %
Unlisted Private Equity Investee Funds	1,299,658	22.6 %	1,355,869	23.9 %
BCI Money Market Funds	25,188	0.4 %	21,849	0.4 %
Debt Issued	(25,261)	(0.4)%	(30,733)	(0.5)%
Net Investment-Related Receivables / Payables	32,668	0.5 %	(149,387)	(2.7)%
	<u>\$ 5,749,880</u>	<u>100.0 %</u>	<u>\$ 5,662,015</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 Fund's debt investments are not subject to credit risk as any decrease in fair value would result in an offsetting change in value of the related equity investment.

**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 liabilities are due within three months of the year-end of the Fund.

**Interest Rate Risk**

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, 2018 and 2017, the Fund had no other assets or liabilities which change in value as a result of changes in interest rates.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INV 100 FOREIGN PP 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.

CURRENCY (CAD 000s)	2018		2017	
	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets
Australian Dollar	\$ 548,841	9.6 %	\$ 411,069	7.3 %
British Pound Sterling	545,723	9.5 %	609,844	10.8 %
Euro	805,388	14.0 %	819,549	14.5 %
United States Dollar	3,420,387	59.5 %	3,349,854	59.2 %
Net Exposure	<u>\$ 5,320,339</u>	<u>92.6 %</u>	<u>\$ 5,190,316</u>	<u>91.7 %</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, 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 by \$53,203,000 CAD (2017 - \$51,903,000 CAD), representing 0.9 percent of the Fund's net assets (2017 - 0.9 percent). 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 (CAD 000s)	2018	2017
Euro	\$ 13,718	\$ 13,220
United States Dollar	118,624	169,944
	<u>\$ 132,342</u>	<u>\$ 183,164</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 by \$1,323,000 CAD (2017 - \$1,832,000 CAD). 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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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 unlisted private equity, private debt and private equity investee fund investments are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2018		2017	
	Total	% of Total	Total	% of Total
Direct Private Equity and Debt Investments:				
Coal infrastructure	\$ 72,777	1.3 %	\$ 78,831	1.3 %
Diversified infrastructure	173,957	3.0 %	173,813	3.0 %
Electricity transmission infrastructure	1,907,233	33.4 %	2,001,727	34.4 %
Gas transmission infrastructure	580,782	10.2 %	551,201	9.5 %
Transportation infrastructure	682,051	11.9 %	577,003	9.9 %
Water, wastewater and sewage infrastructure	1,000,827	17.5 %	1,081,842	18.6 %
Total Direct Private Equity and Debt Investments	4,417,627	77.3 %	4,464,417	76.7 %
Total Unlisted Private Equity Investee Funds in diversified infrastructure	1,299,658	22.7 %	1,355,869	23.3 %
	<u>\$ 5,717,285</u>	<u>100.0 %</u>	<u>\$ 5,820,286</u>	<u>100.0 %</u>

**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)	2018		2017	
	Total	% of Total	Total	% of Total
Direct Private Equity and Debt Investments:				
Australia	\$ 547,561	9.5 %	\$ 416,130	7.1 %
Brazil	136,781	2.4 %	170,486	2.9 %
Canada	709,445	12.4 %	720,402	12.4 %
Chile	868,221	15.2 %	1,106,791	19.0 %
Germany	580,782	10.2 %	551,201	9.5 %
United Kingdom	535,825	9.4 %	604,481	10.4 %
United States	1,039,012	18.2 %	894,926	15.4 %
Total Direct Private Equity and Debt Investments	4,417,627	77.3 %	4,464,417	76.7 %
Total Unlisted Private Equity Investee Funds in diversified infrastructure	1,299,658	22.7 %	1,355,869	23.3 %
	<u>\$ 5,717,285</u>	<u>100.0 %</u>	<u>\$ 5,820,286</u>	<u>100.0 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INV 100 FOREIGN PP FUND**

**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, had the fair value of the investments increased or decreased by 10 percent, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased by approximately \$574,989,000 (2017 - \$566,202,000) or 10.0 percent (2017 – 10.0 percent) 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 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The 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.

	2018			Total
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	
(in 000s)				
Direct Private Equity Investments	\$ -	\$ -	\$ 4,081,632	\$ 4,081,632
Direct Private Debt Investments	-	-	335,995	335,995
Unlisted Private Equity Investee Funds	-	-	1,299,658	1,299,658
BCI Money Market Funds	25,195	-	-	25,195
Debt Issued	-	-	(25,261)	(25,261)
Net Investment-Related Receivables	-	32,668	-	32,668
Total Investments	\$ 25,195	\$ 32,668	\$ 5,692,024	\$ 5,749,887

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INV 100 FOREIGN PP FUND**

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

**Fair Value Hierarchy (continued)**

	2017			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
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 Receivables	-	(149,387)	-	(149,387)
Total Investments	<u>\$ 21,855</u>	<u>\$ (149,387)</u>	<u>\$ 5,789,553</u>	<u>\$ 5,662,021</u>

During 2018 and 2017, there were no significant transfers between Level 1 and Level 2.

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.

**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.

	2018				
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Debt Issued	Total
(in 000s)					
Balance, beginning of year	\$ 4,090,151	\$ 374,266	\$ 1,355,869	\$ (30,733)	\$ 5,789,553
Total gains or (losses) recognized in profit or loss	(9,766)	29,365	123,268	(893)	141,974
Purchases	7,824	-	45,174	6,365	59,363
Sales	(6,577)	(67,636)	(224,653)	-	(298,866)
Balance, end of year	<u>\$ 4,081,632</u>	<u>\$ 335,995</u>	<u>\$ 1,299,658</u>	<u>\$ (25,261)</u>	<u>\$ 5,692,024</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>\$ (5,954)</u>	<u>\$ 33,483</u>	<u>\$ 145,889</u>	<u>\$ (893)</u>	<u>\$ 172,525</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INV 100 FOREIGN PP FUND**

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

**Fair Value Hierarchy (continued)**

	2017				
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Debt Issued	Total
(in 000s)					
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>

During 2018 and 2017, 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)**

	2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Weighted Average	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 3,896,784	Discounted Cash Flows	Discount rate	5.68% - 17.50%	9.76%	The estimated fair value would increase (decrease) if the discount rates were lower (higher).
Direct Private Equity Investments	\$ 184,711	Net Asset Value	Net Asset Value	\$184,711	N/A	The estimated fair value would increase (decrease) if the net asset value of direct private equity investee funds was higher (lower).
Direct Private Debt Investments	\$ 336,132	Discounted Cash Flows	Discount rate	5.68% - 17.50%	6.60%	The estimated fair value would increase (decrease) if the discount rates were lower (higher).
Unlisted Private Equity Investee Funds	\$ 424,064	Net Asset Value	Net Asset Value	\$424,064	N/A	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

*See accompanying Notes to the Financial Statements.*



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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)**

	2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Rang	Weighted Average	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 875,594	Adjusted Net Asset Value	Adjusted Net Asset Value	\$875,594	N/A	The estimated fair value would increase (decrease) if: - The net asset value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).
Debt issued	\$ (25,261)	Discounted Cash Flows	Discount Rate	12%	12%	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 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 net asset 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 net asset value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 887,826	Adjusted Net Asset Value	Net Asset Value	\$911,203	The estimate fair value would increase (decrease) if: - The net asset 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	12.0%	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  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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)**

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) **Net Asset Value:**  
Represents the net asset value of direct private equity and 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) **Adjusted Net Asset Value:**  
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**

---

**Significant Unobservable Inputs Used in Measuring Fair Value (continued)**

- (iv) **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 and transactions in private 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.

**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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INV 100 FOREIGN PP FUND**

**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)	2018	2017
Favourable	\$ 423,146	\$ 484,897
Unfavourable	\$ (404,129)	\$ (462,375)

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

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 \$5,725,095,000 (2017 - \$5,324,715,000), 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, 2018		
	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	\$ 2,521,901	\$ 25,195
Unlisted private equity investee funds administered by third party managers	18	\$ 44,123,226	\$ 1,299,658

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INV 100 FOREIGN PP FUND**

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

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

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2018 and 2017, 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.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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, 2018

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/Registration	Ownership Interest	Voting Rights
Corix Infrastructure Inc.	Water, wastewater and energy infrastructure company	Common shares and shareholder loan	Subsidiary	U.S. and Canada	Canada	26.5%	26.5%
Open Grid Europe GmbH.	Regulated gas transmission service operator	Common shares	Associate	Germany	Germany	27.3%	27.3%
ETC Holdings Ltd.	Regulated electricity transmission	Common shares	Associate	Chile	Chile	22.1%	22.1%
InTransit BC Limited Partnership	Operation of the CanadaLine project	Limited partnership interest	Associate	Canada	Canada	28.3%	28.3%
Cleco Corporation	Regulated electricity utility	Limited partnership interest	Associate	U.S.	U.S.	31.3%	31.3%

December 31, 2017

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/Registration	Ownership Interest	Voting Rights
Corix Infrastructure Inc.	Water, wastewater and energy infrastructure company	Common shares and shareholder loan	Subsidiary	U.S. and Canada	Canada	47.4%	47.4%
Open Grid Europe GmbH.	Regulated gas transmission service operator	Common shares	Associate	Germany	Germany	27.3%	27.3%
ETC Holdings Ltd.	Regulated electricity transmission	Common shares	Associate	Chile	Chile	22.1%	22.1%
InTransit BC Limited Partnership	Operation of the CanadaLine project	Limited partnership interest	Associate	Canada	Canada	28.3%	28.3%
Cleco Corporation	Regulated electricity utility	Limited partnership interest	Associate	U.S.	U.S.	31.3%	31.3%

During 2018 and 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 significant restrictions on their ability to transfer funds to the Fund.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2018	December 31, 2017
<b>Assets</b>			
Cash		\$ 209	\$ -
Interest receivable		28	28
Investments		<u>2,609,270</u>	<u>2,327,343</u>
		<u>2,609,507</u>	<u>2,327,371</u>
<b>Liabilities</b>			
BCI cost recoveries payable	4	2,728	2,006
Other accounts payable		<u>11</u>	<u>-</u>
		<u>2,739</u>	<u>2,006</u>
<b>Net assets attributable to holders of redeemable units</b>			
		<u><u>\$ 2,606,768</u></u>	<u><u>\$ 2,325,365</u></u>
<i>Number of redeemable units outstanding</i>			
	5	2,431.104	2,544.964
<b>Net assets attributable to holders of redeemable units per unit</b>			
		<u><u>\$ 1,072</u></u>	<u><u>\$ 914</u></u>
<i>Unfunded committed capital</i>			
	6		

**Statement of Comprehensive Income/(Loss)**

(all amounts in thousands)

	Note	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Revenue:</b>			
Interest income		\$ 8,050	\$ 3,926
Dividend income		8,651	-
Foreign exchange gain (loss)		202	(14)
Change in fair value of investments:			
Net realized gain		8,161	210
Net change in unrealized appreciation		<u>377,933</u>	<u>(75,864)</u>
Total revenue		<u>402,997</u>	<u>(71,742)</u>
<b>Expenses:</b>			
BCI cost recoveries	4	\$ 10,043	11,739
Administrative fees		57	120
Pursuit cost		<u>792</u>	<u>7,089</u>
Total operating expenses		<u>10,892</u>	<u>18,948</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>			
		<u><u>\$ 392,105</u></u>	<u><u>\$ (90,690)</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  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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, 2018	Year Ended December 31, 2017
Balance, beginning of year	\$ 2,325,365	\$ 1,430,987
Increase (decrease) in net assets attributable to holders of redeemable units	392,105	(90,690)
Redeemable unit transactions:		
Proceeds from units issued	146,567	1,107,898
Amounts paid for units redeemed	<u>(257,269)</u>	<u>(122,830)</u>
Net increase (decrease) from redeemable unit transactions	<u>(110,702)</u>	<u>985,068</u>
<b>Balance, end of year</b>	<b><u>\$ 2,606,768</u></b>	<b><u>\$ 2,325,365</u></b>

**Statement of Cash Flows**  
(all amounts in thousands)

	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Operating activities:</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 392,105	\$ (90,690)
Adjustments for:		
Effect of exchange rate changes on cash	(202)	14
Interest income	(8,050)	(3,926)
Dividend income	(8,651)	-
Net realized gain from investments	(8,161)	(210)
Net change in unrealized appreciation of investments	(377,933)	75,864
Proceeds from sale of investments	284,009	573,177
Amounts paid for purchase of investments	(179,842)	(1,544,526)
BCI cost recoveries payable	722	1,350
Other accounts payable	11	(5)
Interest received	8,050	3,898
Dividends received	<u>8,651</u>	<u>-</u>
	<u>110,709</u>	<u>(985,054)</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	146,567	1,107,898
Payments on redemption of redeemable units	<u>(257,269)</u>	<u>(122,830)</u>
	<u>(110,702)</u>	<u>985,068</u>
Net increase in cash	7	14
Effect of exchange rate changes on cash	202	(14)
Cash, beginning of year	<u>-</u>	<u>-</u>
<b>Cash, end of year</b>	<b><u>\$ 209</u></b>	<b><u>\$ -</u></b>

*See accompanying Notes to the Financial Statements.*



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)**

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

	2018		2017	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 2,401,395	\$ 2,068,682	\$ 2,117,535	\$ 2,166,462
<b>Private Debt Investments:</b>	207,865	219,485	209,803	217,716
<b>Money Market Investments:</b>				
Units in BCI Pooled				
Investment Portfolio:				
Fund ST2	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 2,609,270</u>	<u>\$ 2,288,177</u>	<u>\$ 2,327,343</u>	<u>\$ 2,384,183</u>

<sup>1</sup> 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  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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 7 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:

	2018		2017	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$1,429,964	54.8 %	\$1,894,279	81.4 %
Direct Private Debt	733,895	28.1 %	209,803	9.0 %
Unlisted Private Equity Investee Funds	394,969	15.1 %	221,346	9.5 %
BCI Money Market Funds	43,752	1.7 %	1,502	0.1 %
FX Contracts	-	- %	2	- %
Net Investment-Related Receivables	6,690	0.3 %	406	- %
	<u>\$2,609,270</u>	<u>100.0 %</u>	<u>\$2,327,338</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 Fund's debt investments are not subject to credit risk as any decrease in fair value would result in an offsetting change in value of the related equity investment.

**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 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, 2018 and 2017, the Fund had no other assets or liabilities which change in value as a result of changes in interest rates.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)**

**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.

CURRENCY (CAD 000s)	2018		2017	
	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets
Australian Dollar	\$ 477,714	18.3 %	\$ 447,939	19.3 %
Euro	214,771	8.2 %	129,956	5.6 %
United States Dollar	1,873,312	71.9 %	1,749,380	75.2 %
Net Exposure	<u>\$ 2,565,797</u>	<u>98.4 %</u>	<u>\$ 2,327,275</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 \$25,658,000 CAD (2017 - \$23,273,000), representing 1.0% of the Fund's net assets (2017 - 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 (CAD 000s)	2018	2017
Euro	\$ 74,839	\$ 133,713
United States Dollar	113,681	188,639
	<u>\$ 188,520</u>	<u>\$ 322,352</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 \$1,885,000 (2017 - \$3,224,000) CAD. 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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)**

**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)	2018		2017	
	Total	% of Total	Total	% of Total
Direct private equity and debt investments:				
Infrastructure	\$ 837,193	32.7 %	\$ 949,625	40.8 %
Utilities	470,816	18.4 %	447,942	19.3 %
Energy	855,850	33.4 %	706,515	30.4 %
Total direct private equity and debt investments	2,163,859	84.5 %	2,104,082	90.5 %
Total unlisted private equity investee funds in diversified infrastructure	394,969	15.4 %	221,346	9.5 %
	<u>\$ 2,558,828</u>	<u>99.9 %</u>	<u>\$ 2,325,428</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)	2018		2017	
	Total	% of Total	Total	% of Total
Direct private equity and debt investments:				
Australia	\$ 470,816	18.4 %	\$ 447,942	19.3 %
Brazil	266,863	10.4 %	378,750	16.3 %
Colombia	855,850	33.4 %	706,515	30.4 %
International	570,330	22.3 %	570,875	24.5 %
Total direct private equity and debt investments	2,163,859	84.5 %	2,104,082	90.5 %
Total unlisted private equity investee funds diversified globally	394,969	15.4 %	221,346	9.5 %
	<u>\$ 2,558,828</u>	<u>99.9 %</u>	<u>\$ 2,325,428</u>	<u>100.0 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)**

**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, 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, respectively by approximately \$260,927,000 (2017 - \$232,734,000) or 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 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The 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.

		2018			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
Net Investment Related Receivables	\$	-	\$ 6,690	\$ -	\$ 6,690
Direct Private Debt Investments		-	-	733,895	733,895
BCI Money Market Funds		43,752	-	-	43,752
Direct Private Equity Investments		-	-	1,429,964	1,429,964
Unlisted Private Equity Investee Funds		-	-	394,969	394,969
Total Investments	\$	43,752	\$ 6,690	\$ 2,558,828	\$ 2,609,270
		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

During 2018, there were no significant transfers between Level 1 and Level 2.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)**

**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.

(in 000s)	2018			
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Total
Balance, beginning of year	\$ 1,894,279	\$ 209,803	\$ 221,346	\$ 2,325,428
Total gains or (losses) recognized in profit or loss	200,454	(3,850)	35,931	232,535
Purchases	55	533,516	150,890	684,461
Sales	(664,823)	(5,574)	(13,198)	(683,595)
Balance, end of year	<u>\$ 1,429,965</u>	<u>\$ 733,895</u>	<u>\$ 394,969</u>	<u>\$ 2,558,829</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>\$ 99,481</u>	<u>\$ (3,749)</u>	<u>\$ 34,986</u>	<u>\$ 130,718</u>

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

**Fair Value Hierarchy (continued)**

(in 000s)	2017			
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Total
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	<u>\$ 1,894,279</u>	<u>\$ 209,803</u>	<u>\$ 221,346</u>	<u>\$ 2,325,428</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>\$ (195,469)</u>	<u>\$ (7,913)</u>	<u>\$ 2,006</u>	<u>\$ (201,376)</u>

During 2018 and 2017, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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**

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

	2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Weighted Average	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$1,429,964	Discounted Cash Flow	Discount Rate	8.75% - 14.50%	11.75%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).
Direct Private Debt Investments	\$ 733,895	Discounted Cash Flow	Discount Rate	8.75% - 14.00%	12.51%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).
Unlisted Private Equity Investee Funds	\$ 214,771	Net Asset Value	Net Asset Value	\$214,771	N/A	The estimated fair value would increase (decrease) if the net asset 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)**

	2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Weighted Average	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Fund	\$ 180,198	Adjusted Net Asset Value	Adjusted Net Asset Value	\$180,198	N/A	The estimated fair value would increase (decrease) if: - The net asset 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  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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)**

	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 Instruments	\$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 net asset value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Fund	\$91,797	Adjusted Net Asset Value	Net Asset Value  Adjusted Net Asset Value	\$97,033  \$(5,236)	The estimated fair value would increase (decrease) if the net asset 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) Discount rate:  
Represents the discount rate applied to the expected future cash flows. 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) 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) Adjusted Net Asset Value:  
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.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)**

---

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

---

**Significant Unobservable Inputs Used in Measuring Fair Value (continued)**

(iv) 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 and transactions in private 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.

**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 holders of redeemable units.

The following table shows how 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%.

---

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

---

(in 000s)	2018	2017
Favourable	\$ 260,926	\$ 232,734
Unfavourable	\$ (260,926)	\$ (232,734)

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)**

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

As at December 31, 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 \$2,208,900,000 (2017 - \$1,947,118,000), 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, 2018			
	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	\$ 4,869,891	\$	43,752
Unlisted private equity investee funds administered by third party managers	2	\$ 17,018,838	\$	394,969

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

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

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2018, 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  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 3**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2018 (note 1)
<b>Assets</b>		
Investments		<u>\$ 564,209</u>
		<u>564,209</u>
<b>Liabilities</b>		
BCI cost recoveries payable	4	<u>725</u>
		<u>725</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 563,484</u></u>
<i>Number of redeemable units outstanding</i>	5	<i>562.093</i>
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 1,002</u></u>
<i>Unfunded committed capital</i>	6	

**Statement of Comprehensive Income**

(all amounts in thousands)

	Note	Period Ended December 31, 2018 (note 1)
<b>Revenue:</b>		
Interest income		\$ 1
Change in fair value of investments:		
Net realized loss		(1)
Net change in unrealized appreciation		<u>3,402</u>
Total revenue		<u>3,402</u>
<b>Expenses:</b>		
BCI cost recoveries	4	<u>\$ 2,011</u>
Total operating expenses		<u>2,011</u>
<b>Increase in net assets attributable to holders of redeemable units</b>		<u><u>\$ 1,391</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  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 3**

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

	Period Ended December 31, 2018 <i>(note 1)</i>
Balance, beginning of period	\$ -
Increase in net assets attributable to holders of redeemable units	1,391
Redeemable unit transactions:	
Proceeds from units issued	562,093
<b>Balance, end of period</b>	<b>\$ 563,484</b>

**Statement of Cash Flows**  
(all amounts in thousands)

	Period Ended December 31, 2018 <i>(note 1)</i>
<b>Operating activities:</b>	
Increase in net assets attributable to holders of redeemable units	\$ 1,391
Adjustments for:	
Interest income	(1)
Net realized loss from investments	1
Net change in unrealized appreciation of investments	(3,402)
Proceeds from sale of investments	1,289
Amounts paid for purchase of investments	(562,097)
BCI cost recoveries payable	725
Interest received	1
	<u>(562,093)</u>
<b>Financing activities:</b>	
Proceeds from issuance of redeemable units	562,093
	<u>562,093</u>
<b>Cash, beginning and end of period</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 3**

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

	2018	
	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 564,157	\$ 560,755
 <b>Money Market Investments:</b>		
Units in BCI Pooled Investment		
Portfolio:		
Fund ST1	<u>52</u>	<u>52</u>
 <b>Total Investments</b>	 <u><u>\$ 564,209</u></u>	 <u><u>\$ 560,807</u></u>

<sup>1</sup> The private equity investments are held through a private corporation and a limited partnership.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 3**

**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 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Strategic Infrastructure Investment Fund 3.

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

	2018	
	Total	% of Total
Direct Private Equity Investments	\$ 354,237	62.8 %
Direct Private Debt	208,761	37.0 %
BCI Money Market Funds	1	- %
Net Investment-Related Receivables	1,158	0.2 %
	<u>\$ 564,157</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 partnership and their investing activities have been considered.

**Credit Risk**

The Fund's 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 Fund's debt investments are not subject to credit risk as any decrease in fair value would result in an offsetting change in value of the related equity investment.

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

**Liquidity Risk**

The Fund's financial assets include direct equity and debt 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.

**Interest Rate Risk**

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

	2018		
	Carrying Value (in 000s)	Interest Rate	Maturity Date
Fixed-rate debt	\$ 208,761	7.50%	2028

**Currency Risk**

The Fund holds net financial assets denominated in U.S. currency totalling \$69,123,000 CAD which represents 12.3% of the net asset value of the Fund. As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$691,000 CAD. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 3**

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

**Other Price Risk**

The investments are held directly in a limited partnership and include shares and debt. As this is a new fund, other price risk will be moderated through diversification across various industry sectors and geographic regions as new investments are considered.

The Fund's private equity and debt investments operate in the transportation infrastructure industry and are concentrated in Canada and the United States.

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, 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, respectively by approximately \$56,416,000 or 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 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The 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.

	2018			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Net Investment Related				
Receivables	\$ -	\$ 1,158	\$ -	\$ 1,158
Direct Private Debt Investments	-	-	208,761	208,761
BCI Money Market Funds	53	-	-	53
Direct Private Equity Investments	-	-	354,237	354,237
Total Investments	\$ 53	\$ 1,158	\$ 562,998	\$ 564,209

During 2018, there were no significant transfers between Level 1 and Level 2.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 3**

**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.

(in 000s)	2018		
	Direct Private Equity Investments	Direct Private Debt Investments	Total
Balance, beginning of period	\$ -	\$ -	\$ -
Total gains or (losses) recognized in profit or loss	104	2,170	2,274
Purchases	354,133	206,591	560,724
Sales	-	-	-
Balance, end of period	<u>\$ 354,237</u>	<u>\$ 208,761</u>	<u>\$ 562,998</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>\$ 104</u>	<u>\$ 2,170</u>	<u>\$ 2,274</u>

During 2018, 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 and direct private debt investments categorized as Level 3 in the fair value hierarchy as at December 31:

	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 354,237	Market approach	EBITDA multiple	14.6x	The estimated fair value would increase (decrease) if the EBITDA multiples were higher (lower).
Direct Private Debt Investments	\$ 208,761	Market approach	EBITDA multiple	14.6x	The estimated fair value would increase (decrease) if the EBITDA multiples were higher (lower).

Significant unobservable inputs are developed as follows:

(i) EBITDA multiple:

EBITDA multiples are selected from comparable public companies and transactions in private 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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INFRASTRUCTURE INVESTMENT FUND 3**

**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.

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

The following table shows how net assets attributable to holders of redeemable units would change if the valuations of 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)	2018
Favourable	\$ 56,300
Unfavourable	\$ (56,300)

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

As at December 31, the Fund's investments are held primarily through an intermediary holding corporation and 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, approximately \$564,157,000 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, 2018		
	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	\$ 1,699,706	\$ 53

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2018, 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  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 3

**Involvement with Subsidiaries and Associates  
as at December 31**

The Fund holds through an intermediary holding corporation 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, 2018

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/ Registration	Ownership Interest	Voting Rights
Global Container Terminals	Transportation Infrastructure	Ordinary Shares, Class A and Class B Shares, and Revolving Debt	Associate	Canada and U.S	Canada	21.1%	21.1%

During 2018, 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 significant restrictions on their ability to transfer funds to the Fund.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**RENEWABLE RESOURCES INVESTMENT FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2018	December 31, 2017
<b>Assets</b>			
Investments		\$ 13,838	\$ 17,556
		<u>13,838</u>	<u>17,556</u>
<b>Liabilities</b>			
BCI cost recoveries payable	4	365	86
Other accounts payable		11	11
		<u>376</u>	<u>97</u>
<b>Net assets attributable to holders of redeemable units</b>		<u>\$ 13,462</u>	<u>\$ 17,459</u>
<i>Number of redeemable units outstanding</i>	5	15.982	15.966
<b>Net assets attributable to holders of redeemable units per unit</b>		<u>\$ 842</u>	<u>\$ 1,094</u>
<i>Unfunded committed capital</i>	6		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Revenue:</b>			
Interest income		\$ 12	\$ 4
Change in fair value of investments:			
Net change in unrealized depreciation		(3,980)	(7,029)
Total loss		<u>(3,968)</u>	<u>(7,025)</u>
<b>Expenses:</b>			
BCI cost recoveries	4	22	976
Administrative fees		25	29
Total operating expenses		<u>47</u>	<u>1,005</u>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u>\$ (4,015)</u>	<u>\$ (8,030)</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  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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, 2018	Year Ended December 31, 2017
Balance, beginning of year	\$ 17,459	\$ 24,456
Decrease in net assets attributable to holders of redeemable units	(4,015)	(8,030)
Redeemable unit transactions:		
Proceeds from units issued	18	1,033
<b>Balance, end of year</b>	<b>\$ 13,462</b>	<b>\$ 17,459</b>

**Statement of Cash Flows**  
(all amounts in thousands)

	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (4,015)	\$ (8,030)
Adjustments for:		
Interest income	(12)	(4)
Net change in unrealized appreciation of investments	3,980	7,029
Proceeds from sale of investments	122	1,080
Amounts paid for purchase of investments	(384)	(1,038)
Receivable from sale of investments	-	28,508
BCI cost recoveries payable	279	(73)
Other accounts payable	-	(1)
Interest received	12	4
	<u>(18)</u>	<u>27,475</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	18	1,033
Payments on redemption of redeemable units	-	(28,508)
	<u>18</u>	<u>(27,475)</u>
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**RENEWABLE RESOURCES INVESTMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2018		2017	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 13,234	\$ 35,217	\$ 17,196	\$ 35,200
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST2	<u>604</u>	<u>605</u>	<u>360</u>	<u>360</u>
<b>Total Investments</b>	<u>\$ 13,838</u>	<u>\$ 35,822</u>	<u>\$ 17,556</u>	<u>\$ 35,560</u>

<sup>1</sup> The private equity investments are held through private corporations.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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 7 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:

(in 000s)	2018		2017	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Fund	\$ 13,200	99.7%	\$ 17,172	99.9%
BCI Money Market Funds	34	0.3%	24	0.1%
	<u>\$ 13,234</u>	<u>100.0%</u>	<u>\$ 17,196</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 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 \$13,210,000 CAD which represents 98.1% of the net asset value of the Fund (2017 - \$17,185,000 CAD which represented 98.4% 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, 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 \$132,000 CAD (2017 - \$172,000 CAD), representing 1.0% of the Fund's net assets (2017 - 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 CAD (2017 - \$8,000 CAD). As at December 31, 2018 and 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 less than \$1,000 CAD. 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  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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, 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, respectively by approximately \$1,384,000 (2017 - \$1,756,000) or 10.3% (2017 – 10.1%) of holders 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 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The 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.

		2018			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds		\$ 638	\$ -	\$ -	\$ 638
Unlisted Private Equity Investee Fund		-	-	13,200	13,200
Total Investments		\$ 638	\$ -	\$ 13,200	\$ 13,838

		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

During 2018 and 2017, there were no significant transfers between Level 1 and Level 2.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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 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.

	2018	2017
	Unlisted Private Equity Investee Funds	Unlisted Private Equity Investee Funds
(in 000s)		
Balance, beginning of year	\$ 17,172	\$ 24,197
Total gains or (losses) recognized in profit or loss	(3,976)	(7,025)
Purchases	4	-
Balance, end of year	<u>\$ 13,200</u>	<u>\$ 17,172</u>
Total unrealized losses for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (3,976)</u>	<u>\$ (7,025)</u>

During 2018 and 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 unlisted private equity investee funds as Level 3 in the fair value hierarchy as at December 31:

	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Fund	\$ 13,200	Net Asset Value	Net Asset Value	\$13,200	The estimated fair value would increase (decrease) if the net asset value of the unlisted private equity investee funds was higher (lower).
	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  Adjusted Net Asset Value	\$ 17,290   \$ (118)	The estimated fair value would increase (decrease) if: - The net asset value of the unlisted private equity investee fund was higher (lower). - The fair value adjustment was lower (higher).

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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) Adjusted Net Asset Value:

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)	2018	2017
Favourable	\$ 1,320	\$ 1,720
Unfavourable	\$ (1,320)	\$ (1,720)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**RENEWABLE RESOURCES INVESTMENT FUND**

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

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 \$13,234,000 (2017 - \$17,196,000), 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, 2018		
	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	\$ 3,170,185	\$ 638
Unlisted private equity investee fund administered by third party manager	1	\$ 87,112	\$ 13,200

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

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

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2018 and 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  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**2016 RENEWABLE RESOURCES FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2018	December 31, 2017
<b>Assets</b>			
Interest receivable		\$ 2,919	\$ -
Investments		548,070	481,550
		<u>550,989</u>	<u>481,550</u>
<b>Liabilities</b>			
BCI cost recoveries payable	4	166	19
Other accounts payable		11	11
		<u>177</u>	<u>30</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 550,812</u></u>	<u><u>\$ 481,520</u></u>
<i>Number of redeemable units outstanding</i>	5	293.727	298.367
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 1,875</u></u>	<u><u>\$ 1,614</u></u>
<i>Unfunded committed capital</i>	6		

**Statement of Comprehensive Income**

(all amounts in thousands)

	Note	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Revenue:</b>			
Interest income		\$ 25,207	\$ 22,008
Foreign exchange loss		(458)	(3,719)
Change in fair value of investments:			
Net realized gain (loss)		21	(350)
Net change in unrealized appreciation		52,948	63,885
Total revenue		<u>77,718</u>	<u>81,824</u>
<b>Expenses:</b>			
BCI cost recoveries	4	629	263
Administrative fees		35	35
Total operating expenses		<u>664</u>	<u>298</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>77,054</u>	<u>81,526</u>
Distributions to holders of redeemable units:			
From net investment income		<u>(24,047)</u>	<u>(18,018)</u>
<b>Increase in net assets attributable to holders of redeemable units</b>		<u><u>\$ 53,007</u></u>	<u><u>\$ 63,508</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  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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, 2018	Year Ended December 31, 2017
Balance, beginning of year	\$ 481,520	\$ 310,120
Increase in net assets attributable to holders of redeemable units	53,007	63,508
Redeemable unit transactions:		
Proceeds from units issued	504	106,532
Reinvestment of distributions	24,047	18,018
Amounts paid for units redeemed	(8,266)	(16,658)
Net increase from redeemable unit transactions	16,285	107,892
<b>Balance, end of year</b>	<b>\$ 550,812</b>	<b>\$ 481,520</b>

**Statement of Cash Flows**  
(all amounts in thousands)

	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Operating activities:</b>		
Increase in net assets attributable to holders of redeemable units	\$ 53,007	\$ 63,508
Adjustments for:		
Effect of exchange rate changes on cash	458	3,719
Interest income	(25,207)	(22,008)
Net realized (gain) loss from investments	(21)	350
Net change in unrealized appreciation of investments	(52,948)	(63,885)
Non cash distributions	24,047	18,018
Proceeds from sale of investments	8,673	122,825
Amounts paid for purchase of investments	(22,224)	(236,338)
BCI cost recoveries payable	147	(6)
Other accounts payable	-	(1)
Interest received	22,288	27,663
	8,220	(86,155)
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	504	106,532
Payments on redemption of redeemable units	(8,266)	(16,658)
	(7,762)	89,874
Net increase in cash	458	3,719
Effect of exchange rate changes on cash	(458)	(3,719)
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**2016 RENEWABLE RESOURCES FUND**

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

	2018		2017	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 282,327	\$ 137,597	\$ 250,203	\$ 137,584
<b>Private Debt Investments:</b>	265,738	245,468	231,342	231,909
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment Portfolio:				
Fund ST1	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 548,070</u>	<u>\$ 383,070</u>	<u>\$ 481,550</u>	<u>\$ 369,498</u>

<sup>1</sup> The private equity investments are held through private corporations.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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 7 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)	2018		2017	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 546,392	193.5 %	\$ 479,920	191.9 %
BCI Money Market Funds	4,593	1.6 %	1,625	0.6 %
Debt Issued	(265,738)	(94.1)%	(231,342)	(92.5)%
Net Investment-Related Payables	(2,920)	(1.0)%	-	- %
	<u>\$ 282,327</u>	<u>100.0 %</u>	<u>\$ 250,203</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. The Fund's debt investments are not subject to credit risk as any decrease in fair value would result in an offsetting change in value of the related equity investment.

**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.

**Interest Rate Risk**

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, 2018 and 2017, the Fund had no other assets or liabilities which change in value as a result of changes in interest rates.

**Currency Risk**

The Fund holds net financial assets denominated in U.S. currency totalling \$549,716,000 CAD which represents 99.8% of the net asset value of the Fund (2017 - \$480,286,000 CAD which represented 99.7% of the net asset value of the Fund). 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 \$5,497,000 CAD (2017 - \$4,803,000 CAD), representing 1.0% of the Fund's net assets (2017 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**2016 RENEWABLE RESOURCES FUND**

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

**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, 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, respectively by approximately \$54,807,000 (2017 - \$48,155,000) or 10.0% (2017 – 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 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The 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.

2018				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Net Investment-Related Payables	\$ -	\$ (2,920)	\$ -	\$ (2,920)
BCI Money Market Funds	4,598	-	-	4,598
Direct Private Equity Investments	-	-	546,392	546,392
Total Investments	\$ 4,598	\$ (2,920)	\$ 546,392	\$ 548,070

  

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

During 2018 and 2017, there were no significant transfers between Level 1 and Level 2.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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 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.

	<u>2018</u>
	Direct Private Equity Investments
(in 000s)	
Balance, beginning of year	\$ 479,920
Total gains recognized in profit or loss	66,472
Purchases	-
Sales	-
Balance, end of year	<u>\$ 546,392</u>
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 66,472</u>

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

**Fair Value Hierarchy (continued)**

	<u>2017</u>		
	Direct Private Equity Investments	Direct Private Debt Investments	Total
(in 000s)			
Balance, beginning of year	\$ 302,570	\$ 134	\$ 302,704
Total gains 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 for the period 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>

During 2018 and 2017, there were no significant transfers into or out of Level 3.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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 categorized as Level 3 in the fair value hierarchy as at December 31:

2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 546,392	Discounted cash flow	Discount rate	8.3%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).
2017					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 479,920	Discounted cash flow	Net Asset Value	\$ 220,414	The estimated fair value would increase (decrease) if the discount rate was lower (higher).
			Adjusted Net Asset Value	\$ 259,506	
					- The net asset value of the direct private equity investments was higher (lower). - The fair value adjustment was lower (higher).

**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) Discount rate:  
Represents the discount rate applied to the expected future cash flows. 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) 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) Adjusted Net Asset Value:  
Represents total adjustments applied to the net asset value of the unlisted private equity 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  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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)	2018	2017
Favourable	\$ 54,639	\$ 47,992
Unfavourable	\$ (54,639)	\$ (47,992)

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

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 \$282,328,000 (2017 - \$250,203,000) 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, 2018		
	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	\$ 2,521,901	\$ 4,598

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

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2018 and 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  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**RENEWABLE RESOURCES INVESTMENT 2 FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2018	December 31, 2017
<b>Assets</b>			
Investments		\$ 190,664	\$ 153,774
		<u>190,664</u>	<u>153,774</u>
<b>Liabilities</b>			
BCI cost recoveries payable	4	285	204
Other accounts payable		11	11
		<u>296</u>	<u>215</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 190,368</u></u>	<u><u>\$ 153,559</u></u>
<i>Number of redeemable units outstanding</i>	5	171.274	169.143
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 1,111</u></u>	<u><u>\$ 908</u></u>

**Statement of Comprehensive Income/(Loss)**

(all amounts in thousands)

	Note	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Revenue:</b>			
Interest income		\$ 1	\$ 1
Change in fair value of investments			
Net realized gain		1	-
Net change in unrealized appreciation		<u>36,780</u>	<u>(1,701)</u>
Total revenue		<u>36,782</u>	<u>(1,700)</u>
<b>Expenses:</b>			
BCI cost recoveries	4	1,864	706
Administrative fees		32	43
Pursuit costs		<u>64</u>	<u>75</u>
Total operating expenses		<u>1,960</u>	<u>824</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<u><u>\$ 34,822</u></u>	<u><u>\$ (2,524)</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  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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, 2018	Year Ended December 31, 2017
Balance, beginning of year	\$ 153,559	\$ 8
Increase (decrease) in net assets attributable to holders of redeemable units	34,822	(2,524)
Redeemable unit transactions:		
Proceeds from units issued	2,012	156,098
Amounts paid for units redeemed	(25)	(23)
Net increase from redeemable unit transactions	1,987	156,075
<b>Balance, end of year</b>	<b>\$ 190,368</b>	<b>\$ 153,559</b>

**Statement of Cash Flows**  
(all amounts in thousands)

	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Operating activities:</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 34,822	\$ (2,524)
Adjustments for:		
Interest income	(1)	(1)
Net realized gain from investments	(1)	-
Net change in unrealized appreciation of investments	(36,780)	1,701
Proceeds from sale of investments	1,785	634
Amounts paid for purchase of investments	(1,894)	(156,099)
BCI cost recoveries payable	81	204
Other accounts payable	-	9
Interest received	1	1
	(1,987)	(156,075)
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	2,012	156,098
Payments on redemption of redeemable units	(25)	(23)
	1,987	156,075
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**RENEWABLE RESOURCES INVESTMENT 2 FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2018		2017	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 190,558	\$ 155,479	\$ 153,769	\$ 155,470
<b>Money Market Investments:</b>				
Units in BCI Pooled				
Investment Portfolio:				
Fund ST1	<u>106</u>	<u>106</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 190,664</u>	<u>\$ 155,585</u>	<u>\$ 153,774</u>	<u>\$ 155,475</u>

<sup>1</sup> The private equity investments are held through private corporations.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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 7 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:

	2018		2017	
	Total	% of Total	Total	% of Total
Direct Private Equity Investment	\$ 173,782	91.2 %	\$ 153,750	100.0 %
BCI Money Market Funds	16,776	8.8 %	19	- %
	<u>\$ 190,558</u>	<u>100.0 %</u>	<u>\$ 153,769</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 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 \$173,788,000 CAD which represents 91.3% of the net asset value of the Fund (2017 - \$153,755,000 CAD which represented 100.1 % 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 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, 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 \$1,738,000 CAD (2017 - \$1,538,000 CAD), representing 0.9% of the Fund's net assets (2017 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

*See accompanying Notes to the Financial Statements.*



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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, 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, respectively by approximately \$19,066,000 (2017 - \$15,377,000) or 10.0% (2017 – 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 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The 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.

		2018			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds	\$	16,882	\$ -	\$ -	\$ 16,882
Private Equity Investments		-	-	173,782	173,782
Total Investments	\$	16,882	\$ -	\$ 173,782	\$ 190,664

  

		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

During 2018, there were no significant transfers between Level 1 and Level 2.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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 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.

	2018	2017
(in 000s)	Direct Private Equity Investments	Direct Private Equity Investments
Balance, beginning of year	\$ 153,750	\$ -
Total gains or (losses) recognized in profit or loss	36,785	(1,000)
Purchases	-	154,750
Sales	(16,753)	-
Balance, end of year	<u>\$ 173,782</u>	<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>\$ 33,551</u>	<u>\$ (1,000)</u>

During 2018 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:

	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investment	\$173,782	Discounted Cash Flow	Discount rate	8.2%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).
	2017				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investment	\$153,750	Unadjusted Net Asset Value	Net Asset Value	\$ 153,750	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**RENEWABLE RESOURCES INVESTMENT 2 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) Discount rate:

Represents the discount rate applied to the expected future cash flows. 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) Net Asset Value:

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

---

**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 holders of redeemable units.

The following table shows how 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)	2018	2017
Favourable	\$ 17,378	\$ 15,376
Unfavourable	\$ (17,378)	\$ (15,376)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

**RENEWABLE RESOURCES INVESTMENT 2 FUND**

---

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

---

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 \$190,558,000 (2017 - \$153,769,000), 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.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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, 2018

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/Registration	Ownership Interest	Voting Rights
Ormond Investments S.L.	Investment in forest products company	Limited partnership interest December 31, 2017	Associate	Uruguay	Uruguay	29.25%	29.25%

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/Registration	Ownership Interest	Voting Rights
Ormond Investments S.L.	Investment in forest products company	Limited partnership interest	Associate	Uruguay	Uruguay	29.25%	29.25%

During 2018, 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 significant restrictions on their ability to transfer funds to the Fund.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2018	December 31, 2017
<b>Assets</b>			
Investments		\$ 220,409	\$ 267,876
		<u>220,409</u>	<u>267,876</u>
<b>Liabilities</b>			
BCI cost recoveries payable	4	68	20
Other accounts payable		11	11
		<u>79</u>	<u>31</u>
<b>Net assets attributable to holders of redeemable units</b>		<u>\$ 220,330</u>	<u>\$ 267,845</u>
<i>Number of redeemable units outstanding</i>	5	107.083	166.065
<b>Net assets attributable to holders of redeemable units per unit</b>		<u>\$ 2,058</u>	<u>\$ 1,613</u>

**Statement of Comprehensive Income**

(all amounts in thousands)

	Note	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Revenue:</b>			
Interest income		\$ 4	\$ 3
Foreign exchange loss		(22)	(7)
Change in fair value of investments:			
Net realized gain (loss)		41,837	(38)
Net change in unrealized appreciation		15,688	60,812
Total revenue		<u>57,507</u>	<u>60,770</u>
<b>Expenses:</b>			
BCI cost recoveries	4	260	122
Administrative fees		26	20
Total operating expenses		<u>286</u>	<u>142</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>57,221</u>	<u>60,628</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(19,965)</u>	<u>-</u>
<b>Increase in net assets attributable to holders of redeemable units</b>		<u>\$ 37,256</u>	<u>\$ 60,628</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  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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, 2018	Year Ended December 31, 2017
Balance, beginning of year	\$ 267,845	\$ 221,897
Increase in net assets attributable to holders of redeemable units	37,256	60,628
Redeemable unit transactions:		
Proceeds from units issued	3,752	238
Reinvestment of distributions	19,965	-
Amounts paid for units redeemed	<u>(108,488)</u>	<u>(14,918)</u>
Net decrease from redeemable unit transactions	<u>(84,771)</u>	<u>(14,680)</u>
<b>Balance, end of year</b>	<b><u>\$ 220,330</u></b>	<b><u>\$ 267,845</u></b>

**Statement of Cash Flows**  
(all amounts in thousands)

	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Operating activities:</b>		
Increase in net assets attributable to holders of redeemable units	\$ 37,256	\$ 60,628
Adjustments for:		
Effect of exchange rate changes on cash	22	7
Interest income	(4)	(3)
Net realized (gain) loss from investments	(41,837)	38
Net change in unrealized appreciation of investments	(15,688)	(60,812)
Non cash distributions	19,965	-
Proceeds from sale of investments	183,626	58,439
Amounts paid for purchase of investments	(78,634)	(43,622)
Payable for purchase of investments	-	(28,508)
BCI cost recoveries payable	48	10
Other accounts payable	-	(1)
Interest received	4	3
	<u>104,758</u>	<u>(13,821)</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	3,752	28,746
Payments on redemption of redeemable units	<u>(108,488)</u>	<u>(14,918)</u>
	<u>(104,736)</u>	<u>13,828</u>
Net increase in cash	22	7
Effect of exchange rate changes on cash	<u>(22)</u>	<u>(7)</u>
<b>Cash, beginning and end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2018		2017	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 216,693	\$ 92,699	\$ 267,864	\$ 159,415
<b>Private Debt Investments:</b>	3,700	3,558	-	-
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment Portfolio:				
Fund ST2	5	5	5	5
Fund ST3	<u>11</u>	<u>10</u>	<u>7</u>	<u>7</u>
	<u>16</u>	<u>15</u>	<u>12</u>	<u>12</u>
<b>Total Investments</b>	<u>\$ 220,409</u>	<u>\$ 96,272</u>	<u>\$ 267,876</u>	<u>\$ 159,427</u>

<sup>1</sup> The private equity investments are held through an externally managed limited partnership.

*See accompanying Notes to the Financial Statements.*



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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 7 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**

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 Fund's debt investments are not subject to credit risk as any decrease in fair value would result in an offsetting change in value of the related equity investment.

**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 liabilities are due within three months of the year-end of the Fund.

---

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

---

**Interest Rate Risk**

The 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, 2018 and 2017, the Fund had no other assets or liabilities which change in value as a result of changes in interest rates.

**Currency Risk**

The Fund holds net financial assets denominated in U.S. currency totalling \$220,404,000 CAD which represents 100.0% of the net asset value of the Fund (2017 - \$267,871,000 CAD which represented 100.0% of the net asset value of the Fund).

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 \$2,204,000 CAD (2017 - \$2,679,000 CAD), representing 1.0% of the Fund's net assets (2017 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

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

**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, 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, respectively by approximately \$22,041,000 (2017 - \$26,788,000) or 10.0% (2017 – 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 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The 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.

2018				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 16	\$ -	\$ -	\$ 16
Private Debt Investments	-	-	3,700	3,700
Direct Private Equity Investment	-	-	216,693	216,693
Total Investments	\$ 16	\$ -	\$ 220,393	\$ 220,409

  

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

During 2018 and 2017, there were no significant transfers between Level 1 and Level 2.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

**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.

	2018		
(in 000s)	Direct Private Equity Investment	Direct Private Debt Investment	Total
Balance, beginning of year	\$ 267,864	\$ -	\$ 267,864
Total gains recognized in profit or loss	57,309	142	57,451
Purchases	-	3,558	3,558
Sales	(108,480)	-	(108,480)
Balance, end of year	<u>\$ 216,693</u>	<u>\$ 3,700</u>	<u>\$ 220,393</u>
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 36,446</u>	<u>\$ 142</u>	<u>\$ 36,588</u>

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

**Fair Value Hierarchy (continued)**

	2017
(in 000s)	Direct Private Equity Investment
Balance, beginning of year	\$ 221,902
Total gains recognized in profit or loss	60,812
Purchases	-
Sales	(14,850)
Balance, end of year	<u>\$ 267,864</u>
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 60,812</u>

During 2018 and 2017, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

**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 investment categorized as Level 3 in the fair value hierarchy as at December 31:

2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investment	\$ 216,693	Discounted Cash Flow	Discount rate	6.00%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).
Direct Private Debt Investment	\$ 3,700	Discounted Cash Flow	Discount rate	0.01%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).
2017					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investment	\$ 267,864	Adjusted Net Asset Value	Net Asset Value	\$ 290,205	The estimated fair value would increase (decrease) if: - The net asset value of the direct private equity investee fund was higher (lower). - The fair value adjustment was lower (higher).
			Adjusted Net Asset Value	\$ (22,341)	

**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) Discount rate:  
Represents the discount rate applied to the expected future cash flows. 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) 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.
- (iii) Adjusted Net Asset Value:  
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.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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 holders of redeemable units.

The following table shows how net assets attributable to holders of redeemable units would change if the valuations of direct private equity investment and direct private debt investment were calculated by adjusting the value of private equity and debt by 10%.

(in 000s)	2018	2017
Favourable	\$ 22,039	\$ 26,786
Unfavourable	\$ (22,039)	\$ (26,786)

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

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. 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:

December 31, 2018			
Entity	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 3,170,185	\$ 16
December 31, 2017			
Entity	Number of Investee Funds	Total Net Assets of Investee Funds (in 000s)	Carrying Amount Included in Investments in the Statement of Financial Position (in 000s)
Investee money market funds administered by BCI	2	\$ 5,482,111	\$ 12

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2018 and 2017, 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  
INFRASTRUCTURE & RENEWABLE RESOURCES - 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, 2018

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/Registration	Ownership Interest	Voting Rights
Island Timberlands Limited Partnership	Investment in, management and disposition of timberlands in British Columbia, Canada	Limited partnership interest	Associate	Canada	Canada	19.35%	19.35%

December 31, 2017

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/Registration	Ownership Interest	Voting Rights
Island Timberlands Limited Partnership	Investment in, management and disposition of timberlands in British Columbia, Canada	Limited partnership interest	Associate	Canada	Canada	28.30%	28.30%

During 2018 and 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 significant restrictions on their ability to transfer funds to the Fund.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**1. The Portfolios**

British Columbia Investment Management Corporation ("BCI") was established under the *Public Sector Pension Plans Act* as a trust company authorized to carry on trust business and investment management services. The address of BCI's registered office is at 750 Pandora Avenue, Victoria, British Columbia, Canada. These financial statements have been prepared by BCI and are the responsibility of BCI management.

Under the *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 (CIO) of BCI.

The Funds were established on the following dates:

Pooled Investment Portfolios	Dates Established
Strategic Inv 100 Foreign PP Fund	December 23, 2004
Strategic Infrastructure Investment Fund 2 (Foreign)	December 24, 2015
Strategic Infrastructure Investment Fund 3*	June 5, 2018
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 2018, no comparative figures have been presented in the respective financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**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"). These financial statements were authorized for issue by the Chief Executive Officer / Chief Investment Officer on July 4, 2019.

(b) Accounting for investments

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

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

No significant judgments or assumptions were made in determining that the Funds meet the definition of an investment entity as defined in IFRS 10.

(c) Basis of measurement

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

(d) Functional and presentation currency

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

(e) Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. 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 8. This information relates to the determination of fair value of investments with significant unobservable inputs.



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**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: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Funds become a party to the contractual provisions of the instrument. The Funds derecognize a financial liability when its contractual obligations are discharged, cancelled or expire.

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

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

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

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

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Funds irrevocably elect to measure financial assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

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

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

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**3. Significant accounting policies (continued)**

(a) Financial instruments (continued)

(ii) Fair value through profit or loss

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the period in which they occur. The Funds' investments and redeemable units are classified as FVTPL.

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

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

(iii) Amortized cost

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Funds classify cash, interest receivable, BCI cost recoveries payable, and other accounts payable as amortized cost.

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.

(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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**3. Significant accounting policies (continued)**

(c) Issue and redemption of units

Participation in each Fund is expressed in units. The initial value of a unit on inception is \$1 million. For each subsequent unit issuance and redemption, the unit value is determined by dividing the fair value of the net assets of the portfolio by the total number of units outstanding. Where one Fund invests in another Fund, the unit issuances and redemptions are transacted on the same basis as client transactions. All unit transactions are recorded on a trade date basis.

(d) Foreign exchange

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

(e) 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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**3. Significant accounting policies (continued)**

(g) Change in accounting policy

The Funds have adopted IFRS 9 Financial Instruments ("IFRS 9") with a date of initial application of January 1, 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 specifies the accounting for financial instruments, including: classification and measurement, impairment, and hedge accounting. The adoption of IFRS 9 has been applied retrospectively. The nature and effects of the key changes to the Funds' accounting policy are summarized below.

(i) Classification and measurement of financial assets and liabilities:

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Funds may also, at initial recognition, irrevocably designate a financial asset as measured at FVTPL when doing so results in more relevant information. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale.

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

The adoption of IFRS 9 did not result in any measurement or classification differences in the Funds' financial assets and liabilities as at the transition date. The following table shows the original classification and measurement categories under IAS 39 and the new classification and measurement categories under IFRS 9 for each class of the Funds' financial assets and financial liabilities as at January 1, 2018.

	Original Classification under IAS 39	New Classification under IFRS 9
<b>Financial assets</b>		
Cash	Loans and receivables	Amortized cost
Interest receivable	Loans and receivables	Amortized cost
Investments	FVTPL	FVTPL
<b>Financial liabilities</b>		
BCI cost recoveries payable	Other financial liabilities	Amortized cost
Other accounts payable	Other financial liabilities	Amortized cost
Redeemable units	FVTPL	FVTPL

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**3. Significant accounting policies (continued)**

(g) Change in accounting policy (continued)

(ii) Impairment of financial assets:

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. As the Funds measure its financial assets at FVTPL and hold only short-term financial assets at amortized cost, the impairment requirements under the new standard do not impact these financial statements.

(iii) Hedge accounting:

As permitted by IFRS 9, an election is available to continue to apply the hedge accounting requirements of IAS 39. However, the Funds have not applied hedge accounting under either standard. Therefore, the hedge accounting requirements under the new standard do not impact these financial statements.

(h) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations as listed below are not yet effective for the year ended December 31, 2018, 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.

Effective on January 1, 2019:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Annual Improvements to IFRS Standards 2015-2017 Cycle - various standards

Effective on January 1, 2020:

- Amendments to References to Conceptual Framework in IFRS Standards

Effective on January 1, 2021:

- IFRS 17 Insurance Contracts

**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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**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:

	STRATEGIC INV 100 FOREIGN PP FUND		STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)		STRATEGIC INFRASTRUCTURE INVESTMENT FUND 3	
	2018	2017	2018	2017	2018	2017
Outstanding, beginning of period	2,996.496	2,946.145	2,544.964	1,505.498	(note 1) -	-
Issued for cash	20.339	50.351	156.737	1,173.925	562.093	-
Issued on reinvestment of distributions	-	-	-	-	-	-
Consolidation of units	-	-	-	-	-	-
Redeemed	-	-	(270.597)	(134.459)	-	-
Outstanding, end of period	3,016.835	2,996.496	2,431.104	2,544.964	562.093	-

	RENEWABLE RESOURCES INVESTMENT FUND		2016 RENEWABLE RESOURCES FUND		RENEWABLE RESOURCES INVESTMENT 2 FUND	
	2018	2017	2018	2017	2018	2017
Outstanding, beginning of period	15.966	14.347	298.367	230.432	169.143	0.010
Issued for cash	0.016	1.619	0.301	81.539	2.157	169.157
Issued on reinvestment of distributions	-	-	12.823	14.301	-	-
Consolidation of units	-	-	(12.823)	(14.301)	-	-
Redeemed	-	-	(4.941)	(13.604)	(0.026)	(0.024)
Outstanding, end of period	15.982	15.966	293.727	298.367	171.274	169.143

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**5. Redeemable units (continued)**

	IT INVESTMENT TRUST	
	2018	2017
Outstanding, beginning of period	166.065	182.346
Issued for cash	2.046	0.171
Issued on reinvestment of distributions	9.416	-
Consolidation of units	(9.416)	-
Redeemed	(61.028)	(16.452)
Outstanding, end of period	107.083	166.065

**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, 2018	As of December 31, 2017
Strategic Inv 100 Foreign PP Fund	132,342	183,264
Strategic Infrastructure Investment Fund 2 (Foreign)	188,520	322,352
Strategic Infrastructure Investment Fund 3	-	-
Renewable Resources Investment Fund	8	8
2016 Renewable Resources Fund	-	-
Renewable Resources Investment 2 Fund	-	-
IT Investment Trust	-	-

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**7. Financial risk management**

(a) Risk management framework

Each Fund has its own investment objectives. The Funds' overall risk management program seeks to minimize the potentially adverse effect of risk on the Funds' financial performance in a manner consistent with the Funds' investment objectives. The mandates and investment policies are described below.

Infrastructure Funds

The Strategic Inv 100 Foreign PP Fund, Strategic Infrastructure Investment Fund 2 (Foreign), and Strategic Infrastructure Investment Fund 3 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, 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,
- derivative instruments, for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management, with Chief Investment Officer (CIO) approval,
- 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 BCI Floating Rate Funds.



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**7. 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, 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,
- derivative instruments, for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management, with Chief Investment Officer (CIO) approval,
- 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 BCI Floating Rate Funds.

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**7. 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 Funds' 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 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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**7. 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.

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**7. Financial risk management (continued)**

(d) Market risk (continued)

(iii) Other price risk (continued)

Other market price risk arises from the Funds' 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 Funds invest in such financial assets in order to take advantage of their long-term growth opportunity. 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 Funds make commitments to a diversified portfolio of private equity, private debt and private infrastructure and renewable resource funds, managed by managers with a strong track record. The Funds diversify 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.

**8. Fair value of financial instruments**

(a) Fair value hierarchy

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

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

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

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

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

Level 3 inputs that are unobservable.

See additional discussion on the three-tier hierarchy in the Fair Value Measurement Discussion following each Fund's financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**8. 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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**8. 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.

(d) Financial instruments not measured at fair value

The carrying value of cash, interest receivable, BCI cost recoveries payable and other accounts payable approximates their fair value given their short-term nature. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments.

**9. Taxes**

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

Pooled Investment Portfolios (in \$000s)	As of December 31, 2018		As of December 31, 2017	
	Net Capital Losses	Non-capital Losses	Net Capital Losses	Non-capital Losses
Strategic Inv 100 Foreign PP Fund	201	-	-	-
Strategic Infrastructure Investment Fund 2 (Foreign)	-	13,657	-	26,152
Strategic Infrastructure Investment Fund 3	1	2,010	-	-
Renewable Resources Investment Fund	-	3,124	-	2,747
2016 Renewable Resources Fund	425	-	446	-
Renewable Resources Investment 2 Fund	-	2,783	-	772
IT Investment Trust	-	-	50	592

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
INFRASTRUCTURE & RENEWABLE RESOURCES - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**9. 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				
	2035	2036	2037	2038	Total
Strategic Inv 100 Foreign PP Fund	-	-	-	-	-
Strategic Infrastructure Investment Fund 2 (Foreign)	-	2,640	11,017	-	13,657
Strategic Infrastructure Investment Fund 3	-	-	-	2,010	2,010
Renewable Resources Investment Fund	498	1,579	670	377	3,124
2016 Renewable Resources Fund	-	-	-	-	-
Renewable Resources Investment 2 Fund	-	-	772	2,011	2,783
IT Investment Trust	-	-	-	-	-