



BCI

FIXED INCOME

Pooled Fund Financial Statements

December 2019

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

FIXED INCOME - POOLED INVESTMENT PORTFOLIOS

GROUP OF FUNDS

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

**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, 2019:

Canadian Money Market Fund ST1	CDOR 3 Floating Rate Fund
Canadian Money Market Fund ST2	CDOR 4 Floating Rate Fund
U.S. Dollar Money Market Fund ST3	Short Term Bond Fund
CDOR 1 Floating Rate Fund	Canadian Universe Bond Fund
CDOR 2 Floating Rate Fund	Corporate Bond Fund
	Leveraged Bond 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
April 3, 2020



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 Money Market and Fixed Income Pooled Investment Portfolios:

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

Opinion

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

- the statements of financial position as at December 31, 2019.
- the statements of comprehensive income (loss) for the year then ended (period from inception on October 10, 2019 to December 31, 2019 only for the CDOR 3 Floating Rate Fund, October 16, 2019 to December 31, 2019 only for the CDOR 4 Floating Rate Fund and September 19, 2019 to December 31, 2019 only for Leveraged Bond Fund).
- the statements of changes in net assets attributable to holders of redeemable units for the year then ended (period from inception on October 10, 2019 to December 31, 2019 only for the CDOR 3 Floating Rate Fund, October 16, 2019 to December 31, 2019 only for the CDOR 4 Floating Rate Fund and September 19, 2019 to December 31, 2019 only for Leveraged Bond Fund).
- the statements of cash flows for the year then ended (period from inception on October 10, 2019 to December 31, 2019 only for the CDOR 3 Floating Rate Fund, October 16, 2019 to December 31, 2019 only for the CDOR 4 Floating Rate Fund and September 19, 2019 to December 31, 2019 only for Leveraged Bond Fund).
- and notes to the financial statements, including a summary of significant accounting policies.

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



In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2019, and their financial performance and their cash flows for the year then ended (period from inception on October 10, 2019 to December 31, 2019 only for the CDOR 3 Floating Rate Fund, October 16, 2019 to December 31, 2019 only for the CDOR 4 Floating Rate Fund and September 19, 2019 to December 31, 2019 only for Leveraged Bond Fund) in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Chartered Professional Accountants

Vancouver, Canada
April 3, 2020

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN MONEY MARKET FUND ST1

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
Assets			
Interest receivable		\$ 45	\$ 60
Investments		<u>1,127,406</u>	<u>1,700,413</u>
		<u>1,127,451</u>	<u>1,700,473</u>
Liabilities			
BCI cost recoveries payable	4	844	738
Other accounts payable		<u>30</u>	<u>29</u>
		<u>874</u>	<u>767</u>
Net assets attributable to holders of redeemable units		<u>\$ 1,126,577</u>	<u>\$ 1,699,706</u>
<i>Number of redeemable units outstanding</i>	5	288.023	441.765
Net assets attributable to holders of redeemable units per unit		<u>\$ 3,911</u>	<u>\$ 3,848</u>

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenue:			
Interest income		\$ 18,979	\$ 17,196
Change in fair value of investments:			
Net realized loss		-	(2)
Net change in unrealized appreciation		<u>9</u>	<u>74</u>
Total revenue		<u>18,988</u>	<u>17,268</u>
Expenses:			
BCI cost recoveries	4	953	651
Administrative fees		<u>53</u>	<u>67</u>
Total operating expenses		<u>1,006</u>	<u>718</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>17,982</u>	<u>16,550</u>
Distributions to holders of redeemable units:			
From net investment income		<u>(17,973)</u>	<u>(15,859)</u>
Increase in net assets attributable to holders of redeemable units		<u>\$ 9</u>	<u>\$ 691</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN MONEY MARKET FUND ST1

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands)		
	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 1,699,706	\$ 923,071
Increase in net assets attributable to holders of redeemable units	9	691
Redeemable unit transactions:		
Proceeds from units issued	34,911,373	34,850,201
Reinvestment of distributions	17,973	15,859
Amounts paid for units redeemed	(35,502,484)	(34,090,116)
Net (decrease) increase from redeemable unit transactions	(573,138)	775,944
Balance, end of year	\$ 1,126,577	\$ 1,699,706

Statement of Cash Flows (all amounts in thousands)		
	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 9	\$ 691
Adjustments for:		
Interest income	(18,979)	(17,196)
Net realized loss from investments	-	2
Net change in unrealized appreciation of investments	(9)	(74)
Amortization of premiums and discounts	(3,756)	(12,570)
Non cash distributions	17,973	15,859
Proceeds from sale of investments	222,206,142	175,292,120
Amounts paid for purchase of investments	(221,629,370)	(176,056,142)
BCI cost recoveries payable	106	70
Other accounts payable	1	19
Interest received	18,994	17,136
	<u>591,111</u>	<u>(760,085)</u>
Financing activities:		
Proceeds from issuance of redeemable units	34,911,373	34,850,201
Payments on redemption of redeemable units	(35,502,484)	(34,090,116)
	<u>(591,111)</u>	<u>760,085</u>
Net increase (decrease) in cash	-	-
Cash, beginning and end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN MONEY MARKET FUND ST1

Schedule of Investments

as at December 31

(all amounts in thousands)

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Money Market Investments:				
Provincial Government	\$ 151,407	\$ 151,412	\$ 188,973	\$ 188,981
Municipal Government	59,915	59,918	280,744	280,753
	<u>211,322</u>	<u>211,330</u>	<u>469,717</u>	<u>469,734</u>
Investment Related Receivables:				
Securities purchased under reverse repurchase agreements (note 4)	916,084	916,084	1,230,696	1,230,696
Total Investments	<u><u>\$ 1,127,406</u></u>	<u><u>\$ 1,127,414</u></u>	<u><u>\$ 1,700,413</u></u>	<u><u>\$ 1,700,430</u></u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN MONEY MARKET FUND ST1

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

The Canadian Money Market Fund ST1 (the "Fund") invests in very short-term debt securities that are issued, insured, or guaranteed by the Canadian government and repurchase agreement investments secured by Canadian government debt securities. The Fund assumes minimal risk. The investment objective of the Fund is to exceed the returns of the benchmark, the FTSE Canada 30 Day T-Bill Index, by 11 basis points per annum, net of all investment expenses incurred. The primary goals are to minimize market risk and maximize liquidity.

The Fund can hold the following securities:

- fixed income securities that are issued, insured or guaranteed by the Government of Canada or a provincial or municipal government;
- repurchase agreement investments secured by fixed income securities which are issued, insured or guaranteed by the Government of Canada or a provincial government;
- exchange-traded and cleared over-the-counter derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- swapped deposits (fully hedged US pay securities of Canadian issuers that meet investment guideline criteria).

The following restrictions apply to the Fund:

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

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

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

Credit Risk

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

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

	2019		2018	
	Total	% of Total	Total	% of Total
AAA/AA	\$ 59,915	28.4 %	\$ 280,744	59.8 %
A	151,407	71.6 %	188,973	40.2 %
Total Money Market Investments	<u>\$ 211,322</u>	<u>100.0 %</u>	<u>\$ 469,717</u>	<u>100.0 %</u>

Collateral Pledged and Received

Credit risk relating to securities purchased under reverse repurchase agreements is considered low due to the amount and quality of collateral, as well as high counterparty credit ratings. As at December 31, 2019, 100% of securities purchased under reverse repurchase agreements were concentrated among two issuers whose credit rating was AAA.

Liquidity Risk

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN MONEY MARKET FUND ST1

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

Interest Rate Risk

As at December 31, the Fund invested in fixed income instruments with terms to maturity within 45 days, and a weighted average effective yield of 1.82% (2018 - 1.69%).

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$113,000 (2018 - \$170,000), representing 0.01% of the Fund's net assets (2018 - 0.01%). Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Currency Risk

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

Other Price Risk

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

Investments by Geographic Region

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

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

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

All fair value measurements noted in the tables below are recurring.

	December 31, 2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
(in 000s)			
Money Market Investments	\$ -	\$ 211,322	\$ 211,322
Securities purchased under reverse repurchase agreements	-	916,084	916,084
Total Investments	\$ -	\$ 1,127,406	\$ 1,127,406

	December 31, 2018		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
(in 000s)			
Money Market Investments	\$ -	\$ 469,717	\$ 469,717
Securities purchased under reverse repurchase agreements	-	1,230,696	1,230,696
Total Investments	\$ -	\$ 1,700,413	\$ 1,700,413

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN MONEY MARKET FUND ST1

Fair Value Measurement Discussion (continued)
as at December 31

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

During 2019 and 2018, there were no significant transfers between the three levels in the hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN MONEY MARKET FUND ST2

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
Assets			
Interest receivable		\$ 5,630	\$ 3,309
Security lending revenue receivable		11	54
Investments		<u>3,757,604</u>	<u>2,345,975</u>
		<u>3,763,245</u>	<u>2,349,338</u>
Liabilities			
Payable for purchase of investments		35,949	-
BCI cost recoveries payable	4	1,396	1,325
Other accounts payable		<u>23</u>	<u>23</u>
		<u>37,368</u>	<u>1,348</u>
Net assets attributable to holders of redeemable units		<u>\$ 3,725,877</u>	<u>\$ 2,347,990</u>
<i>Number of redeemable units outstanding</i>	5	<i>887.296</i>	<i>569.392</i>
Net assets attributable to holders of redeemable units per unit		<u>\$ 4,199</u>	<u>\$ 4,124</u>

Statement of Comprehensive Income (Loss)

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenue:			
Interest income		\$ 55,395	\$ 78,963
Securities lending income		167	362
Change in fair value of investments:			
Net realized gain		1,432	844
Net change in unrealized appreciation		<u>(1,216)</u>	<u>395</u>
Total revenue		<u>55,778</u>	<u>80,564</u>
Expenses:			
BCI cost recoveries	4	2,950	3,751
Administrative fees		<u>56</u>	<u>57</u>
Total operating expenses		<u>3,006</u>	<u>3,808</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>52,772</u>	<u>76,756</u>
Distributions to holders of redeemable units:			
From net investment income		(52,556)	(74,657)
From net realized gain on investments		<u>(1,433)</u>	<u>(844)</u>
		<u>(53,989)</u>	<u>(75,501)</u>
Increase (decrease) in net assets attributable to holders of redeemable units		<u>\$ (1,217)</u>	<u>\$ 1,255</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN MONEY MARKET FUND ST2

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 2,347,990	\$ 5,272,375
Increase (decrease) in net assets attributable to holders of redeemable units	(1,217)	1,255
Redeemable unit transactions:		
Proceeds from units issued	10,776,364	6,479,240
Reinvestment of distributions	53,989	75,501
Amounts paid for units redeemed	<u>(9,451,249)</u>	<u>(9,480,381)</u>
Net increase (decrease) from redeemable unit transactions	<u>1,379,104</u>	<u>(2,925,640)</u>
Balance, end of year	<u>\$ 3,725,877</u>	<u>\$ 2,347,990</u>

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (1,217)	\$ 1,255
Adjustments for:		
Interest income	(55,395)	(78,963)
Net realized gain from investments	(1,432)	(844)
Net change in unrealized appreciation of investments	1,216	(395)
Amortization of premiums and discounts	(26,362)	(49,291)
Non cash distributions	53,989	75,501
Proceeds from sale of investments	144,239,146	167,593,193
Amounts paid for purchase of investments	(145,624,197)	(164,617,092)
Security lending revenue receivable	43	(30)
Payable for purchase of investments	35,949	-
BCI cost recoveries payable	71	216
Other accounts payable	-	11
Interest received	53,074	77,580
	<u>(1,325,115)</u>	<u>3,001,141</u>
Financing activities:		
Proceeds from issuance of redeemable units	10,776,364	6,479,240
Payments on redemption of redeemable units	<u>(9,451,249)</u>	<u>(9,480,381)</u>
	<u>1,325,115</u>	<u>(3,001,141)</u>
Net increase (decrease) in cash	-	-
Cash, beginning and end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN MONEY MARKET FUND ST2

Schedule of Investments

as at December 31

(all amounts in thousands)

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Bonds:				
Federal Government	\$ 798,894	\$ 799,336	\$ 190,131	\$ 190,131
Provincial Government	-	-	100,560	100,489
Corporate	566,276	566,407	495,132	495,069
	<u>1,365,170</u>	<u>1,365,743</u>	<u>785,823</u>	<u>785,689</u>
Money Market Investments:				
Federal Government	551,906	551,921	370,660	370,219
Provincial Government	374,959	374,954	714,204	714,167
Municipal Government	101,408	101,413	-	-
Corporate	893,318	893,334	406,110	406,110
	<u>1,921,591</u>	<u>1,921,622</u>	<u>1,490,974</u>	<u>1,490,496</u>
Investment Related Receivables:				
Securities purchased under reverse repurchase agreements (note 4)	470,843	470,843	69,178	69,178
Total Investments	<u><u>\$ 3,757,604</u></u>	<u><u>\$ 3,758,208</u></u>	<u><u>\$ 2,345,975</u></u>	<u><u>\$ 2,345,363</u></u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN MONEY MARKET FUND ST2

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

The Canadian Money Market Fund ST2 (the "Fund") invests in government and corporate debt securities, including commercial paper. The investment objective of the Fund is to exceed the returns of the benchmark, the FTSE Canada 91 Day T-Bill Index, by 11 basis points per annum, net of all investment expenses incurred.

The Fund can hold the following securities:

- fixed income securities that are issued, insured or guaranteed by the Government of Canada or a provincial or municipal government;
- Canadian dollar denominated fixed income securities issued or guaranteed by a sovereign government;
- Canadian dollar denominated fixed income securities which are issued, insured, or guaranteed by supranational entities including, but not limited to, the World Bank, the International Bank for Reconstruction and Development, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, or the Inter-American Development bank;
- corporate bonds, issued in Canadian dollars;
- corporate commercial paper, issued in Canadian dollars;
- interest-bearing money market investments such as term deposits that meet investment guideline criteria;
- asset-backed securities, issued in Canadian dollars;
- unrated Canadian dollar denominated corporate paper (i.e. debt issued by credit unions) up to 1% of the Fund's assets;
- repurchase agreement investments secured by fixed income securities which are issued, insured or guaranteed by the Government of Canada or a provincial government;
- derivative instruments for the purpose of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- swapped deposits (fully hedged US pay securities of Canadian issuers that meet investment guideline criteria).

The following restrictions apply to the Fund:

- the maximum term to maturity of the securities (including callable bonds) is 15 months;
- no more than 10% of money market investments can be invested in one corporation, with the exception that the Fund may hold up to 15% of the Fund's assets in any one Schedule One bank;
- no more than 25% of the total portfolio can be invested in corporate commercial paper rated A-1 (low);

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

- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- corporate and government short term debt securities issued by non-Canadian entities held by the Fund shall be rated A-1 (low) or better by Standard & Poor's or have an equivalent rating from another credit rating agency. Longer term corporate and foreign government issued debt investments must be rated A- or better by Standard & Poor's or have an equivalent rating from another credit rating agency;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction so as to maximize sale proceeds.

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

Credit Risk

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

INVESTMENTS
BY CREDIT RATING
(in 000s)

	2019		2018	
	Total	% of Total	Total	% of Total
AAA/AA	1,210,151	36.8 %	875,186	38.4 %
A	1,604,645	48.8 %	1,401,611	61.6 %
Not rated	471,965	14.4 %	-	- %
Total Bonds and Money Market Investments	\$ 3,286,761	100.0 %	\$ 2,276,797	100.0 %

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN MONEY MARKET FUND ST2

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

Collateral Pledged and Received

Credit risk relating to securities purchased under reverse repurchase agreements is considered low due to the amount and quality of collateral, as well as high counterparty credit ratings. As at December 31, 2019, 100% of securities purchased under reverse repurchase agreements were concentrated among three issuers whose credit rating was AAA.

Liquidity Risk

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

Interest Rate Risk

As at December 31, the Fund invested in fixed income instruments with terms to maturity within 15 months, and a weighted average effective yield of 1.92% (2018 - 1.83%).

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$13,059,000 (2018 - \$7,083,000), representing 0.35% of the Fund's net assets (2018 - 0.30%). Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Currency Risk

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

Other Price Risk

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

Investments by Geographic Region

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

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

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

All fair value measurements noted in the tables below are recurring.

	December 31, 2019		
	Level 1	Level 2	Total
	(Quoted Price in Active Market)	(Significant Observable Inputs)	
(in 000s)			
Bonds	\$ -	\$ 1,365,170	\$ 1,365,170
Money Market Investments	-	1,921,591	1,921,591
Securities purchased under reverse repurchase agreements	-	470,843	470,843
Total Investments	\$ -	\$ 3,757,604	\$ 3,757,604

	December 31, 2018		
	Level 1	Level 2	Total
	(Quoted Price in Active Market)	(Significant Observable Inputs)	
(in 000s)			
Bonds	\$ -	\$ 785,823	\$ 785,823
Money Market Investments	-	1,490,974	1,490,974
Securities purchased under reverse repurchase agreements	-	69,178	69,178
Total Investments	\$ -	\$ 2,345,975	\$ 2,345,975

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

During 2019 and 2018, there were no significant transfers between the three levels in the hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

U.S. DOLLAR MONEY MARKET FUND ST3

Statement of Financial Position

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

	Note	December 31, 2019	December 31, 2018
Assets			
Interest receivable		\$ 18	\$ 23
Investments		<u>543,343</u>	<u>602,097</u>
		<u>543,361</u>	<u>602,120</u>
Liabilities			
BCI cost recoveries payable	4	127	115
Other accounts payable		<u>20</u>	<u>17</u>
		<u>147</u>	<u>132</u>
Net assets attributable to holders of redeemable units		<u>\$ 543,214</u>	<u>\$ 601,988</u>
<i>Number of redeemable units outstanding</i>	5	<i>237.179</i>	<i>268.426</i>
Net assets attributable to holders of redeemable units per unit		<u>\$ 2,290</u>	<u>\$ 2,243</u>

Statement of Comprehensive Income

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

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenue:			
Interest income		\$ 8,509	\$ 6,764
Foreign exchange gain		-	1
Change in fair value of investments:			
Net realized loss		(2)	-
Net change in unrealized appreciation		<u>20</u>	<u>(1)</u>
Total revenue		<u>8,527</u>	<u>6,764</u>
Expenses:			
BCI cost recoveries	4	270	219
Administrative fees		<u>29</u>	<u>35</u>
Total operating expenses		<u>299</u>	<u>254</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>8,228</u>	<u>6,510</u>
Distributions to holders of redeemable units:			
From net investment income		<u>(8,210)</u>	<u>(6,430)</u>
Increase in net assets attributable to holders of redeemable units		<u>\$ 18</u>	<u>\$ 80</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

U.S. DOLLAR MONEY MARKET FUND ST3

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 601,988	\$ 167,394
Increase in net assets attributable to holders of redeemable units	18	80
Redeemable unit transactions:		
Proceeds from units issued	10,340,477	8,887,266
Reinvestment of distributions	8,210	6,430
Amounts paid for units redeemed	<u>(10,407,479)</u>	<u>(8,459,182)</u>
Net (decrease) increase from redeemable unit transactions	<u>(58,792)</u>	<u>434,514</u>
Balance, end of year	<u>\$ 543,214</u>	<u>\$ 601,988</u>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 18	\$ 80
Adjustments for:		
Interest income	(8,509)	(6,764)
Net realized loss from investments	2	-
Net change in unrealized appreciation of investments	(20)	1
Amortization of premiums and discounts	(2,619)	(5,947)
Non cash distributions	8,210	6,430
Proceeds from sale of investments	75,178,086	30,736,654
Amounts paid for purchase of investments	(75,116,695)	(31,165,312)
BCI cost recoveries payable	12	19
Other accounts payable	3	14
Interest received	8,514	6,741
	<u>67,002</u>	<u>(428,084)</u>
Financing activities:		
Proceeds from issuance of redeemable units	10,340,477	8,887,266
Payments on redemption of redeemable units	<u>(10,407,479)</u>	<u>(8,459,182)</u>
	<u>(67,002)</u>	<u>428,084</u>
Net increase (decrease) in cash	-	-
Cash, beginning and end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

U.S. DOLLAR MONEY MARKET FUND ST3

Schedule of Investments

as at December 31

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

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Money Market Investments:				
Federal Government	\$ -	\$ -	\$ 92,868	\$ 92,874
Provincial Government	90,809	90,806	-	-
Corporate	192,534	192,534	359,307	359,307
U.S.T-Bills	-	-	149,922	149,933
	<u>283,343</u>	<u>283,340</u>	<u>602,097</u>	<u>602,114</u>
Investment Related Receivables:				
Securities purchased under reverse repurchase agreements	260,000	260,000	-	-
Total Investments	<u>\$ 543,343</u>	<u>\$ 543,340</u>	<u>\$ 602,097</u>	<u>\$ 602,114</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

U.S. DOLLAR MONEY MARKET FUND ST3

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

The U.S. Dollar Money Market Fund ST3 (the "Fund") invests in short term government and corporate debt securities, including commercial paper. The investment objective of the Fund is to exceed the returns of the benchmark, the Citigroup 30 Day Treasury Bill Index, by 11 basis points per annum net of all expenses incurred.

The Fund can hold the following securities:

- US dollar denominated securities which are issued, insured, or guaranteed by the Government of Canada or a provincial or municipal government;
- United States Treasury Bills (T-bills);
- US dollar denominated corporate commercial paper, issued by a Canadian corporation that is rated A-1 (low) or better by Standard & Poor's or has an equivalent rating from another credit rating agency;
- unrated Canadian corporate paper (i.e. debt issued by credit unions) up to 1% of the Fund's assets;
- interest-bearing money market investments such as term deposits that meet investment guideline criteria;
- repurchase agreement investments secured by fixed income securities which are issued, insured, or guaranteed by the United States Government;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- swapped deposits (fully hedged Canadian-pay securities of U.S. issuers that meet investment guideline criteria).

The following restrictions apply to the Fund:

- the maximum term to maturity of any one security is 45 days;
- no more than 10% of money market investments can be invested in one corporation, with the exception that the Fund may hold up to 15% of fund assets in any one Schedule One bank;
- no more than 25% of the total portfolio can be invested in corporate commercial paper rated A-1 (low);
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- when entering into a new derivatives transaction, external counterparties must be financial institutions rated "A-" or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and

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

- if any security or counterparty is downgraded below the approved credit standard, BCI will have discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

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

Credit Risk

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

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

	2019		2018	
	Total	% of Total	Total	% of Total
AAA/AA	\$ 63,498	22.4 %	\$ 589,222	97.8 %
A	219,845	77.6 %	12,975	2.2 %
Total Money Market Investments	\$ 283,343	100.0 %	\$ 602,197	100.0 %

Collateral Pledged and Received

Credit risk relating to securities purchased under reverse repurchase agreements is considered low due to the amount and quality of collateral, as well as high counterparty credit ratings. As at December 31, 2019, 100% of securities purchased under reverse repurchase agreements were concentrated among two issuers whose credit rating was AAA.

Liquidity Risk

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

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

U.S. DOLLAR MONEY MARKET FUND ST3

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

Interest Rate Risk

As at December 31, the Fund invested in fixed income instruments with terms to maturity within 30 days, and a weighted average effective yield of 1.56% (2018 - 2.46%).

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$82,000 (2018 - \$102,000), representing 0.02% of the Fund's net assets (2018 - 0.02%). Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Currency Risk

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

Other Price Risk

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

Investments by Geographic Region

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

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

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

All fair value measurements noted in the tables below are recurring.

(in 000s of U.S. dollars)	December 31, 2019		
	Level 1	Level 2	Total
	(Quoted Price in Active Market)	(Significant Observable Inputs)	
Money Market Investments	\$ -	\$ 283,343	\$ 283,343
Securities purchased under reverse repurchase agreements	-	260,000	260,000
Total Investments	\$ -	\$ 543,343	\$ 543,343

(in 000s of U.S. dollars)	December 31, 2018		
	Level 1	Level 2	Total
	(Quoted Price in Active Market)	(Significant Observable Inputs)	
Money Market Investments	\$ -	\$ 602,097	\$ 602,097
Total Investments	\$ -	\$ 602,097	\$ 602,097

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

During 2019 and 2018, there were no significant transfers between the three levels in the hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 1 FLOATING RATE FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
Assets			
Cash		\$ 178	\$ 905
Receivable from issuance of redeemable units		13,438	185,906
Interest receivable		46,893	31,151
Security lending revenue receivable		1,523	-
Derivative assets:			
Foreign currency contracts		16,537	-
Swaps		18,819	68
Investments		20,653,940	12,832,849
		<u>20,751,328</u>	<u>13,050,879</u>
Liabilities			
Payable for purchase of investments		118,834	130,977
Payable for redemption of units		19,433	33,912
BCI cost recoveries payable	4	233	139
Other accounts payable		39	14
Derivative liabilities:			
Swaps		32,155	35,388
		<u>170,694</u>	<u>200,430</u>
Net assets attributable to holders of redeemable units		\$ 20,580,634	\$ 12,850,449
Number of redeemable units outstanding	5	19,556.024	12,479.507
Net assets attributable to holders of redeemable units per unit		\$ 1,052	\$ 1,030

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income/(Loss)

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenue:			
Interest income		\$ 380,931	\$ 127,873
Securities lending income		13,357	-
Foreign exchange loss		(702)	-
Change in fair value of investments and derivatives:			
Net realized gain		9,696	3,759
Net change in unrealized appreciation		8,861	(9,327)
Total revenue		<u>412,143</u>	<u>122,305</u>
Expenses:			
BCI cost recoveries	4	821	1,180
Administrative fees		108	36
Total operating expenses		<u>929</u>	<u>1,216</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>411,214</u>	<u>121,089</u>
Distributions to holders of redeemable units:			
From net investment income		(393,128)	(126,607)
From net realized gain on investments and derivatives		(9,223)	(3,759)
		<u>(402,351)</u>	<u>(130,366)</u>
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 8,863	\$ (9,277)

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 1 FLOATING RATE FUND

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 12,850,449	\$ 2,987,362
Increase (decrease) in net assets attributable to holders of redeemable units	8,863	(9,277)
Redeemable unit transactions:		
Proceeds from units issued	23,289,978	15,510,961
Reinvestment of distributions	402,351	130,366
Amounts paid for units redeemed	<u>(15,971,007)</u>	<u>(5,768,963)</u>
Net increase from redeemable unit transactions	<u>7,721,322</u>	<u>9,872,364</u>
Balance, end of year	<u>\$ 20,580,634</u>	<u>\$ 12,850,449</u>

Statement of Cash Flows
(all amounts in thousands)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 8,863	\$ (9,277)
Adjustments for:		
Interest income	(380,931)	(127,873)
Net realized gain from investments and derivatives	(9,696)	(3,759)
Net change in unrealized appreciation of investments and derivatives	(8,861)	9,327
Amortization of premiums and discounts	8,477	7,516
Non cash distributions	402,351	130,366
Proceeds from sale of investments	38,894,626	12,940,506
Amounts paid for purchase of investments	(46,744,158)	(22,742,436)
Security lending revenue receivable	(1,523)	-
Payable for purchase of investments	(12,143)	105,856
BCI cost recoveries payable	94	(77)
Other accounts payable	25	11
Interest received	365,189	100,598
	<u>(7,477,687)</u>	<u>(9,589,242)</u>
Financing activities:		
Proceeds from issuance of redeemable units	23,462,446	15,325,055
Payments on redemption of redeemable units	<u>(15,985,486)</u>	<u>(5,735,051)</u>
	<u>7,476,960</u>	<u>9,590,004</u>
Net increase (decrease) in cash	(727)	762
Cash, beginning of year	<u>905</u>	<u>143</u>
Cash, end of year	<u>\$ 178</u>	<u>\$ 905</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 1 FLOATING RATE FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Bonds:				
Federal Government	\$ 11,878,066	\$ 11,866,410	\$ 7,567,995	\$ 7,539,057
Provincial Government	1,784,519	1,786,026	1,054,381	1,054,341
Municipal Government	20,786	20,467	20,922	20,699
Corporate	2,653,036	2,642,553	3,769,774	3,768,688
Supranational and Sovereign	1,013,062	1,027,316	-	-
	<u>17,349,469</u>	<u>17,342,772</u>	<u>12,413,072</u>	<u>12,382,785</u>
Money Market Investments:				
Corporate	474,975	474,968	219,486	219,515
Units in BCI Pooled Investment Portfolio : Fund ST1	414,128	414,507	200,291	200,469
	<u>889,103</u>	<u>889,475</u>	<u>419,777</u>	<u>419,984</u>
Floating Rate Funds:				
Units in BCI Pooled Investment Portfolio : CDOR 2 Floating Rate Fund	2,415,368	2,421,273	-	-
	<u>2,415,368</u>	<u>2,421,273</u>	<u>-</u>	<u>-</u>
Total Investments	<u><u>\$ 20,653,940</u></u>	<u><u>\$ 20,653,520</u></u>	<u><u>\$ 12,832,849</u></u>	<u><u>\$ 12,802,769</u></u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 1 FLOATING RATE FUND

Derivative Assets and Liabilities			
as at December 31			
(all amounts in thousands)			
	2019		
	Fair Value		
	Notional Value	Assets	Liabilities
	(note A)	(note B)	
Currency derivatives			
OTC			
Forwards	973,480	16,537	-
Interest rate derivatives			
OTC			
Swaps	\$ 10,104,422	\$ 18,819	\$ 32,155
Total	\$ 11,077,902	\$ 35,356	\$ 32,155
	2018		
	Fair Value		
	Notional Value	Assets	Liabilities
	(note A)	(note B)	
Interest rate derivatives			
OTC			
Swaps	\$ 5,175,000	\$ 68	\$ 35,388
Total	\$ 5,175,000	\$ 68	\$ 35,388

Derivative Assets and Liabilities (continued)		
as at December 31		
(all amounts in thousands)		

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

	December 31	December 31
	2019	2018
Less than 3 months	\$ 973,480	\$ -
3 to 12 months	2,138,592	1,150,000
1 to 3 years	7,965,830	4,025,000
Total	\$ 11,077,902	\$ 5,175,000

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

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

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 1 FLOATING RATE FUND

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

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

- fixed income investments are limited to issuers or entities with a minimum long-term credit rating of BBB- by Standard & Poor's, or short-term credit rating of A-1 (low), or have an equivalent credit rating from another credit rating agency;
- the maximum term to maturity of the securities is 5 years;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and

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

- if any security or counterparty is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

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

Credit Risk

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

BONDS

BY CREDIT RATING
(in 000s)

	2019		2018	
	Total	% of Total	Total	% of Total
AAA/AA	\$ 14,067,160	81.1 %	\$ 10,032,288	80.8 %
A	2,619,563	15.1 %	2,146,563	17.3 %
BBB	364,348	2.1 %	144,230	1.2 %
Unrated	298,398	1.7 %	89,991	0.7 %
Total Bonds	\$ 17,349,469	100.0 %	\$ 12,413,072	100.0 %

The Fund invests in foreign currency and swap contracts, which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of foreign currency and swap instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 1 FLOATING RATE FUND

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

Credit Risk (continued)

	2019			2018		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	2,446,485	4,779	(2,869)	150,000	-	-
A	8,631,417	30,577	(29,286)	5,025,000	68	(35,388)
	11,077,902	35,356	(32,155)	5,175,000	68	(35,388)

Collateral Pledged and Received

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

COLLATERAL (in 000s)	2019	2018
Collateral pledged	\$ 7,458	\$ 433,458
Collateral received	2,000	-

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

Liquidity Risk

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

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

DERIVATIVE FINANCIAL INSTRUMENTS (in 000s)	2019				
	Carrying Value	Less than 3 months	3 to 12 months	Over 1 year	Total
Derivative assets	\$ 35,356	\$ 16,537	\$ 1,432	\$ 17,387	\$ 35,356
Derivative liabilities (note C)	(32,155)	-	(4,791)	(27,364)	(32,155)
	\$ 3,201	\$ 16,537	\$ (3,359)	\$ (9,977)	\$ 3,201

DERIVATIVE FINANCIAL INSTRUMENTS (in 000s)	2018			
	Carrying Value	3 to 12 months	Over 1 year	Total
Derivative assets	\$ 68	\$ 68	\$ -	\$ 68
Derivative liabilities (note C)	(35,388)	(1,962)	(33,426)	(35,388)
	\$ (35,320)	\$ (1,894)	\$ (33,426)	\$ (35,320)

Note C: Liabilities are presented in the earliest period in which the counterparty can request payment.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 1 FLOATING RATE FUND

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

Interest Rate Risk

As at December 31, the Fund invested in fixed income instruments with terms to maturity within 4 years, and a weighted average effective yield of 1.74% (2018 - 2.12%).

The Fund is not exposed to significant interest rate risk as the securities held within the Fund are floating rate instruments.

**BONDS BY MATURITY DATE
(in 000s)**

	2019		2018	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 6,100,362	1.51 %	\$ 1,562,433	1.99 %
1 to 2 years	6,535,127	1.86 %	4,799,481	2.17 %
2 to 5 years	4,713,980	1.86 %	6,051,158	2.10 %
Total Bonds	<u>\$ 17,349,469</u>	<u>1.74 %</u>	<u>\$ 12,413,072</u>	<u>2.12 %</u>

Currency Risk

As at December 31, 2019, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

As at December 31, 2018, the Fund was not exposed to significant currency risk since the Fund's assets and liabilities was denominated in Canadian dollars and the functional currency of the Fund was Canadian dollars.

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

CURRENCY (in 000s)	2019			
	Net Investments and Investment-Related Receivables	Net Foreign Currency Contracts Receivable	Net Exposure	% of Total Net Assets
Japanese Yen	\$ -	\$ 16,537	\$ 16,537	0.1 %
United States Dollar	133	-	133	- %
Net Foreign Exchange Exposure	<u>\$ 133</u>	<u>\$ 16,537</u>	<u>\$ 16,670</u>	<u>0.1 %</u>

As at December 31, 2019, 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 \$166,700, representing 0.001% of the Fund's net assets. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Other Price Risk

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

Equity by Geographic Region

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 1 FLOATING RATE FUND

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

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

All fair value measurements noted in the tables below are recurring.

	December 31, 2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
(in 000s)			
Bonds	\$ -	\$ 17,349,469	\$ 17,349,469
Money Market Funds	414,128	-	414,128
Money Market Investments	-	474,975	474,975
Floating Rate Funds	2,415,368	-	2,415,368
Total Investments	\$ 2,829,496	\$ 17,824,444	\$ 20,653,940
Swaps, Net	-	(13,336)	(13,336)
Foreign Currency Contracts, Net	\$ -	\$ 16,537	\$ 16,537
Total	\$ 2,829,496	\$ 17,811,108	\$ 20,640,604

	December 31, 2018		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
(in 000s)			
Bonds	\$ -	\$ 12,413,072	\$ 12,413,072
Money Market Funds	200,291	-	200,291
Money Market Investments	-	219,486	219,486
Total Investments	\$ 200,291	\$ 12,632,558	\$ 12,832,849
Swaps, Net	-	(35,320)	(35,320)
Total	\$ 200,291	\$ 12,597,238	\$ 12,797,529

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

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

During 2018 and 2019 there were no significant transfers between the three levels in the hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 1 FLOATING RATE FUND

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2018 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	December 31, 2019		
	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 funds administered by BCI	2	\$ 3,541,950	\$ 2,829,496

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	\$ 200,291

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 1 FLOATING RATE FUND

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2018 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	December 31, 2019		
	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 funds administered by BCI	2	\$ 3,541,950	\$ 2,829,496

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	\$ 200,291

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 2 FLOATING RATE FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
Assets			
Dividends receivable		\$ 685	\$ -
Interest receivable		-	3,623
Derivative assets:			
Swaps		31,003	-
Investments		2,415,248	3,383,944
		<u>2,446,936</u>	<u>3,387,567</u>
Liabilities			
Other accounts payable		10	1
Derivative liabilities:			
Swaps		31,553	2,509
		<u>31,563</u>	<u>2,510</u>
Net assets attributable to holders of redeemable units		<u>\$ 2,415,373</u>	<u>\$ 3,385,057</u>
<i>Number of redeemable units outstanding</i>	5	2,299.507	3,372.289
Net assets attributable to holders of redeemable units per unit		<u>\$ 1,050</u>	<u>\$ 1,004</u>

Statement of Comprehensive Loss

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Period Ended December 31, 2018
Revenue:			
Interest income		\$ 10,961	\$ 13,152
Dividend income		2,689	-
Securities lending income		13	-
Foreign exchange loss		(1,727)	-
Change in fair value of investments and derivatives:			
Net realized gain		12,367	194
Net change in unrealized appreciation		(2,858)	(2,279)
Total revenue		<u>21,445</u>	<u>11,067</u>
Expenses:			
BCI cost recoveries	4	9	7
Administrative fees		13	3
Commissions and stock exchange fees		8	-
Total operating expenses		<u>30</u>	<u>10</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>21,415</u>	<u>11,057</u>
Distributions to holders of redeemable units:			
From net investment income		(11,221)	(13,142)
From net realized gain on investments and derivatives		(12,455)	(194)
		<u>(23,676)</u>	<u>(13,336)</u>
Decrease in net assets attributable to holders of redeemable units		<u>\$ (2,261)</u>	<u>\$ (2,279)</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 2 FLOATING RATE FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands)		
	Year Ended December 31, 2019	Period Ended December 31, 2018
Balance, beginning of period	\$ 3,385,057	\$ -
Decrease in net assets attributable to holders of redeemable units	(2,261)	(2,279)
Redeemable unit transactions:		
Proceeds from units issued	2,670,884	3,374,000
Reinvestment of distributions	23,676	13,336
Amounts paid for units redeemed	(3,661,983)	-
Net (decrease) increase from redeemable unit transactions	(967,423)	3,387,336
Balance, end of period	\$ 2,415,373	\$ 3,385,057

Statement of Cash Flows (all amounts in thousands)		
	Year Ended December 31, 2019	Period Ended December 31, 2018
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (2,261)	\$ (2,279)
Adjustments for:		
Interest income	(10,961)	(13,152)
Dividend income	(2,689)	-
Net realized gain from investments and derivatives	(12,367)	(194)
Net change in unrealized appreciation of investments and derivatives	2,858	2,279
Amortization of premiums and discounts	(1,495)	(1,872)
Non cash distributions	23,676	13,336
Proceeds from sale of investments	4,059,103	274,146
Amounts paid for purchase of investments	(3,081,362)	(3,655,794)
Other accounts payable	9	1
Interest received	14,584	9,529
Dividends received	2,004	-
	<u>991,099</u>	<u>(3,374,000)</u>
Financing activities:		
Proceeds from issuance of redeemable units	2,670,884	3,374,000
Payments on redemption of redeemable units	(3,661,983)	-
	<u>(991,099)</u>	<u>3,374,000</u>
Net increase (decrease) in cash	-	-
Cash, beginning and end of period	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 2 FLOATING RATE FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Equities:				
Publicly Traded	\$ 2,363,144	\$ 2,367,665	\$ -	\$ -
Bonds:				
Federal Government	-	-	995,593	994,136
Corporate	-	-	890,408	890,533
	-	-	1,886,001	1,884,669
Money Market Investments:				
Federal Government	-	-	49,274	49,190
Provincial Government	-	-	288,126	287,727
Units in BCI Pooled Investment Portfolio:				
Fund ST1	51,965	52,027	4,114	4,118
Fund ST3	139	143	-	-
CDOR 1 Floating Rate Fund	-	-	1,156,429	1,158,010
	52,104	52,170	1,497,943	1,499,045
Total Investments	\$ 2,415,248	\$ 2,419,835	\$ 3,383,944	\$ 3,383,714

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 2 FLOATING RATE FUND

Derivative Assets and Liabilities			
as at December 31			
(all amounts in thousands)			
	2019		
	Fair Value		
	Notional Value (note A)	Assets (note B)	Liabilities
Equity derivatives:			
OTC			
Swaps	2,643,961	31,003	(31,553)
Total	\$ 2,643,961	\$ 31,003	\$ (31,553)
	2018		
	Fair Value		
	Notional Value (note A)	Assets (note B)	Liabilities
Interest rate derivatives			
OTC			
Swaps	1,325,000	-	(2,509)
Total	\$ 1,325,000	\$ -	\$ (2,509)

Derivative Assets and Liabilities (continued)	
as at December 31	
(all amounts in thousands)	

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

	December 31 2019	December 31 2018
Less than 3 months	\$ 2,643,961	\$ -
3 to 12 months	-	1,325,000
Total	\$ 2,643,961	\$ 1,325,000

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

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

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 2 FLOATING RATE FUND

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

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

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

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

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

Credit Risk

As at December 31, 2019, the Fund held no debt instruments. As at December 31, 2018 the Fund invested in debt instruments with the following credit ratings:

BONDS

BY CREDIT RATING
(in 000s)

	2019		2018	
	Total	% of Total	Total	% of Total
AAA/AA	\$ -	- %	\$ 1,333,472	70.7 %
A	-	- %	552,529	29.3 %
Total Bonds	\$ -	- %	\$ 1,886,001	100.0 %

The Fund invests in swap contracts, which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of swap instruments, by credit rating category, without taking account of any collateral held at December 31, 2019 is as follows:

	2019			2018		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Assets		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 1,440,307	\$ 15,971	\$ (15,883)	\$ -	\$ -	\$ -
A	1,203,654	15,032	(15,670)	-	-	-
	<u>\$ 2,643,961</u>	<u>\$ 31,003</u>	<u>\$ (31,553)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 2 FLOATING RATE FUND

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

Liquidity Risk

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

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

DERIVATIVE FINANCIAL INSTRUMENTS (in 000s)	2019			
	Carrying Value	Less than 3 months		Total
			3 to 12 months	
Derivative assets	\$ 31,003	\$ 31,003	\$ -	\$ 31,003
Derivative liabilities	(31,553)	(31,553)	-	(31,553)
	<u>\$ (550)</u>	<u>\$ (550)</u>	<u>\$ -</u>	<u>\$ (550)</u>

DERIVATIVE FINANCIAL INSTRUMENTS (in 000s)	2018			
	Carrying Value	Less than 3 months		Total
			3 to 12 months	
Derivative liabilities	\$ (2,509)	\$ -	\$ (2,509)	\$ (2,509)
	<u>\$ (2,509)</u>	<u>\$ -</u>	<u>\$ (2,509)</u>	<u>\$ (2,509)</u>

Interest Rate Risk

As at December 31, 2019, the Fund held no fixed income instruments. As at December 31, 2018, the Fund invested in fixed income instruments with terms to maturity within 2 years, and a weighted average effective yield of 2.09%.

The Fund is not exposed to significant interest rate risk as the securities held within the Fund are floating rate instruments.

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

Interest Rate Risk (continued)

BONDS

BY MATURITY DATE
(in 000s)

	2019		2018	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ -	- %	\$ 1,685,402	2.91 %
1 to 2 years	-	- %	200,599	2.00 %
Total Bonds	<u>\$ -</u>	<u>- %</u>	<u>\$ 1,886,001</u>	<u>2.81 %</u>

Currency Risk

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

Other Price Risk

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 2 FLOATING RATE FUND

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

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

All fair value measurements noted in the tables below are recurring.

	December 31, 2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
(in 000s)			
Public Equities	\$ 2,363,144	\$ -	\$ 2,363,144
Money Market Funds	52,104	-	52,104
Total Investments	\$ 2,415,248	\$ -	\$ 2,415,248
Swaps, net	-	(550)	(550)
Total	\$ 2,415,248	\$ (550)	\$ 2,414,698

	December 31, 2018		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
(in 000s)			
Bonds	\$ -	\$ 1,886,001	\$ 1,886,001
Money Market Investments	-	337,400	337,400
Money Market Funds	4,114	-	4,114
Floating Rate Funds	1,156,429	-	1,156,429
Total Investments	\$ 1,160,543	\$ 2,223,401	\$ 3,383,944
Swaps, net	-	(2,509)	(2,509)
Total	\$ 1,160,543	\$ 2,220,892	\$ 3,381,435

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

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

During 2018 and 2019 there were no significant transfers between the three levels in the hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 2 FLOATING RATE FUND

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third-party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2018 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	December 31, 2019		
	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	\$ 1,669,791	\$ 52,104

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 funds administered by BCI	2	\$ 14,550,155	\$ 1,160,543

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 3 FLOATING RATE FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2019 (note 1)
Assets		
Cash		\$ 23
Interest receivable		12,588
Security lending revenue receivable		2
Derivative assets:		
Swaps		5,258
Investments		5,539,222
		<u>5,557,093</u>
Liabilities		
Other accounts payable		15
		<u>15</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 5,557,078</u></u>
<i>Number of redeemable units outstanding</i>	5	5,530.254
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 1,005</u></u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Period Ended December 31, 2019 (note 1)
Revenue:		
Interest income		\$ 18,212
Dividend income		94
Securities lending income		154
Change in fair value of investments and derivatives:		
Net realized gain		1,377
Net change in unrealized appreciation		3,137
Total revenue		<u>22,974</u>
Expenses:		
BCI cost recoveries	4	26
Administrative fees		22
Total operating expenses		<u>48</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>22,926</u>
Distributions to holders of redeemable units:		
From net investment income		(18,408)
From net realized gain on investments and derivatives		(1,412)
		<u>(19,820)</u>
Increase in net assets attributable to holders of redeemable units		<u><u>\$ 3,106</u></u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 3 FLOATING RATE FUND

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

	Period Ended December 31, 2019 <i>(note 1)</i>
Balance, beginning of period	\$ -
Increase in net assets attributable to holders of redeemable units	3,106
Redeemable unit transactions:	
Proceeds from units issued	5,556,652
Reinvestment of distributions	19,820
Amounts paid for units redeemed	<u>(22,500)</u>
Net increase from redeemable unit transactions	<u>5,553,972</u>
Balance, end of period	<u>\$ 5,557,078</u>

Statement of Cash Flows
(all amounts in thousands)

	Period Ended December 31, 2019 <i>(note 1)</i>
Operating activities:	
Increase in net assets attributable to holders of redeemable units	\$ 3,106
Adjustments for:	
Interest income	(18,212)
Net realized gain from investments and derivatives	(1,377)
Net change in unrealized appreciation of investments and derivatives	(3,137)
Amortization of premiums and discounts	3,278
Non cash distributions	19,820
Proceeds from sale of investments	3,800,913
Amounts paid for purchase of investments	(9,344,157)
Security lending revenue receivable	(2)
Other accounts payable	15
Interest received	<u>5,624</u>
	<u>(5,534,129)</u>
Financing activities:	
Proceeds from issuance of redeemable units	5,556,652
Payments on redemption of redeemable units	<u>(22,500)</u>
	<u>5,534,152</u>
Net increase in cash	23
Cash, beginning of period	<u>-</u>
Cash, end of period	<u>\$ 23</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 3 FLOATING RATE FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2019	
	Fair Value	Cost
Bonds:		
Federal Government	\$ 2,650,339	\$ 2,650,454
Provincial Government	765,972	767,354
Corporate	662,768	662,499
	<u>4,079,079</u>	<u>4,080,307</u>
Money Market Investments:		
Corporate	100,000	100,000
Units in BCI Pooled Investment Portfolio:		
Fund ST1	<u>47,112</u>	<u>47,111</u>
	<u>147,112</u>	<u>147,111</u>
Floating Rate Funds:		
Units in BCI Pooled Investment Portfolio:		
CDOR 1 Floating Rate Fund	<u>1,313,031</u>	<u>1,313,925</u>
	<u>1,313,031</u>	<u>1,313,925</u>
Total Investments	<u><u>\$ 5,539,222</u></u>	<u><u>\$ 5,541,343</u></u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 3 FLOATING RATE FUND

Derivative Assets and Liabilities			
as at December 31			
(all amounts in thousands)			
	2019		
		Fair Value	
	Notional Value	Assets	Liabilities
	<i>(note A)</i>	<i>(note B)</i>	
Interest rate derivatives			
OTC			
Swaps	\$ 2,530,000	\$ 5,258	\$ -
Total	<u>\$ 2,530,000</u>	<u>\$ 5,258</u>	<u>\$ -</u>

Derivative Assets and Liabilities (continued)	
as at December 31	
(all amounts in thousands)	

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

	December 31
	2019
3 to 12 months	\$ 400,000
Over 1 year	2,130,000
Total	<u>\$ 2,530,000</u>

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

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

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 3 FLOATING RATE FUND

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

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

- fixed income investments are limited to issuers or entities with a minimum long-term credit rating of BBB- by Standard & Poor's, or short-term credit rating of A-1 (low), or have an equivalent credit rating from another credit rating agency;
- the maximum term to maturity of the securities is 5 years;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and

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

- if any security or counterparty is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

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

Credit Risk

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

	2019	
	Total	% of Total
BONDS		
BY CREDIT RATING		
(in 000s)		
AAA/AA	\$ 3,228,695	79.2 %
A	813,358	19.9 %
BBB	37,026	0.9 %
Total Bonds	<u>\$ 4,079,079</u>	<u>100.0 %</u>

The Fund invests in swap contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of foreign currency and swap instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

	Notional Value	Fair Value
AAA/AA	1,390,000	2,722
A	1,140,000	2,536
Total Swaps	<u>\$ 2,530,000</u>	<u>\$ 5,258</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 3 FLOATING RATE FUND

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

Liquidity Risk

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

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

DERIVATIVE FINANCIAL INSTRUMENTS (in 000s)	2019			
	Carrying Value		3 to 12 months	
			Over 1 year	Total
Derivative assets	\$	5,258	\$	1,139
	\$	5,258	\$	1,139
	\$	5,258	\$	4,119
	\$	5,258	\$	5,258

Interest Rate Risk

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

**BONDS BY MATURITY DATE
(in 000s)**

	2019	
	Total	Avg Effective Yield
Within 1 year	\$ 965,260	1.78 %
1 to 2 years	1,985,455	1.89 %
2 to 5 years	1,128,364	1.86 %
Total Bonds	\$ 4,079,079	1.86 %

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

Currency Risk

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

Other Price Risk

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

Investments by Geographic Region

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

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 3 FLOATING RATE FUND

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

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

All fair value measurements noted in the tables below are recurring.

	December 31, 2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
(in 000s)			
Bonds	\$ -	\$ 4,079,079	\$ 4,079,079
Money Market Investments	-	100,000	100,000
Money Market Funds	47,112	-	47,112
Floating Rate Funds	1,313,031	-	1,313,031
Total Investments	\$ 1,360,143	\$ 4,179,079	\$ 5,539,222
Swaps, Net	-	5,258	5,258
Total	\$ 1,360,143	\$ 4,184,337	\$ 5,544,480

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

During 2019, there were no significant transfers between the three levels in the hierarchy.

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third-party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The table below sets out the interests held by the Fund in these structured entities:

Entity	December 31, 2019		
	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 funds administered by BCI	2	\$ 21,707,211	\$ 1,360,143

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 4 FLOATING RATE FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2019 <i>(note 1)</i>
Assets		
Interest receivable		76
Investments		<u>58,317</u>
		<u>58,393</u>
Liabilities		
BCI cost recoveries payable	4	2
Other accounts payable		<u>9</u>
		<u>11</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 58,382</u></u>
<i>Number of redeemable units outstanding</i>	5	58,148
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 1,004</u></u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Period Ended December 31, 2019 <i>(note 1)</i>
Revenue:		
Interest income		\$ 185
Change in fair value of investments:		
Net realized gain		1
Net change in unrealized appreciation		<u>41</u>
Total revenue		<u>227</u>
Expenses:		
Administrative fees		<u>13</u>
Total operating expenses		<u>13</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>214</u>
Distributions to holders of redeemable units:		
From net investment income		(172)
From net realized gain on investments		<u>(1)</u>
		<u>(173)</u>
Increase in net assets attributable to holders of redeemable units		<u><u>\$ 41</u></u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 4 FLOATING RATE FUND

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

	Period Ended December 31, 2019 <i>(note 1)</i>
Balance, beginning of period	\$ -
Increase in net assets attributable to holders of redeemable units	41
Redeemable unit transactions:	
Proceeds from units issued	59,668
Reinvestment of distributions	173
Amounts paid for units redeemed	<u>(1,500)</u>
Net increase from redeemable unit transactions	<u>58,341</u>
Balance, end of period	<u>\$ 58,382</u>

Statement of Cash Flows
(all amounts in thousands)

	Period Ended December 31, 2019 <i>(note 1)</i>
Operating activities:	
Increase in net assets attributable to holders of redeemable units	\$ 41
Adjustments for:	
Interest income	(185)
Net realized gain from investments	(1)
Net change in unrealized appreciation of investments	(41)
Amortization of premiums and discounts	22
Non cash distributions	173
Proceeds from sale of investments	13,207
Amounts paid for purchase of investments	(71,504)
BCI cost recoveries payable	2
Other accounts payable	9
Interest received	<u>109</u>
	<u>(58,168)</u>
Financing activities:	
Proceeds from issuance of redeemable units	59,668
Payments on redemption of redeemable units	<u>(1,500)</u>
	<u>58,168</u>
Net increase (decrease) in cash	<u>-</u>
Cash, beginning and end of period	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CDOR 4 FLOATING RATE FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2019	
	Fair Value	Cost
Bonds:		
Federal Government	\$ 20,127	\$ 20,116
Provincial Government	37,711	37,681
	<u>57,838</u>	<u>57,797</u>
Money Market Investments:		
Units in BCI Pooled Investment Portfolio:		
Fund ST1	479	479
	<u>479</u>	<u>479</u>
Total Investments	<u><u>\$ 58,317</u></u>	<u><u>\$ 58,276</u></u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 4 FLOATING RATE FUND

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

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

- fixed income investments are limited to issuers or entities with a minimum long-term credit rating of BBB- by Standard & Poor's, or short-term credit rating of A-1 (low), or have an equivalent credit rating from another credit rating agency;
- the maximum term to maturity of the securities is 5 years;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and

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

- if any security or counterparty is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

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

Credit Risk

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

BONDS
BY CREDIT RATING
(in 000s)

AAA/AA
A
Total Bonds

2019		
Total		% of Total
\$ 20,127		34.8 %
37,711		65.2 %
<u>\$ 57,838</u>		<u>100.0 %</u>

Interest Rate Risk

The Fund is not exposed to significant interest rate risk as the securities held within the Fund are floating rate instruments.

BONDS BY MATURITY DATE
(in 000s)

1 to 2 years
2 to 5 years
Total Bonds

2019		
Total		Avg Effective Yield
\$ 20,127		1.79 %
37,711		1.93 %
<u>\$ 57,838</u>		<u>1.88 %</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 4 FLOATING RATE FUND

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

Currency Risk

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

Other Price Risk

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

Investments by Geographic Region

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

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

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

All fair value measurements noted in the tables below are recurring.

	December 31, 2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
(in 000s)			
Bonds	\$ -	\$ 57,838	\$ 57,838
Money Market Funds	479	-	479
Total Investments	\$ 479	\$ 57,838	\$ 58,317

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

During 2019 there were no significant transfers between the three levels in the hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CDOR 4 FLOATING RATE FUND

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third-party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The table below sets out the interests held by the Fund in these structured entities:

Entity	December 31, 2019		
	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	\$ 1,126,577	\$ 479

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

SHORT TERM BOND FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
Assets			
Receivable from issuance of units		\$ 3,000	\$ 400
Interest receivable		5,421	8,159
Security lending revenue receivable		45	21
Investments		<u>2,016,466</u>	<u>1,689,766</u>
		<u>2,024,932</u>	<u>1,698,346</u>
Liabilities			
Payable for redemption of units		3,000	400
BCI cost recoveries payable	4	1,033	819
Other accounts payable		<u>12</u>	<u>8</u>
		<u>4,045</u>	<u>1,227</u>
Net assets attributable to holders of redeemable units		<u>\$ 2,020,887</u>	<u>\$ 1,697,119</u>
<i>Number of redeemable units outstanding</i>	5	<i>741.096</i>	<i>637.308</i>
Net assets attributable to holders of redeemable units per unit		<u>\$ 2,727</u>	<u>\$ 2,663</u>

Statement of Comprehensive Income

(all amounts in thousands)

	Note	Year Ended December 31 2019	Year Ended December 31, 2018
Revenue:			
Interest income		\$ 40,023	\$ 30,157
Securities lending income		418	262
Change in fair value of investments:			
Net realized gain (loss)		7,360	(12,632)
Net change in unrealized appreciation		<u>(1,446)</u>	<u>15,527</u>
Total revenue		<u>46,355</u>	<u>33,314</u>
Expenses:			
BCI cost recoveries	4	2,551	1,676
Administrative fees		<u>36</u>	<u>24</u>
Total operating expenses		<u>2,587</u>	<u>1,700</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>43,768</u>	<u>31,614</u>
Distributions to holders of redeemable units:			
From net investment income		<u>(37,854)</u>	<u>(28,155)</u>
Increase in net assets attributable to holders of redeemable units		<u>\$ 5,914</u>	<u>\$ 3,459</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

SHORT TERM BOND FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands)		
	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 1,697,119	\$ 1,268,105
Increase in net assets attributable to holders of redeemable units	5,914	3,459
Redeemable unit transactions:		
Proceeds from units issued	663,246	1,243,535
Reinvestment of distributions	37,854	28,155
Amounts paid for units redeemed	(383,246)	(846,135)
Net increase from redeemable unit transactions	317,854	425,555
Balance, end of year	\$ 2,020,887	\$ 1,697,119

Statement of Cash Flows (all amounts in thousands)		
	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 5,914	\$ 3,459
Adjustments for:		
Interest income	(40,023)	(30,157)
Net realized (gain) loss from investments	(7,360)	12,632
Net change in unrealized appreciation of investments	1,446	(15,527)
Amortization of premiums and discounts	11,608	10,946
Non cash distributions	37,854	28,155
Proceeds from sale of investments	3,374,022	3,737,604
Amounts paid for purchase of investments	(3,706,416)	(4,171,884)
Security lending revenue receivable	(24)	-
BCI cost recoveries payable	214	233
Other accounts payable	4	5
Interest received	42,761	27,134
	<u>(280,000)</u>	<u>(397,400)</u>
Financing activities:		
Proceeds from issuance of redeemable units	660,646	1,243,135
Payments on redemption of redeemable units	(380,646)	(845,735)
	<u>280,000</u>	<u>397,400</u>
Net increase (decrease) in cash	-	-
Cash, beginning and end of year	\$ -	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

SHORT TERM BOND FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Bonds:				
Federal Government	\$ 1,149,498	\$ 1,150,251	\$ 787,645	\$ 785,442
Provincial Government	764,695	761,874	792,973	791,294
Municipal Government	84,834	84,426	89,056	89,020
	<u>1,999,027</u>	<u>1,996,551</u>	<u>1,669,674</u>	<u>1,665,756</u>
Money Market Investments:				
Units in BCI Pooled Investment Portfolio:				
Fund ST1	<u>17,439</u>	<u>17,449</u>	<u>20,092</u>	<u>20,098</u>
Total Investments	<u>\$ 2,016,466</u>	<u>\$ 2,014,000</u>	<u>\$ 1,689,766</u>	<u>\$ 1,685,854</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

SHORT TERM BOND FUND

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

The investment objective of the Short Term Bond Fund (the "Fund") is to exceed the return of the benchmark, the FTSE Canada Short Term Government Bond Index, by 14 basis points per annum, net of all investment expenses incurred. The Fund is actively managed. The portfolio manager attempts to increase the returns relative to the Fund's benchmark by employing the following strategies:

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

The Fund invests in the following securities:

- fixed income securities which are issued or guaranteed by the Government of Canada or a provincial or municipal government;
- Canadian dollar denominated fixed income securities which are issued, insured or guaranteed by sovereign governments or supranational entities, including, but not limited to, the World Bank, the International Bank for Reconstruction and Development, the Asian Development Bank, the European bank for Reconstruction and Development, the European Investment Bank, or the Inter-American Development Bank;
- swapped deposits, defined as fully hedged US-pay securities of Canadian issuers that meet investment guideline criteria;
- units in BCI's Canadian Money Market Fund ST1 for cash management purposes;
- exchange-traded and cleared over-the-counter derivative instruments for the purposes of synthetic indexing risk control, lowering transaction costs, and/or liquidity management; and
- units in BCI's Floating Rate Funds.

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

- debt securities issued by non-Canadian entities must be rated BBB- or better by Standard & Poor's or have an equivalent rating from another credit rating agency;
- the maximum term to maturity is five years (including callable bonds);
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency;

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

- if any security or counterparty is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

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

Credit Risk

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

BONDS
BY CREDIT RATING
(in 000s)

	2019		2018	
	Total	% of Total	Total	% of Total
AAA/AA	\$ 1,337,188	66.9 %	\$ 1,131,591	67.8 %
A	637,247	31.9 %	538,083	32.2 %
Not rated	24,592	1.2 %	-	- %
Total Bonds	<u>\$ 1,999,027</u>	<u>100.0 %</u>	<u>\$ 1,669,674</u>	<u>100.0 %</u>

Liquidity Risk

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

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

SHORT TERM BOND FUND

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

Interest Rate Risk

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

BONDS
BY MATURITY DATE
(in 000s)

	2019		2018	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 23,519	1.75 %	\$ 44,798	1.80 %
1 to 2 years	589,373	1.80 %	651,108	2.00 %
2 to 5 years	1,386,135	1.89 %	973,768	2.18 %
Total Bonds	<u>\$ 1,999,027</u>	<u>1.86 %</u>	<u>\$ 1,669,674</u>	<u>2.10 %</u>

The duration is to be managed within ± 20 percent of the benchmark duration, which was 2.71 years as at December 31, 2019 (2018 - 2.72 years). As at December 31, 2019, the Fund had an average duration of 2.64 years (2018 - 2.40 years).

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$53,234,000 (2018 - \$40,156,000), representing 2.6% of the Fund's net assets (2018 - 2.4%). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Currency Risk

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

Other Price Risk

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

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

Bonds by Geographic Region

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

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

SHORT TERM BOND FUND

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

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

All fair value measurements noted in the tables below are recurring.

(in 000s)	December 31, 2019		
	Level 1	Level 2	Total
	(Quoted Price in Active Market)	(Significant Observable Inputs)	
Bonds	\$ -	\$ 1,999,027	\$ 1,999,027
Money Market Funds	17,439	-	17,439
Total Investments	<u>\$ 17,439</u>	<u>\$ 1,999,027</u>	<u>\$ 2,016,466</u>

(in 000s)	December 31, 2018		
	Level 1	Level 2	Total
	(Quoted Price in Active Market)	(Significant Observable Inputs)	
Bonds	\$ -	\$ 1,669,674	\$ 1,669,674
Money Market Funds	20,092	-	20,092
Total Investments	<u>\$ 20,092</u>	<u>\$ 1,669,674</u>	<u>\$ 1,689,766</u>

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

During 2019 and 2018, there were no significant transfers between the three levels in the hierarchy.

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2019 and 2018, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	December 31, 2019		
	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	\$ 1,126,577	\$ 17,439

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	\$ 20,092

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN UNIVERSE BOND FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
Assets			
Cash		\$ 19	\$ -
Receivable from sale of investments		15,522	-
Receivable from issuance of units		339,600	510,500
Interest receivable		73,975	68,990
Security lending revenue receivable		178	136
Investments		<u>19,039,316</u>	<u>16,965,801</u>
		<u>19,468,610</u>	<u>17,545,427</u>
Liabilities			
Payable for purchase of investments		15,407	-
Payable for redemption of units		339,600	510,500
BCI cost recoveries payable	4	8,354	6,192
Other accounts payable		<u>44</u>	<u>38</u>
		<u>363,405</u>	<u>516,730</u>
Net assets attributable to holders of redeemable units		<u>\$ 19,105,205</u>	<u>\$ 17,028,697</u>
<i>Number of redeemable units outstanding</i>	5	<i>9,794.239</i>	<i>9,344.048</i>
Net assets attributable to holders of redeemable units per unit		<u>\$ 1,951</u>	<u>\$ 1,822</u>

Statement of Comprehensive Income (Loss)

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenue:			
Interest income		\$ 474,540	\$ 509,867
Securities lending income		1,884	1,576
Change in fair value of investments:			
Net realized gain (loss)		466,151	(185,115)
Net change in unrealized appreciation		<u>374,427</u>	<u>(63,243)</u>
Total revenue		<u>1,317,002</u>	<u>263,085</u>
Expenses:			
BCI cost recoveries	4	16,864	13,000
Administrative fees		192	128
Commissions and stock exchange fees		<u>30</u>	<u>81</u>
Total operating expenses		<u>17,086</u>	<u>13,209</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>1,299,916</u>	<u>249,876</u>
Distributions to holders of redeemable units:			
From net investment income		(459,338)	(494,206)
From net realized gains on investments		<u>(280,899)</u>	<u>-</u>
		<u>(740,237)</u>	<u>(494,206)</u>
Increase (decrease) in net assets attributable to holders of redeemable units		<u>\$ 559,679</u>	<u>\$ (244,330)</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN UNIVERSE BOND FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands)		
	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 17,028,697	\$ 17,890,571
Increase (decrease) in net assets attributable to holders of redeemable units	559,679	(244,330)
Redeemable unit transactions:		
Proceeds from units issued	5,322,022	3,004,851
Reinvestment of distributions	740,237	494,206
Amounts paid for units redeemed	(4,545,430)	(4,116,601)
Net increase (decrease) from redeemable unit transactions	1,516,829	(617,544)
Balance, end of year	\$ 19,105,205	\$ 17,028,697

Statement of Cash Flows (all amounts in thousands)		
	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 559,679	\$ (244,330)
Adjustments for:		
Interest income	(474,540)	(509,867)
Net realized loss (gain) from investments	(466,151)	185,115
Net change in unrealized appreciation of investments	(374,427)	63,243
Amortization of premiums and discounts	7,885	(41,047)
Non cash distributions	740,237	494,206
Proceeds from sale of investments	83,965,294	75,239,604
Amounts paid for purchase of investments	(85,206,116)	(74,525,752)
Receivable from sale of investments	(15,522)	-
Security lending revenue receivable	(42)	11
Payable for purchase of investments	15,407	(55,813)
BCI cost recoveries payable	2,162	1,589
Other accounts payable	6	13
Interest received	469,555	504,434
	(776,573)	1,111,406
Financing activities:		
Proceeds from issuance of redeemable units	5,492,922	2,495,151
Payments on redemption of redeemable units	(4,716,330)	(3,606,901)
	776,592	(1,111,750)
Net increase (decrease) in cash	19	(344)
Cash, beginning of year	-	344
Cash, end of year	\$ 19	\$ -

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN UNIVERSE BOND FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Bonds:				
Federal Government	\$ 6,008,761	\$ 6,013,972	\$ 5,994,418	\$ 5,943,068
Provincial Government	7,194,311	6,917,528	5,165,199	5,159,477
Municipal Government	436,547	416,950	393,953	385,991
Corporate	5,386,242	5,294,777	4,770,851	4,814,371
Supranational and Sovereign	-	-	619,598	632,897
	<u>19,025,861</u>	<u>18,643,227</u>	<u>16,944,019</u>	<u>16,935,804</u>
Money Market Investments:				
Units in BCI Pooled Investment Portfolio:				
Fund ST1	<u>13,455</u>	<u>13,463</u>	<u>21,782</u>	<u>21,798</u>
Total Investments	<u>\$ 19,039,316</u>	<u>\$ 18,656,690</u>	<u>\$ 16,965,801</u>	<u>\$ 16,957,602</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN UNIVERSE BOND FUND

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

The Canadian Universe Bond Fund (the "Fund") invests in both government and investment-grade corporate debt securities, denominated in Canadian dollars. The investment objective of the Fund is to exceed the return of the Fund's benchmark, the FTSE Canada Universe Bond Index, by 27 basis points per annum, net of all investment expenses. The Fund is actively managed. The portfolio manager attempts to increase the returns relative to the Fund's benchmark by employing the following strategies:

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

The Fund invests in the following securities:

- fixed income securities that are issued, insured or guaranteed by the Government of Canada or a provincial or municipal government;
- Canadian dollar denominated fixed income securities issued or guaranteed by a sovereign government;
- Canadian dollar denominated fixed income securities issued by supranational entities including, but not limited to, the World Bank, the International Bank for Reconstruction and Development, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, or the Inter-American Development Bank;
- Canadian dollar denominated fixed income securities issued by corporations, trusts, income trusts, limited partnerships, and non-profit entities;
- units in BCI's Canadian Money Market Fund ST1 and Canadian Money Market Fund ST2 for cash management purposes;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- units in BCI's Floating Rate Funds.

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

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

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

- the Fund's weighting of BBB bonds shall not exceed 5 percentage points above the weighting of BBB bonds within the Index;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency;
- if any issue is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction so as to maximize sale proceeds.

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

Credit Risk

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

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

	2019		2018	
	Total	% of Total	Total	% of Total
AAA/AA	\$ 11,189,261	58.8 %	\$ 10,997,695	64.9 %
A	5,775,865	30.4 %	3,953,257	23.3 %
BBB	2,060,735	10.8 %	1,993,067	11.8 %
Total Bonds	\$ 19,025,861	100.0 %	\$ 16,944,019	100.0 %

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN UNIVERSE BOND FUND

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

Interest Rate Risk

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

BONDS BY MATURITY DATE
(in 000s)

	2019		2018	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 50,779	1.88 %	\$ 12,584	2.90 %
1 to 5 years	6,154,759	2.06 %	7,084,000	2.38 %
5 to 10 years	6,739,542	2.17 %	4,636,040	2.84 %
10 to 20 years	2,543,641	2.55 %	1,853,822	3.32 %
20 to 30 years	2,619,621	2.48 %	2,941,769	3.12 %
Over 30 years	917,519	2.59 %	415,804	4.11 %
Total Bonds	<u>\$ 19,025,861</u>	<u>2.25 %</u>	<u>\$ 16,944,019</u>	<u>2.78 %</u>

The duration is to be managed within ± 20 percent of the benchmark duration, which was 7.99 years as at December 31, 2019 (2018 - 7.46 years). As at December 31, 2019, the Fund had an average duration of 8.42 years (2018 - 8.00 years). At December 31, the longest term to maturity for a debt instrument within the Fund is 59 years (2018 - 60 years).

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,603,119,000 (2018 - \$1,337,053,000), representing 8.4% of the Fund's net assets (2018 - 7.9%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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

Currency Risk

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

Other Price Risk

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

Bonds by Geographic Region

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

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN UNIVERSE BOND FUND

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

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

All fair value measurements noted in the tables below are recurring.

(in 000s)	December 31, 2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Bonds	\$ -	\$ 19,025,861	\$ 19,025,861
Money Market Funds	13,455	-	13,455
Total Investments	\$ 13,455	\$ 19,025,861	\$ 19,039,316

(in 000s)	December 31, 2018		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Bonds	\$ -	\$ 16,944,019	\$ 16,944,019
Money Market Funds	21,782	-	21,782
Total Investments	\$ 21,782	\$ 16,944,019	\$ 16,965,801

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

During 2019 and 2018, there were no significant transfers between the three levels in the hierarchy.

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2019 and 2018, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	December 31, 2019		
	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	\$ 1,126,577	\$ 13,455

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	\$ 21,782

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CORPORATE BOND FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
Assets			
Cash		\$ 11,284	\$ 5,578
Receivable from sale of investments		22,546	2,364
Receivable from issuance of units		250,000	-
Interest receivable		60,264	35,824
Security lending revenue receivable		14	2
Derivative assets:			
Futures		493	429
Foreign currency contracts		91,732	302
Investments		<u>5,042,529</u>	<u>2,960,802</u>
		<u>5,478,862</u>	<u>3,005,301</u>
Liabilities			
Payable for purchase of investments		17,014	7,197
Payable for redemption of units		250,000	-
Payable to BCI segregated fund	4	126,681	-
BCI cost recoveries payable	4	2,113	1,479
Other accounts payable		27	17
Derivative liabilities:			
Futures		-	51
Foreign currency contracts		3,780	78,744
		<u>399,615</u>	<u>87,488</u>
Net assets attributable to holders of redeemable units		<u>\$ 5,079,247</u>	<u>\$ 2,917,813</u>
<i>Number of redeemable units outstanding</i>	5	<i>4,116.489</i>	<i>2,694.986</i>
Net assets attributable to holders of redeemable units per unit		<u>\$ 1,234</u>	<u>\$ 1,083</u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income (Loss)

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenue:			
Interest income		\$ 190,079	\$ 102,355
Dividend income		-	337
Securities lending income		189	24
Futures loss		(1,431)	(10,677)
Foreign exchange gain (loss)		2,605	(923)
Change in fair value of investments and derivatives:			
Net realized gain (loss)		170,325	(53,322)
Net change in unrealized appreciation		<u>152,243</u>	<u>(19,813)</u>
Total revenue		<u>514,010</u>	<u>17,981</u>
Expenses:			
BCI cost recoveries	4	7,753	4,732
Administrative fees		82	84
Commissions and stock exchange fees		<u>141</u>	<u>70</u>
Total operating expenses		<u>7,976</u>	<u>4,886</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>506,034</u>	<u>13,095</u>
Distributions to holders of redeemable units:			
From net investment income		(183,466)	(86,007)
From net realized gains on investments and derivatives		<u>(121,107)</u>	<u>-</u>
		<u>(304,573)</u>	<u>(86,007)</u>
Increase (decrease) in net assets attributable to holders of redeemable units		<u>\$ 201,461</u>	<u>\$ (72,912)</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CORPORATE BOND FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands)		
	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 2,917,813	\$ 946,930
Increase (decrease) in net assets attributable to holders of redeemable units	201,461	(72,912)
Redeemable unit transactions:		
Proceeds from units issued	2,668,400	2,400,788
Reinvestment of distributions	304,573	86,007
Amounts paid for units redeemed	(1,013,000)	(443,000)
Net increase from redeemable unit transactions	1,959,973	2,043,795
Balance, end of year	\$ 5,079,247	\$ 2,917,813

Statement of Cash Flows (all amounts in thousands)		
	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 201,461	\$ (72,912)
Adjustments for:		
Foreign exchange loss (gain)	(2,605)	923
Interest income	(190,079)	(102,355)
Dividend income	-	(337)
Net realized loss (gain) from investments and derivatives	(170,325)	53,322
Net change in unrealized appreciation of investments and derivatives	(152,243)	19,813
Amortization of premiums and discounts	4,045	896
Non cash distributions	304,573	86,007
Proceeds from sale of investments	26,131,829	9,389,449
Amounts paid for purchase of investments	27,945,111	11,404,535
Net receivable for variation on futures	(115)	(378)
Security lending revenue receivable	(12)	(2)
BCI cost recoveries payable	634	1,001
Other accounts payable	10	14
Interest received	165,639	77,470
Dividends received	-	337
	<u>(1,652,299)</u>	<u>(1,951,287)</u>
Financing activities:		
Proceeds from issuance of redeemable units	2,418,400	2,400,788
Payments on redemption of redeemable units	(763,000)	(443,000)
	<u>1,655,400</u>	<u>1,957,788</u>
Net increase in cash	3,101	6,501
Effect of exchange rate changes on cash	2,605	(923)
Cash, beginning of year	5,578	-
Cash, end of year	\$ 11,284	\$ 5,578

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CORPORATE BOND FUND

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

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Bonds:				
Corporate	4,936,746	4,901,534	2,895,228	2,847,301
Money Market Investments:				
Units in BCI Pooled Investment Portfolio:				
Fund ST1	75,118	75,158	15,996	16,004
Fund ST3	30,665	31,173	49,578	48,682
	105,783	106,331	65,574	64,686
Total Investments	\$ 5,042,529	\$ 5,007,865	\$ 2,960,802	\$ 2,911,987

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CORPORATE BOND FUND

Derivative Assets and Liabilities			
as at December 31			
(all amounts in thousands)			

	2019		
	Fair Value		
	Notional Value (note A)	Assets (note B)	Liabilities
Currency derivatives			
OTC			
Forwards	\$ 4,399,951	\$ 91,732	\$ (3,780)
Interest rate derivatives			
Futures	148,082	493	-
Total	\$ 4,548,033	\$ 92,225	\$ (3,780)

	2018		
	Fair Value		
	Notional Value (note A)	Assets (note B)	Liabilities
Currency derivatives			
OTC			
Forwards	\$ 2,533,280	\$ 302	\$ (78,744)
Interest rate derivatives			
Listed			
Futures	252,480	429	(51)
Total	\$ 2,785,760	\$ 731	\$ (78,795)

Derivative Assets and Liabilities (continued)			
as at December 31			
(all amounts in thousands)			

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

	December 31 2019	December 31 2018
Less than 3 months	\$ 1,023,445	\$ 2,757,218
3 to 12 months	3,524,588	28,542
Total	\$ 4,548,033	\$ 2,785,760

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

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

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CORPORATE BOND FUND

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

The investment objective of the Corporate Bond Fund (the "Fund") is to provide a diversified portfolio of fixed income securities. The Fund primarily invests in corporate investment grade and high yield securities issued in the United States and Canada. The Fund's benchmarks are the Bank of America Merrill Lynch US Corporate Index (CAD Hedged) and the Bank of America Merrill Lynch BBB-B US Cash Pay High Yield Constrained Index (CAD Hedged; collectively, "the Indexes"). The objective of the Fund is to exceed the benchmark return of the Fund's Indexes by 71 basis points per annum, net of all investment expenses incurred.

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

- no more than 15% of the market value of the Fund can be invested in the securities of one company;
- no more than 70% of the market value of the Fund can be invested in the aggregate of i) debt securities rated at or below "BB+" by Standard & Poor's or an equivalent rating from another credit rating agency, ii) preferred shares rated at or below "P-4" by Standard & Poor's or an equivalent rating from another credit rating agency, and (iii) unrated debt securities;
- no more than 10% of the market value of the Fund can be invested in the aggregate of (i) debt securities rated at or below "CCC+" by Standard & Poor's or an equivalent rating from another credit rating agency, and (ii) unrated debt securities;
- Not more than 20% of the market value of the Fund can be invested in equity securities (including preferred shares, but excluding fixed income exchange traded funds);
- the Fund may not borrow money or use derivatives to create leverage;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;

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

- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

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

Credit Risk

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

BONDS
BY CREDIT RATING
(in 000s)

	2019		2018	
	Total	% of Total	Total	% of Total
AAA/AA	\$ 349,547	7.1 %	\$ 4,631	0.2 %
A	745,167	15.1 %	335,531	11.6 %
BBB	1,110,613	22.5 %	976,553	33.7 %
BB	1,936,197	39.2 %	1,092,414	37.7 %
B	795,222	16.1 %	486,099	16.8 %
Total Bonds	\$ 4,936,746	100.0 %	\$ 2,895,228	100.0 %

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CORPORATE BOND FUND

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

Credit Risk (continued)

The Fund invests in foreign currency contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of foreign currency instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

	2019			2018		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	1,360,800	31,302	-	1,543,110	-	(43,461)
A	3,039,151	60,430	(3,780)	990,170	302	(35,283)
	<u>4,399,951</u>	<u>91,732</u>	<u>(3,780)</u>	<u>2,533,280</u>	<u>302</u>	<u>(78,744)</u>

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

Liquidity Risk

Payable to BCI segregated fund is scheduled for settlement in September 2020 (note 4). The Fund's remaining non-derivative liabilities are due within three months of the year-end of the Fund.

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

DERIVATIVE FINANCIAL INSTRUMENTS (in 000s)	2019			
	Carrying Value	Less than 3 months	3 to 12 months	Total
Derivative assets	\$ 92,225	\$ 17,537	\$ 74,688	\$ 92,225
Derivative liabilities	(3,780)	(3,780)	-	(3,780)
	<u>\$ 88,445</u>	<u>\$ 13,757</u>	<u>\$ 74,688</u>	<u>\$ 88,445</u>

DERIVATIVE FINANCIAL INSTRUMENTS (in 000s)	2018			
	Carrying Value	Less than 3 months	3 to 12 months	Total
Derivative assets	\$ 731	\$ 731	\$ -	\$ 731
Derivative liabilities	(78,795)	(77,960)	(835)	(78,795)
	<u>\$ (78,064)</u>	<u>\$ (77,229)</u>	<u>\$ (835)</u>	<u>\$ (78,064)</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CORPORATE BOND FUND

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

Interest Rate Risk

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

BONDS BY
MATURITY DATE
(in 000s)

	2019		2018	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 81,556	5.33 %	\$ 276,569	7.14 %
1 to 5 years	1,338,933	4.89 %	846,580	6.31 %
5 to 10 years	2,403,591	4.05 %	1,144,434	5.64 %
10 to 20 years	424,841	3.92 %	47,381	6.40 %
Over 20 years	687,825	3.59 %	580,264	5.30 %
Total Bonds	<u>\$ 4,936,746</u>	<u>4.22 %</u>	<u>\$ 2,895,228</u>	<u>5.92 %</u>

As at December 31, 2019, the Fund had an average duration of 6.84 years (2018 - 7.56 years). As at December 31, the Fund invested in fixed income instruments with the longest term to maturity of 76 years (2018 - 60 years).

If prevailing interest rates increased or decreased by 1% (100 bps), with all others variables held constant, net assets would have decreased or increased, respectively, by approximately \$337,525,000 (2018 - \$218,850,000), representing 6.6% of the Fund's net assets (2018 - 7.5%). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

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

Currency Risk

The Fund holds net assets, including foreign currency contracts, denominated in U.S. and U.K. currency, amounting to \$2,533,000 CAD and \$106,982,000 CAD, respectively, which in total represents 2.16% of the net asset value of the Fund (2018 - net assets, including foreign currency contracts, denominated in U.S. and net liabilities denominated in U.K. currency, amounting to \$3,592,000 CAD and \$2,620,000 CAD, respectively, which in total represented 0.03% of the net asset value of the Fund). As at December 31, 2019, if the Canadian dollar had strengthened/weakened by 1% in relation to the U.S. and U.K. currency, holding all other variables constant, net assets would have decreased/increased, respectively, by \$1,095,000 CAD (2018 - \$9,700 CAD). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Other Price Risk

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

Bonds by Geographic Region

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

	2019		2018	
GEOGRAPHIC REGION (in 000s)	Total	% of Total	Total	% of Total
Netherlands	11,916	0.2 %	40,514	1.4 %
United Kingdom	117,194	2.4 %	118,712	4.1 %
United States	3,782,118	76.6 %	1,774,678	61.3 %
Canada	1,025,518	20.8 %	961,324	33.2 %
Total Bonds	<u>\$ 4,936,746</u>	<u>100.0 %</u>	<u>\$ 2,895,228</u>	<u>100.0 %</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CORPORATE BOND FUND

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

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

All fair value measurements noted in the tables below are recurring.

	December 31, 2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
(in 000s)			
Bonds	-	4,936,746	4,936,746
Money Market Funds	105,783	-	105,783
Total Investments	\$ 105,783	\$ 4,936,746	\$ 5,042,529
Futures Contracts, Net	493	-	493
Foreign Currency Contracts, Net	-	87,952	87,952
Total	\$ 106,276	\$ 5,024,698	\$ 5,130,974

	December 31, 2018		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
(in 000s)			
Bonds	-	2,895,228	2,895,228
Money Market Funds	65,574	-	65,574
Total Investments	\$ 65,574	\$ 2,895,228	\$ 2,960,802
Futures Contracts, Net	378	-	378
Foreign Currency Contracts, Net	-	(78,442)	(78,442)
Total	\$ 65,952	\$ 2,816,786	\$ 2,882,738

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

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

During 2019 and 2018 there were no significant transfers between the three levels in the hierarchy.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CORPORATE BOND FUND

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2019 and 2018, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	December 31, 2019		
	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	\$ 1,830,925	\$ 105,783

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	\$ 65,574

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

LEVERAGED BOND FUND

Statement of Financial Position

(all amounts in thousands except number of units)

	Note	December 31, 2019 (note 1)
Assets		
Cash		\$ 24,079
Receivable from sale of investments		68,442
Interest receivable		23,790
Investments		<u>6,031,447</u>
		<u>6,147,758</u>
Liabilities		
Amounts payable under repurchase agreements	4	5,888,032
BCI cost recoveries payable	4	274
Other accounts payable		27
Derivative liabilities:		
Futures		120
Swaps		<u>75</u>
		<u>5,888,528</u>
Net assets attributable to holders of redeemable units		<u><u>\$ 259,230</u></u>
<i>Number of redeemable units outstanding</i>	5	297.646
Net assets attributable to holders of redeemable units per unit		<u><u>\$ 871</u></u>

Statement of Comprehensive Loss

(all amounts in thousands)

	Note	Period Ended December 31, 2019 (note 1)
Revenue:		
Interest income		\$ 11,957
Futures loss		(230)
Change in fair value of investments and derivatives:		
Net realized gain		2,468
Net change in unrealized appreciation		<u>(68,983)</u>
Total loss		<u>(54,788)</u>
Expenses:		
BCI cost recoveries	4	640
Administrative fees		41
Interest expense		<u>10,801</u>
Total operating expenses		<u>11,482</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(66,270)</u>
Distributions to holders of redeemable units:		
From net investment income		(244)
From net realized gains on investments and derivatives		<u>(2,588)</u>
		<u>(2,832)</u>
Decrease in net assets attributable to holders of redeemable units		<u><u>\$ (69,102)</u></u>

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

LEVERAGED BOND FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands)	
	Period Ended December 31, 2019 <i>(note 1)</i>
Balance, beginning of period	\$ -
Decrease in net assets attributable to holders of redeemable units	(69,102)
Redeemable unit transactions:	
Proceeds from units issued	495,500
Reinvestment of distributions	2,832
Amounts paid for units redeemed	(170,000)
Net increase from redeemable unit transactions	<u>328,332</u>
Balance, end of period	<u>\$ 259,230</u>

Statement of Cash Flows (all amounts in thousands)	
	Period Ended December 31, 2019 <i>(note 1)</i>
Operating activities:	
Decrease in net assets attributable to holders of redeemable units	\$ (69,102)
Adjustments for:	
Interest income	(11,957)
Interest expense	10,801
Net realized gain from investments and derivatives	(2,468)
Net change in unrealized appreciation of investments	68,983
Amortization of premiums and discounts	2,734
Non cash distributions	2,832
Proceeds from sale of investments	744,935
Amounts paid for purchase of investments	(6,845,556)
Receivable from sale of investments	(68,442)
Net payable for variation on futures	120
BCI cost recoveries payable	274
Other accounts payable	27
Net interest paid	(22,634)
	<u>(6,189,453)</u>
Financing activities:	
Proceeds from issuance of redeemable units	495,500
Payments on redemption of redeemable units	(170,000)
Net proceeds and repayments from borrowings	<u>5,888,032</u>
	<u>6,213,532</u>
Net increase in cash	24,079
Cash, beginning of period	<u>-</u>
Cash, end of period	<u>\$ 24,079</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

LEVERAGED BOND FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

	2019	
	Fair Value	Cost
Pledged financial assets at FVTPL:		
Bonds:		
Federal Government	3,402,248	3,435,644
Provincial Government	2,387,686	2,415,362
Non-pledged financial assets at FVTPL:		
Bonds:		
Federal Government	\$ 97,048	\$ 99,064
Provincial Government	143,804	149,623
	6,030,786	6,099,693
Money Market Investments:		
Units in BCI Pooled Investment Portfolio:		
Fund ST1	661	662
	661	662
Total Investments	\$ 6,031,447	\$ 6,100,355

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

LEVERAGED BOND FUND

Derivative Assets and Liabilities

as at December 31

(all amounts in thousands)

	2019		
	Fair Value		
	Notional Value (note A)	Assets (note B)	Liabilities
Interest rate derivatives			
Futures	\$ 120,290	\$ -	\$ (120)
OTC			
Swaps	527,000	-	(75)
Total	<u>\$ 647,290</u>	<u>\$ -</u>	<u>\$ (195)</u>

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

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

	December 31 2019
Less than 3 months	<u>\$ 647,290</u>
Total	<u><u>\$ 647,290</u></u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

LEVERAGED BOND FUND

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

The investment objective of the Leveraged Bond Fund (the "Fund") is to provide leveraged investment in publicly traded liquid bonds. The Fund's benchmark is the FTSE Canada Universe All Government Bond Index (the "Index") and realized cost of financing.

The Fund can hold the following securities:

- fixed income securities issued or guaranteed by the Government of Canada or its provinces or the Government of the United States;
- money market instruments, including repurchase agreements;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, liquidity management, and/or leverage; and
- units of BCI's Canadian Money Market Fund ST1 and other BCI pooled funds that meet the Pool's Investment Policies criteria.

The following restrictions apply to the Fund:

- the value of Fund liabilities will not exceed the value of Fund assets by more than 35%;
- the Fund may not sell a security which it does not own (i.e. short sale), and
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or high by Standard & Poor's or have an equivalent rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction as to maximize sale proceeds.

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

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

Credit Risk

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

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

	2019	
	Total	% of Total
AAA/AA	\$ 3,643,100	60.4 %
A	2,387,686	39.6 %
Total Bonds	\$ 6,030,786	100.0 %

The Fund invests in foreign currency and swap contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument.

Collateral Pledged and Received

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

	2019
Amounts payable under repurchase agreements	5,888,032
Collateral pledged	5,789,934

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

LEVERAGED BOND FUND

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

Liquidity Risk

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

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

FINANCIAL INSTRUMENTS (in 000s)	2019		
	Carrying Value	Less than 3 months	Total
Derivative assets	\$ -	\$ -	\$ -
Derivative liabilities	(195)	(195)	(195)
	<u>\$ (195)</u>	<u>\$ (195)</u>	<u>\$ (195)</u>

Interest Rate Risk

The Fund's investment objective results in the Fund being exposed to leveraged interest rate risk. The Fund finances bond purchases with repurchase agreements which are generally of shorter duration than the bond investments, resulting in significant interest rate risk. The Fund's investment in bonds is approximately 23 times the net asset value of the fund, resulting in significantly greater interest rate risk than an unleveraged bond investment.

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

BONDS BY MATURITY DATE (in 000s)	2019	
	Total	Avg Effective Yield
1 to 5 years	2,322,967	1.88 %
5 to 10 years	1,448,733	2.12 %
Over 10 years	2,259,086	2.22 %
Total Bonds	<u>\$ 6,030,786</u>	<u>2.07 %</u>

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

If prevailing interest rates increased or decreased by 1% (100 bps), with all others variables held constant, net assets would have decreased or increased, respectively, by approximately \$533,121,000, representing 205.7% of the Fund's net assets. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Currency Risk

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

Other Price Risk

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

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

Bonds by Geographic Region

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

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

LEVERAGED BOND FUND

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

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

All fair value measurements noted in the tables below are recurring.

	December 31, 2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
(in 000s)			
Bonds	\$ -	\$ 6,030,786	\$ 6,030,786
Money Market Funds	661	-	661
Total Investments	\$ 661	\$ 6,030,786	\$ 6,031,447
Amounts payable under repurchase agreements	-	(5,888,032)	(5,888,032)
Total	\$ 661	\$ 142,754	\$ 143,415

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

During 2019, there were no significant transfers between the three levels in the hierarchy.

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The table below sets out the interests held by the Fund in these structured entities:

Entity	December 31, 2019		
	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	\$ 1,126,577	\$ 661

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
 POOLED INVESTMENT PORTFOLIOS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED DECEMBER 31, 2019

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 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 (the "Regulations"), BCI may establish and operate pooled investment portfolios ".... in which money from trust funds, special funds or other funds, other public money and the money of government bodies and designated institutions may be combined in common for the purpose of investment by means of investment units of participation in a pooled investment portfolio." In addition, pooled investment portfolios (the Funds) previously established under the *Financial Administration Act* and the *Pooled Investment Portfolios Regulation*, B.C. Reg. 84/86, were continued under the *Pooled Investment Portfolios Regulation*, B.C. Reg. 447/99, to be held in trust by BCI and invested by the Chief Investment Officer of BCI.

The Funds were established on the following dates:

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

The CDOR 3 Floating Rate Fund, CDOR 4 Floating Rate Fund, and the Leveraged Bond Fund were established in 2019, therefore no comparative information has been presented in the respective financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2019

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"). These financial statements were authorized for issue by the Chief Executive Officer / Chief Investment Officer on April 3, 2020.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Financial results as determined by actual events could differ from those estimates and assumptions, and the difference could be material.

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2019

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
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2019

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Fair value through profit and 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, derivative financial instruments, amounts payable under repurchase agreements, 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, receivable from sale of investments, receivable from issue of units, dividend receivable, interest receivable, other accounts payable, payable for purchase of investments, payable for redemption of units, and BCI cost recoveries 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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2019

3. Significant accounting policies (continued)

(b) Receivables and payables under repurchase agreements

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

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

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

(c) Redeemable units

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

(d) Issue and redemption of units

Participation in each Fund is expressed in units. The initial value of a unit on inception is \$1 million (\$U.S. 1 million for the U.S. Dollar Money Market Fund ST3). For each subsequent unit issuance and redemption, the unit value is determined by dividing the fair value of the net assets of the portfolio by the total number of units outstanding. Where one Fund invests in another Fund, the unit issuances and redemptions are transacted on the same basis as client transactions. All unit transactions are recorded on a trade date basis. All of the Funds were open-ended Funds throughout the year where the number of units available for issue was unlimited and the proportion of units issued or redeemed by each client on a particular valuation date depended on changes to their desired asset allocation.

(e) Foreign exchange

These financial statements are denominated in Canadian dollars except for the U.S. Dollar Money Market Fund ST3. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars (U.S. dollars for the U.S. Dollar Money Market Fund ST3) using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the statement of comprehensive income.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2019

3. Significant accounting policies (continued)

(f) Revenue recognition

Interest income is recognized on an accrual basis using the effective interest method. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments. Commissions, stock exchange fees and other identifiable transaction costs that are directly attributable to the acquisition or disposal of an investment are expensed as incurred. Pursuit costs are charged to net income of the respective Funds in the period incurred.

(g) Securities lending

Securities lending contracts are entered into for the temporary delivery of securities to a borrower in exchange for different securities having a higher market value (collateral), with an obligation for the borrower to redeliver the same quantity of the original securities lent at a future date. The lender receives a fee from the borrower, and retains the rights to receive equivalent interest payments or dividends from the loaned securities. The Funds continue to recognize the securities in their entirety in the statement of financial position as the Funds retain all of the risks and rewards of ownership. Securities lending income is recognized over the term of the arrangement. The credit risk related to securities lending transactions is limited by the fact that the value of securities held as collateral by the Funds is at least 105% of the market value of the securities loaned.

(h) Income taxes

The Funds qualify as inter-vivos trusts under section 108(1) of the *Income Tax Act (Canada)*. All of the Funds' net income for tax purposes and net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Funds. As a result, the Funds do not record income taxes. Income taxes associated with any of the Funds' underlying investments are accounted for in determining the fair value of the respective investments.

(i) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations as listed below are not yet effective for the year ended December 31, 2019, 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, 2020:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)

Effective on January 1, 2021:

- IFRS 17 Insurance Contracts

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2019

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. BCI cost recoveries and the corresponding payable are disclosed in each Fund's statement of comprehensive income and statement of financial position, respectively.

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

Receivables and payables under repurchase agreements

The Leveraged Bond Fund, the Canadian Money Market Fund ST1, and the Canadian Money Market Fund ST2, which are Funds managed by BCI and thus related parties, entered into repurchase and reverse repurchase agreements during the year, where the Leveraged Bond Fund agreed to sell securities to the Canadian Money Market Fund ST1 and Canadian Money Market Fund ST2 with simultaneous agreements to repurchase such securities at a specified price and date. The cumulative value of the repurchase and reverse repurchase agreements between the Leveraged Bond Fund and Canadian Money Market Fund ST1 and the Leveraged Bond Fund and Canadian Money Market Fund ST2 during 2019 was \$19.7 billion and \$14.1 billion, respectively, of which \$646.6 million and \$231.3 million were outstanding as at December 31, 2019. The terms of the repurchase and reverse repurchase agreements were equivalent to those prevailing in an arm's length transaction, with each Funds' interests represented by different BCI personnel.

Payable to BCI Funds

In July 2019, the Corporate Bond Fund entered into an agreement with a segregated client account whereby the Corporate Bond Fund received funding from the segregated client account to purchase and hold securities on its behalf. As the segregated client account is also managed by BCI, it has been classified as a related party. At maturity of the agreement in September 2020, the Corporate Bond Fund will provide the required return to the segregated client account. Neither party has earned or paid the counterparty any fees or interest in connection with this transaction.

The fair value of the payable to the segregated client account of \$126.7 million has been disclosed on the statement of financial position of the Corporate Bond Fund.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
 POOLED INVESTMENT PORTFOLIOS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED DECEMBER 31, 2019

5. Redeemable units

The Funds are authorized to issue an unlimited number of units. Units issued and outstanding represent the capital of each Fund. The Funds are not subject to any internally or externally imposed restrictions on their capital. BCI manages the capital of each Fund in accordance with the respective Fund's investment objectives, including managing the redeemable units to ensure a stable base to maximize returns to all investors, and managing liquidity in order to meet redemptions. The following is a summary of the changes in redeemable units outstanding during the period ended December 31:

	CANADIAN MONEY MARKET FUND ST1		CANADIAN MONEY MARKET FUND ST2		U.S. DOLLAR MONEY MARKET FUND ST3		CDOR 1 FLOATING RATE FUND	
	2019	2018	2019	2018	2019	2018	2019	2018
Outstanding, beginning of period	441.765	243.342	569.392	1,300.295	268.426	76.011	12,479.507	2,950.142
Issued for cash	9,002.339	9,123.217	2,587.826	1,585.490	4,556.933	3,995.518	22,388.307	15,156.390
Issued on reinvestment of distributions	4.636	4.147	12.957	18.463	3.617	2.886	388.774	127.283
Consolidation of units	(4.636)	(4.147)	(12.957)	(18.463)	(3.617)	(2.886)	(388.774)	(127.283)
Redeemed	(9,156.081)	(8,924.794)	(2,269.922)	(2,316.393)	(4,588.180)	(3,803.103)	15,311.790	(5,627.025)
Outstanding, end of period	288.023	441.765	887.296	569.392	237.179	268.426	19,556.024	12,479.507

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2019

5. Redeemable units (continued)

	CDOR 2 FLOATING RATE FUND		CDOR 3 FLOATING RATE FUND	CDOR 4 FLOATING RATE FUND	SHORT TERM BOND FUND		CANADIAN UNIVERSE BOND FUND	
	2019	2018	2019	2019	2019	2018	2019	2018
Outstanding, beginning of period	3,372.289	-	-	-	637.308	484.922	9,344.048	9,966.020
Issued for cash	2,555.413	3,372.289	5,552.683	59.643	245.781	474.299	2,781.325	1,671.662
Issued on reinvestment of distributions	22.457	13.297	19.749	0.173	13.931	10.709	382.171	252.626
Consolidation of units	(22.457)	(13.297)	(19.749)	(0.173)	(13.931)	(10.709)	(382.171)	(252.626)
Redeemed	(3,628.194)	-	(22.429)	(1.495)	(141.994)	(321.913)	(2,331.135)	(2,293.634)
Outstanding, end of period	2,299.508	3,372.289	5,530.254	58.148	741.095	637.308	9,794.238	9,344.048

	CORPORATE BOND FUND		LEVERAGED BOND FUND
	2019	2018	2019
Outstanding, beginning of period	2,694.986	889.509	-
Issued for cash	2,267.514	2,210.780	469.944
Issued on reinvestment of distributions	252.493	78.885	3.291
Consolidation of units	(252.493)	(78.885)	(3.291)
Redeemed	(846.011)	(405.303)	(172.298)
Outstanding, end of period	4,116.489	2,694.986	297.646

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2019

6. Financial risk management

(a) Risk management framework

Each Fund has its own investment objectives. The Funds' overall risk management program seeks to minimize the potentially adverse effect of risk on the Funds' financial performance in a manner consistent with the Funds' investment objectives. In the normal course of business, each Fund is exposed to financial risks including credit risk, liquidity risk, and market risk (including interest rate risk, currency risk and other price risk). The level of risk varies depending on the investment objective of the Fund and the type of investments it holds.

(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, which include foreign currency contracts, receivables from reverse repurchase agreements, cash and other receivables due to the Fund. The carrying value of these financial instruments as recorded in the statement of financial position reflects the Fund's maximum exposure to credit risk.

BCI management monitors credit risk through an internal credit manager program detailing the credit rating of all credit-sensitive financial securities held in money market and bond pooled funds. Credit risk monitoring entails an evaluation of the credit quality of each issuer and counterparty that transacts with the Funds. To perform this evaluation, BCI management relies on ratings from three recognized credit rating agencies for very short term exposure to counterparties such as brokers. For direct holdings of issuer debt in the long and short term Funds, BCI conducts its own independent credit reviews. Credit reviews are monitored on a quarterly basis through an established credit committee.

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

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

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

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2019

6. Financial risk management (continued)

(b) Credit risk (continued)

The Funds' activities may also give rise to settlement risk. Settlement risk is the risk of loss due to failure of an entity to honour its obligations to deliver cash, securities, or other assets prior to the settlement of the transaction as contractually agreed. All investment transactions are settled or paid upon delivery with approved brokers. The risk of default is mitigated since the delivery of securities sold is made simultaneously with the broker receiving payment. Payment is made on a purchase once the securities have been received by the broker. The trade fails if either party fails to meet its obligations.

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

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. BCI's approach to managing liquidity risk is to ensure, as far as possible, that each Fund has sufficient liquidity to meet its liabilities when due. Each Fund is exposed to the liquidity risk associated with the requirement to redeem units. Units of a Fund may only be acquired by eligible clients or client groups in accordance with the respective Fund's purchasing limits that may be established by the Chief Investment Officer (CIO). In order to protect the interest of all clients, the CIO may also establish redemption limits for each Fund. The purchase and redemption limits may vary depending on market circumstances, client demand, and the liquidity of the underlying investments.

The Funds' cash position is monitored on a daily basis. In general, investments in cash and BCI Money Market Funds are expected to be highly liquid. BCI management utilizes appropriate measures and controls to monitor liquidity risk in order to ensure that there is sufficient liquidity to meet financial obligations as they come due. The Funds' liquidity position is monitored daily by taking into consideration future forecasted cash flows. This attempts to ensure that sufficient cash reserves are available to meet forecasted cash outflows.

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

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Funds' income or the fair value of its holdings of financial instruments. Each Fund's strategy for the management of market risk is driven by the Fund's investment objective. Investment objectives for the Funds are outlined in the notes specific to each Fund.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2019

6. Financial risk management (continued)

(d) Market risk (continued)

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market interest rates.

The money market investments and bonds are subject to interest rate risk. The Funds that hold these investments have established duration bands based on their relevant benchmarks to avoid undue active interest rate risk. Money market funds invest in short-term investments and have low interest rate risk.

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

(ii) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the Funds will fluctuate due to changes in foreign exchange rates.

Some Funds are exposed to currency risk through holding of investments, investment receivables and investment liabilities in various currencies. The Funds may use foreign currency contracts to hedge some foreign currency exposure on investment-related receivables and liabilities and engage in the buying and selling of currencies through the spot market, forward contracts, futures contracts, and/or options in order to achieve the desired currency exposure.

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

(iii) Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

All financial instruments are subject to other price risk and a potential loss of capital. The maximum risk is determined by the market value of the financial instruments. There are established investment criteria for each Fund related to diversification of investments and investment mandates for external managers to avoid undue market risk. BCI management monitors active price risk on a monthly basis. Tracking error and beta statistics for all equity Funds are compiled to review that the level of risk is consistent with each Fund's objective.

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2019

7. Fair value of financial instruments

(a) Fair value hierarchy

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

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

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

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

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

Level 3 inputs that are unobservable.

See additional discussion on the three-tier hierarchy in the Fair Value Measurement Discussion in the notes specific to each Fund.

(b) Valuation models

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Funds use widely recognized valuation methods for determining the fair value of common and more simple financial instruments such as foreign currency contracts and money market instruments that use only observable market data which requires little management judgment and estimation. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exists and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other factors used in estimating discount rates, money market prices, and foreign currency exchange rates in estimating valuations of foreign currency contracts.

Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
 POOLED INVESTMENT PORTFOLIOS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED DECEMBER 31, 2019

7. Fair value of financial instruments (continued)

(c) Valuation framework

When third party information, such as broker quotes or pricing services, is used to measure fair value, then management assesses and documents the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- ◆ verifying that the broker or pricing service is approved by the Funds for use in pricing the relevant type of financial instrument;
- ◆ understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- ◆ when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- ◆ if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

(d) Financial instruments not measured at fair value

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

8. Taxes

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

Pooled Investment Portfolios (in \$000s)	As of December 31, 2019	
	Net Capital Losses	Non Capital Losses
Short Term Bond Fund	6,519	-
Canadian Universe Bond Fund	92,439	-
Corporate Bond Fund	26,686	-

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
 POOLED INVESTMENT PORTFOLIOS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED DECEMBER 31, 2019

9. Securities subject to lending arrangements

The fair value of securities on loan at December 31 and percentage of securities on loan for the Funds was as follows:

Pooled Investment Portfolios	Fair Value of Securities on Loan (in \$000s)		Percentage of securities on loan	
	2019	2018	2019	2018
Canadian Money Market Fund ST2	257,480	213,841	7.8 %	9.1 %
CDOR 1 Floating Rate Fund	9,098,580	661,451	51.0 %	5.2 %
CDOR 2 Floating Rate Fund	1,515	-	0.1 %	- %
CDOR 3 Floating Rate Fund	798,900	-	19.1 %	- %
Short Term Bond Fund	380,201	720,674	19.0 %	43.2 %
Canadian Universe Bond Fund	4,920,665	1,639,741	25.9 %	9.7 %
Corporate Bond Fund	368,871	14,728	7.5 %	0.5 %

10. Subsequent event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. COVID-19 and its negative impact on the global economy has resulted in a decline in the global financial market and significantly increased volatility. Given the extent of the crisis, it is difficult to estimate the duration of the increased volatility or the ultimate impact on the investment performance of the Fund.



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
750 Pandora Ave, Victoria BC V8W 0E4 CANADA / [BCI.ca](https://www.bci.ca)

BCI® is the investment agent for many institutional clients; the views and opinions expressed in this report are those of BCI and do not necessarily represent the views of its clients. The information in this report is provided as of the date hereof. Neither the delivery of the report nor any further discussions in relation to BCI will under any circumstances create any implication that there has been no change in the affairs of BCI since the date of this report. All rights reserved. Contents copyright © BCI 2020.