



BCI

PUBLIC EQUITY

Pooled Fund Financial Statements

December 2019

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

PUBLIC EQUITY - POOLED INVESTMENT PORTFOLIOS

GROUP OF FUNDS

Active Canadian Equity Fund
Active Canadian Small Cap Equity Fund
Canadian Quantitative Active Equity Fund
Indexed Canadian Equity Fund
Active U.S. Small Cap Equity Fund
Indexed U.S. Equity Fund
Active Asian Equity Fund
Active European Equity Fund
Active Global Equity Fund
Global Quantitative Active Equity Fund
Indexed Global Equity Fund
Active Emerging Markets Equity Fund
Indexed Emerging Markets Equity Fund
Thematic Public Equity Fund
Global Quantitative ESG 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:

| | |
|--|--|
| Active Canadian Equity Fund | Active Global Equity Fund |
| Active Canadian Small Cap Equity Fund | Global Quantitative Active Equity Fund |
| Canadian Quantitative Active Equity Fund | Indexed Global Equity Fund |
| Indexed Canadian Equity Fund | Active Emerging Markets Equity Fund |
| Active U.S. Small Cap Equity Fund | Indexed Emerging Markets Equity Fund |
| Indexed U.S. Equity Fund | Thematic Public Equity Fund |
| Active Asian Equity Fund | Global Quantitative ESG Fund |
| Active European Equity 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



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INDEPENDENT AUDITORS' REPORT

To the unitholders of the following Equity Pooled Investment Portfolios:

Active Canadian Equity Fund
Active Canadian Small Cap Equity Fund
Canadian Quantitative Active Equity Fund
Indexed Canadian Equity Fund
Active U.S. Small Cap Equity Fund
Indexed U.S. Equity Fund
Active Asian Equity Fund
Active European Equity Fund
Active Global Equity Fund
Global Quantitative Active Equity Fund
Indexed Global Equity Fund
Active Emerging Markets Equity Fund
Indexed Emerging Markets Equity Fund
Thematic Public Equity Fund
Global Quantitative ESG Equity Fund

(collectively, the "Funds")

Opinion

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

- the statements of financial position as at December 31, 2019.
- the statements of comprehensive income (loss) for the year then ended (period from inception on November 5, 2019 to December 31, 2019 for the Global Quantitative ESG Equity Fund only).
- the statements of changes in net assets attributable to holders of redeemable units for the year then ended (period from inception on November 5, 2019 to December 31, 2019 for the Global Quantitative ESG Equity Fund only).
- the statements of cash flows for the year then ended (period from inception on November 5, 2019 to December 31, 2019 for the Global Quantitative ESG Equity Fund only).
- and notes to the financial statements, including a summary of significant accounting policies.

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



In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2019, and their financial performance and their cash flows for the year then ended (period from inception on November 5, 2019 to December 31, 2019 for the Global Quantitative ESG Equity Fund only) in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

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

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

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

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

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

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

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



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

We also:

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

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

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

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Vancouver, Canada

April 3, 2020

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE CANADIAN EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2019 | December 31, 2018 |
|--|------|----------------------|----------------------|
| Assets | | | |
| Cash | | \$ 40,525 | \$ 90,934 |
| Receivable from sale of investments | | - | 11,572 |
| Receivable from issuance of units | | 65 | - |
| Dividends receivable | | 8,343 | 8,304 |
| Security lending revenue receivable | | 29 | 28 |
| Investments | | 4,981,052 | 4,139,893 |
| | | <u>5,030,014</u> | <u>4,250,731</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 2,552 | 18,634 |
| External management fees payable | | 2,009 | 1,666 |
| BCI cost recoveries payable | 4 | 6,712 | 5,732 |
| Other accounts payable | | 24 | 17 |
| Derivative liabilities: | | | |
| Options | | - | 15 |
| | | <u>11,297</u> | <u>26,064</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 5,018,717</u> | <u>\$ 4,224,667</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 361.177 | 372.960 |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 13,895</u> | <u>\$ 11,327</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 | | \$ 1,960 | \$ 1,469 |
| Dividend income | | 129,112 | 124,839 |
| Securities lending income | | 423 | 341 |
| Foreign exchange gain (loss) | | (50) | 29 |
| Change in fair value of investments and derivatives: | | | |
| Net realized gain (loss) | | (1,791) | 8,823 |
| Net change in unrealized appreciation | | 832,886 | (431,791) |
| Total revenue (loss) | | <u>962,540</u> | <u>(296,290)</u> |
| Expenses: | | | |
| BCI cost recoveries | 4 | 4,792 | 5,334 |
| External management fees | | 7,721 | 6,899 |
| Administrative fees | | 89 | 51 |
| Commissions and stock exchange fees | | 2,510 | 1,633 |
| Total operating expenses | | <u>15,112</u> | <u>13,917</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>947,428</u> | <u>(310,207)</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (118,844) | (109,738) |
| From net realized gains on investments and derivatives | | - | (7,700) |
| | | <u>(118,844)</u> | <u>(117,438)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ 828,584</u> | <u>\$ (427,645)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE CANADIAN EQUITY 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 | \$ 4,224,667 | \$ 4,404,546 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 828,584 | (427,645) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 1,612,123 | 772,328 |
| Reinvestment of distributions | 118,844 | 117,438 |
| Amounts paid for units redeemed | <u>(1,765,501)</u> | <u>(642,000)</u> |
| Net increase (decrease) from redeemable unit transactions | <u>(34,534)</u> | <u>247,766</u> |
| Balance, end of year | <u>\$ 5,018,717</u> | <u>\$ 4,224,667</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 | \$ 828,584 | \$ (427,645) |
| Adjustments for: | | |
| Foreign exchange loss (gain) | 50 | (29) |
| Interest income | (1,960) | (1,469) |
| Dividend income | (129,112) | (124,839) |
| Net realized loss (gain) from investments and derivatives | 1,791 | (8,823) |
| Net change in unrealized appreciation of investments and derivatives | (832,886) | 431,791 |
| Non cash distributions | 118,844 | 117,438 |
| Proceeds from sale of investments | 1,917,948 | 1,742,913 |
| Amounts paid for purchase of investments | (1,928,012) | (1,936,110) |
| Receivable from sale of investments | 11,572 | (8,486) |
| Net payable for variation on options | (15) | 15 |
| Security lending revenue receivable | (1) | 11 |
| Payable for purchase of investments | (16,082) | 7,527 |
| External management fees payable | 343 | (54) |
| BCI cost recoveries payable | 980 | 658 |
| Other accounts payable | 7 | 6 |
| Interest received | 1,960 | 1,469 |
| Dividends received | <u>129,073</u> | <u>125,559</u> |
| | <u>103,084</u> | <u>(80,068)</u> |
| Financing activities: | | |
| Proceeds from issuance of redeemable units | 1,612,058 | 772,328 |
| Payments on redemption of redeemable units | <u>(1,765,501)</u> | <u>(642,000)</u> |
| | <u>(153,443)</u> | <u>130,328</u> |
| Net increase (decrease) in cash | (50,359) | 50,260 |
| Effect of exchange rate changes on cash | (50) | 29 |
| Cash, beginning of year | <u>90,934</u> | <u>40,645</u> |
| Cash, end of year | <u>\$ 40,525</u> | <u>\$ 90,934</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE CANADIAN EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2019 | | 2018 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 4,952,468 | \$ 3,724,819 | \$ 4,112,210 | \$ 3,717,418 |
| Money Market Investments: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| Fund ST1 | 28,584 | 28,619 | 27,683 | 27,747 |
| Total Investments | <u>\$ 4,981,052</u> | <u>\$ 3,753,438</u> | <u>\$ 4,139,893</u> | <u>\$ 3,745,165</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE CANADIAN EQUITY FUND

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

As at December 31, 2019, the Fund held no derivative financial instruments.

| | 2018 | | |
|------------------|-----------------|-----------------|-----------------|
| | Notional Value | Fair Value | |
| | <i>(note A)</i> | <i>(note B)</i> | <i>(note B)</i> |
| Options: Written | 23,005 | - | (15) |
| | 23,005 | - | (15) |

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:

| | 2019 | 2018 |
|--------------------|------|-----------|
| Less than 3 months | \$ - | \$ 23,005 |
| | \$ - | \$ 23,005 |

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE CANADIAN EQUITY FUND

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

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

The performance objective of the Fund is to exceed the return of the Fund's benchmark return on a risk-adjusted basis.

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested in the securities of a single company;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and

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

Credit Risk

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

Liquidity Risk

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

As at December 31, 2019, the Fund held no derivative financial assets and derivative financial liabilities. The following were the contractual maturities of derivative financial assets and derivative financial liabilities as at December 31, 2018.

| DERIVATIVE FINANCIAL INSTRUMENTS (in 000s) | 2018 | | |
|---|----------------|--------------------|---------|
| | Carrying Value | Less than 3 months | Total |
| Derivative liabilities | \$ (15) | \$ (15) | \$ (15) |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE CANADIAN EQUITY FUND

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

Interest Rate Risk

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

Currency Risk

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

Other Price Risk

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

| INDUSTRY SECTOR (in 000s) | 2019 | | 2018 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 133,300 | 2.7 % | \$ 81,109 | 2.0 % |
| Consumer Staples | 303,198 | 6.1 % | 232,608 | 5.7 % |
| Energy | 773,248 | 15.6 % | 739,270 | 18.0 % |
| Financials | 1,574,224 | 31.8 % | 1,309,983 | 31.8 % |
| Health Care | 75,736 | 1.5 % | 14,012 | 0.3 % |
| Industrials | 466,325 | 9.4 % | 345,106 | 8.4 % |
| Information Technology | 450,856 | 9.1 % | 301,116 | 7.3 % |
| Materials | 511,673 | 10.3 % | 571,630 | 13.9 % |
| Real Estate | 131,581 | 2.7 % | 107,551 | 2.6 % |
| Telecommunication Services | 345,245 | 7.0 % | 285,849 | 7.0 % |
| Utilities | 187,082 | 3.8 % | 123,976 | 3.0 % |
| Total Equities | <u>\$ 4,952,468</u> | <u>100.0 %</u> | <u>\$ 4,112,210</u> | <u>100.0 %</u> |

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

Other Price Risk (continued)

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$413,770,000 (2018 - \$383,656,000) or 8.2% (2018 - 9.1%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2019 and 2018, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Equity by Geographic Region

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

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE CANADIAN EQUITY FUND

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

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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 |
| | Public Equities | \$ 4,952,468 | \$ - |
| Money Market Funds | 28,584 | - | 28,584 |
| Total Investments | \$ 4,981,052 | \$ - | \$ 4,981,052 |

| (in 000s) | December 31, 2018 | | |
|--------------------------|---|---|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | Public Equities | \$ 4,112,210 | \$ - |
| Money Market Funds | 27,683 | - | 27,683 |
| Total Investments | \$ 4,139,893 | \$ - | \$ 4,139,893 |

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 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 | \$ 28,584 |

| 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 | \$ 27,683 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE CANADIAN SMALL CAP EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2019 | December 31, 2018 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 171 | \$ 218 |
| Receivable from sale of investments | | 301 | 73 |
| Receivable from issuance of units | | 80 | 85 |
| Dividends receivable | | 3,576 | 2,805 |
| Security lending revenue receivable | | 26 | 77 |
| Derivative assets: | | | |
| Swaps | | - | 752 |
| Investments | | 1,673,156 | 1,083,259 |
| | | <u>1,677,310</u> | <u>1,087,269</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 2,775 | 7,804 |
| External management fees payable | | 536 | 513 |
| BCI cost recoveries payable | 4 | 2,894 | 2,436 |
| Other accounts payable | | 15 | 11 |
| Derivative liabilities: | | | |
| Swaps | | - | 69 |
| | | <u>6,220</u> | <u>10,833</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 1,671,090</u> | <u>\$ 1,076,436</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 784.090 | 583.524 |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 2,131</u> | <u>\$ 1,845</u> |

Statement of Comprehensive Income (Loss)

(all amounts in thousands)

| | Note | Year Ended December 31, 2019 | Year Ended December 31, 2018 |
|---|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 1,220 | \$ 722 |
| Dividend income | | 31,500 | 20,413 |
| Securities lending income | | 538 | 1,016 |
| Foreign exchange (loss) gain | | (10) | 6 |
| Change in fair value of investments and derivatives: | | | |
| Net realized (loss) gain | | (28,268) | 31,496 |
| Net change in unrealized appreciation | | 194,940 | (235,509) |
| Total revenue (loss) | | <u>199,920</u> | <u>(181,856)</u> |
| Expenses: | | | |
| BCI cost recoveries | 4 | 2,841 | 2,348 |
| External management fees | | 2,114 | 2,278 |
| Administrative fees | | 39 | 31 |
| Commissions and stock exchange fees | | 1,312 | 817 |
| Total operating expenses | | <u>6,306</u> | <u>5,474</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>193,614</u> | <u>(187,330)</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (28,254) | (15,525) |
| From net realized gains on investments | | - | (31,704) |
| | | <u>(28,254)</u> | <u>(47,229)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ 165,360</u> | <u>\$ (234,559)</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

ACTIVE CANADIAN SMALL CAP EQUITY 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 | \$ 1,076,436 | \$ 913,111 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 165,360 | (234,559) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 491,740 | 350,655 |
| Reinvestment of distributions | 28,254 | 47,229 |
| Amounts paid for units redeemed | (90,700) | - |
| Net increase from redeemable unit transactions | 429,294 | 397,884 |
| Balance, end of year | \$ 1,671,090 | \$ 1,076,436 |

| 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 | \$ 165,360 | \$ (234,559) |
| Adjustments for: | | |
| Foreign exchange loss (gain) | 10 | (6) |
| Interest income | (1,220) | (722) |
| Dividend income | (31,500) | (20,413) |
| Net realized loss (gain) from investments | 28,268 | (31,496) |
| Net change in unrealized appreciation of investments and derivatives | (194,940) | 235,509 |
| Amortization of premiums and discounts | (432) | (362) |
| Non cash distributions | 28,254 | 47,229 |
| Proceeds from sale of investments | 1,140,697 | 801,230 |
| Amounts paid for purchase of investments | (1,562,807) | (1,178,307) |
| Receivable from sale of investments | (228) | (73) |
| Security lending revenue receivable | 51 | 98 |
| Payable for purchase of investments | (5,029) | 7,520 |
| External management fees payable | 23 | (73) |
| BCI cost recoveries payable | 458 | 278 |
| Other accounts payable | 4 | 8 |
| Interest received | 1,220 | 722 |
| Dividends received | 30,729 | 19,422 |
| | <u>(401,082)</u> | <u>(353,995)</u> |
| Financing activities: | | |
| Proceeds from issuance of redeemable units | 491,745 | 351,235 |
| Payments on redemption of redeemable units | (90,700) | - |
| | <u>401,045</u> | <u>351,235</u> |
| Net decrease in cash | (37) | (2,760) |
| Effect of exchange rate changes on cash | (10) | 6 |
| Cash, beginning of year | 218 | 2,972 |
| Cash, end of year | \$ 171 | \$ 218 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE CANADIAN SMALL CAP EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2019 | | 2018 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 1,612,034 | \$ 1,389,827 | \$ 1,014,304 | \$ 988,249 |
| Investment Fund Investment ¹ | - | - | 22,790 | 22,254 |
| | <u>1,612,034</u> | <u>1,389,827</u> | <u>1,037,094</u> | <u>1,010,503</u> |
| Money Market Investments: | | | | |
| Corporate | 27,979 | 27,979 | 16,909 | 16,909 |
| Units in BCI Pooled Investment Portfolio: | | | | |
| Fund ST1 | 33,143 | 33,169 | 18,816 | 18,840 |
| Floating Rate Funds: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| CDOR 1 Floating Rate Fund | - | - | 10,440 | 10,449 |
| Total Investments | <u><u>\$ 1,673,156</u></u> | <u><u>\$ 1,450,975</u></u> | <u><u>\$ 1,083,259</u></u> | <u><u>\$ 1,056,701</u></u> |

¹The investment fund investment ("Investment Fund") is held through a private corporation

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE CANADIAN SMALL CAP EQUITY FUND

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

As at December 31, 2019, the Fund held no derivative financial instruments.

| | 2018 | | |
|----------------------------|-----------------------------------|---------------------------|-------------|
| | Notional Value <i>(note A)</i> | Fair Value | |
| | | Assets <i>(note B)</i> | Liabilities |
| Equity derivatives: | | | |
| OTC | | | |
| Swaps | \$ 9,899 | \$ 752 | \$ (69) |

| 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 | \$ - | \$ 9,899 |

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE CANADIAN SMALL CAP EQUITY FUND

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

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

The Fund invests in the following securities:

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

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested in the securities of one company;
- the Fund may not 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 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The Fund invests in 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. As at December 31, 2019, the Fund is not exposed to credit risk from derivative financial instruments. The credit risk exposure of swap instruments, by credit rating category, without taking account of any collateral held at December 31, 2018 is as follows:

| | 2019 | | | 2018 | | |
|---|----------------|-------------------|------------------------|----------------|-------------------|------------------------|
| | Notional Value | Fair Value | | Notional Value | Fair Value | |
| | | Derivative Assets | Derivative Liabilities | | Derivative Assets | Derivative Liabilities |
| A | - | - | - | 9,899 | 752 | (69) |
| | - | - | - | 9,899 | 752 | (69) |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE CANADIAN SMALL CAP EQUITY FUND

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

Liquidity Risk

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

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

The Fund held no derivative financial assets and derivative financial liabilities as at December 31, 2019. The following were the contractual maturities of derivative financial assets and derivative financial liabilities as at December 31, 2018:

| DERIVATIVE FINANCIAL INSTRUMENTS (in 000s) | 2018 | | |
|--|----------------|--------------------|---------------|
| | Carrying Value | Less than 3 months | Total |
| Derivative assets | \$ 752 | \$ 752 | 752 |
| Derivative liabilities | (69) | (69) | (69) |
| | <u>\$ 683</u> | <u>\$ 683</u> | <u>\$ 683</u> |

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

Other Price Risk

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

| INDUSTRY SECTOR (in 000s) | 2019 | | 2018 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 229,875 | 14.4 % | \$ 106,913 | 10.6 % |
| Consumer Staple | 167,350 | 10.4 % | 101,107 | 10.0 % |
| Energy | 203,135 | 12.6 % | 164,031 | 16.2 % |
| Financial Services | 169,189 | 10.5 % | 74,767 | 7.4 % |
| Health Care | 32,606 | 2.0 % | 19,738 | 1.9 % |
| Industrial Products | 424,021 | 26.2 % | 252,500 | 24.8 % |
| Information Technology | 75,389 | 4.7 % | 77,214 | 7.6 % |
| Materials and Processing | 151,826 | 9.4 % | 146,937 | 14.5 % |
| Real Estate | 158,643 | 9.8 % | 71,097 | 7.0 % |
| Total Equities | <u>\$ 1,612,034</u> | <u>100.0 %</u> | <u>\$ 1,014,304</u> | <u>100.0 %</u> |

As at December 31, 2019 and 2018, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$84,367,000 (2018 - \$68,149,000) or 5.0% (2018 – 6.3%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2019 and 2018, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Equity by Geographic Region

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE CANADIAN SMALL CAP EQUITY FUND

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

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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 | \$ 1,612,034 | \$ - | \$ 1,612,034 |
| Money Market Investments | - | 27,979 | 27,979 |
| Money Market Funds | 33,143 | - | 33,143 |
| Total Investments | <u>\$ 1,645,177</u> | <u>\$ 27,979</u> | <u>\$ 1,673,156</u> |

| | December 31, 2018 | | |
|----------------------------|---|---|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Public Equities | \$ 1,014,304 | \$ - | \$ 1,014,304 |
| Investment Fund Investment | - | 22,790 | 22,790 |
| Money Market Investments | - | 16,909 | 16,909 |
| Money Market Funds | 18,816 | - | 18,816 |
| Floating Rate Funds | 10,440 | - | 10,440 |
| Total Investments | <u>\$ 1,043,560</u> | <u>\$ 39,699</u> | <u>\$ 1,083,259</u> |
| Swaps, Net | - | 683 | 683 |
| Total | <u>\$ 1,043,560</u> | <u>\$ 40,382</u> | <u>\$ 1,083,942</u> |

**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 PORTFOLIO

ACTIVE CANADIAN SMALL CAP EQUITY 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 | 1 | \$ 1,126,577 | \$ 33,143 |

| 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 | \$ 14,550,157 | \$ 29,256 |
| Investee fund administered by external manager | 1 | 4,222,960 | 22,790 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2019 | December 31, 2018 |
|--|------|----------------------|----------------------|
| Assets | | | |
| Cash | | \$ 150 | \$ 79 |
| Dividends receivable | | 2,977 | 1,759 |
| Security lending revenue receivable | | 7 | 7 |
| Investments | | <u>920,378</u> | <u>2,909,388</u> |
| | | <u>923,512</u> | <u>2,911,233</u> |
| Liabilities | | | |
| BCI cost recoveries payable | 4 | 5,130 | 4,810 |
| Other accounts payable | | 15 | 11 |
| | | <u>5,145</u> | <u>4,821</u> |
| Net assets attributable to holders of redeemable units | | | |
| | | <u>\$ 918,367</u> | <u>\$ 2,906,412</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 214.128 | 814.528 |
| Net assets attributable to holders of redeemable units per unit | | | |
| | | <u>\$ 4,289</u> | <u>\$ 3,568</u> |

Statement of Comprehensive Income/(Loss)

(all amounts in thousands)

| | Note | Year Ended December 31, 2019 | Year Ended December 31, 2018 |
|---|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 100 | \$ 69 |
| Investment fund distribution | | 108,004 | - |
| Dividend income | | 56,224 | 15,872 |
| Securities lending income | | 230 | 78 |
| Foreign exchange (loss) gain | | (7) | 3 |
| Change in fair value of investments: | | | |
| Net realized gain | | 95,413 | 17,373 |
| Net change in unrealized appreciation | | <u>155,199</u> | <u>(344,876)</u> |
| Total revenue (loss) | | <u>415,163</u> | <u>(311,481)</u> |
| Expenses: | | | |
| BCI cost recoveries | 4 | 3,126 | 3,122 |
| Administrative fees | | 42 | 38 |
| Commissions and stock exchange fees | | 117 | 125 |
| Total operating expenses | | <u>3,285</u> | <u>3,285</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>411,878</u> | <u>(314,766)</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (160,165) | (8,566) |
| From net realized gains on investments | | <u>(123,740)</u> | <u>(5,895)</u> |
| | | <u>(283,905)</u> | <u>(14,461)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ 127,973</u> | <u>\$ (329,227)</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 QUANTITATIVE ACTIVE EQUITY 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 | \$ 2,906,412 | \$ 3,221,178 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 127,973 | (329,227) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 363,500 | 520,500 |
| Reinvestment of distributions | 283,905 | 14,461 |
| Amounts paid for units redeemed | (2,763,423) | (520,500) |
| Net (decrease) increase from redeemable unit transactions | (2,116,018) | 14,461 |
| Balance, end of year | \$ 918,367 | \$ 2,906,412 |

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 | \$ 127,973 | \$ (329,227) |
| Adjustments for: | | |
| Foreign exchange loss (gain) | 7 | (3) |
| Dividend income | (56,224) | (15,872) |
| Net realized gain from investments | (95,413) | (17,373) |
| Net change in unrealized appreciation of investments | (155,199) | 344,876 |
| Non cash distributions | 283,905 | 14,461 |
| Proceeds from sale of investments | 3,146,471 | 309,983 |
| Amounts paid for purchase of investments | (906,849) | (322,818) |
| Security lending revenue receivable | - | (3) |
| BCI cost recoveries payable | 320 | 388 |
| Other accounts payable | 4 | 8 |
| Dividends received | 55,006 | 15,609 |
| | <u>2,400,001</u> | <u>29</u> |
| Financing activities: | | |
| Proceeds from issuance of redeemable units | 363,500 | 520,500 |
| Payments on redemption of redeemable units | (2,763,423) | (520,500) |
| | <u>(2,399,923)</u> | <u>-</u> |
| Net increase in cash | 78 | 29 |
| Effect of exchange rate changes on cash | (7) | 3 |
| Cash, beginning of year | <u>79</u> | <u>47</u> |
| Cash, end of year | \$ 150 | \$ 79 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2019 | | 2018 | |
|---|--------------------------|--------------------------|----------------------------|----------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 912,541 | \$ 809,447 | \$ 464,020 | \$ 443,334 |
| Investment Fund Investment | <u>2,898</u> | <u>5,149</u> | <u>2,441,849</u> | <u>2,516,894</u> |
| | 915,439 | 814,596 | 2,905,869 | 2,960,228 |
| Money Market Investments: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| Fund ST1 | <u>4,939</u> | <u>4,952</u> | <u>3,519</u> | <u>3,529</u> |
| Total Investments | <u>\$ 920,378</u> | <u>\$ 819,548</u> | <u>\$ 2,909,388</u> | <u>\$ 2,963,757</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

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

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

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of Canadian companies and companies listed on recognized exchanges in developed and emerging markets;
- publicly traded income trust units;
- limited partnership interests, royalty trusts, and real estate investment trusts that trade on recognized exchanges;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- units in external investment managers' pooled funds, provided the holdings of such funds are permissible investments for the Fund;
- derivative instruments for the purposes of managing risk, enhancing returns and liquidity, lowering transaction costs, implementing synthetic indexing, and managing stock exposures;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- money market securities rated A-1 (low) or better, and units of BCI's Canadian Money Market Fund ST1 and Canadian Money Market Fund ST2; and
- units in BCI's Floating Rate Funds.

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested, long or short, in the securities of a single company;
- the Fund may maintain short positions on Canadian and international common stock or common stock equivalents with a market value of up to 35% of the net asset value of the Fund;

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

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

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

Credit Risk

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

Liquidity Risk

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

Interest Rate Risk

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

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

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

Currency Risk

At December 31, 2019, the Fund holds net assets denominated in U.S. currency totalling \$200,000 Cdn which represents 0.02% 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. currency, holding all other variables constant, net assets would have decreased/increased, respectively, by \$2,000. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

As at December 31, 2018 and 2019, the Fund has indirect exposure to currency risk through its investment in the Investment Fund, whose underlying investments are susceptible to currency risk. Such indirect exposure is managed by the external manager in conjunction with their investment level decisions.

Other Price Risk

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

| INDUSTRY SECTOR (in 000s) | 2019 | | 2018 | |
|------------------------------|------------|------------|------------|------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 40,029 | 4.4 % | \$ 18,631 | 3.8 % |
| Consumer Staples | 35,979 | 3.9 % | 20,590 | 4.4 % |
| Energy | 159,616 | 17.5 % | 80,499 | 17.3 % |
| Financials | 290,247 | 31.8 % | 57,061 | 12.4 % |
| Health Care | 16,306 | 1.8 % | 8,613 | 1.9 % |
| Industrial Products | 105,244 | 11.5 % | 47,642 | 10.3 % |
| Information Technology | 55,230 | 6.1 % | 19,878 | 4.3 % |
| Materials | 100,061 | 11.0 % | 56,450 | 12.2 % |
| Telecommunication Services | 45,099 | 4.9 % | 27,779 | 6.0 % |
| Utilities | 38,847 | 4.3 % | 21,125 | 4.6 % |
| Real Estate | 25,883 | 2.8 % | 105,752 | 22.8 % |
| Total Equities | \$ 912,541 | 100.0 % | \$ 464,020 | 100.0 % |

See accompanying Notes to the Financial Statements.

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

As at December 31, 2019 and 2018, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$81,884,000 (2018 - \$43,976,000) or 8.9% (2018 - 1.5%) of net assets attributable to redeemable units.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2019 and 2018, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

The Fund is also subject to other price risk through its investment in the Investment Fund. The external manager utilizes risk parity and asset diversification to moderate this risk. The expected impact on the net assets of the Fund of a 10% increase/decrease in the value of the investment fund over the next year, would be an increase/decrease, respectively of \$290,000 (2018 - \$244,185,000) or 0.03% (2018 - 8.4%) of net assets attributable to redeemable units.

Equity by Geographic Region

All of the Fund's equity investments are exposed to the Canadian market. The Fund has indirect exposure to other regions through the underlying investments of the Investment Fund.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

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

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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 |
| Public Equities | \$ 912,541 | \$ - | \$ 912,541 |
| Investment Fund Investment | - | 2,898 | 2,898 |
| Money Market Funds | 4,939 | - | 4,939 |
| Total Investments | \$ 917,480 | \$ 2,898 | \$ 920,378 |

| (in 000s) | December 31, 2018 | | |
|----------------------------|---|---|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| Public Equities | \$ 464,020 | \$ - | \$ 464,020 |
| Investment Fund Investment | - | 2,441,849 | 2,441,849 |
| Money Market Funds | 3,519 | - | 3,519 |
| Total Investments | \$ 467,539 | \$ 2,441,849 | \$ 2,909,388 |

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 | \$ 4,939 |
| Investee fund administered by external manager | 1 | 2,898 | 2,898 |

| 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 | \$ 1,669,706 | \$ 3,519 |
| Investee fund administered by external manager | 1 | 2,441,849 | 2,441,849 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED CANADIAN EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2019 | December 31, 2018 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 1,973 | \$ 2,233 |
| Receivable from sale of investments | | - | 196,219 |
| Receivable from issuance of units | | 86,900 | 301,000 |
| Dividends receivable | | 7,758 | 8,969 |
| Security lending revenue receivable | | 138 | 108 |
| Derivative assets: | | | |
| Futures | | - | 66 |
| Swaps | | 4,497 | 12,874 |
| Investments | | <u>4,662,209</u> | <u>3,579,857</u> |
| | | <u>4,763,475</u> | <u>4,101,326</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 2,399 | 22,994 |
| Payable for redemption of units | | 86,900 | 481,000 |
| BCI cost recoveries payable | 4 | 3,553 | 3,152 |
| Accounts payable | | 38 | 29 |
| Derivative liabilities: | | | |
| Futures | | 22 | - |
| Swaps | | 4,490 | 37,000 |
| | | <u>97,402</u> | <u>544,175</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 4,666,073</u> | <u>\$ 3,557,151</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 502.268 | 471.740 |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 9,290</u> | <u>\$ 7,540</u> |

Statement of Comprehensive Income (Loss)

(all amounts in thousands)

| | Note | Year Ended December 31, 2019 | Year Ended December 31, 2018 |
|---|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 23,668 | \$ 11,446 |
| Dividend income | | 72,129 | 152,127 |
| Securities lending income | | 3,091 | 3,478 |
| Futures income (loss) | | 2,204 | (6,277) |
| Foreign exchange gain (loss) | | (42) | 130 |
| Change in fair value of investments and derivatives: | | | |
| Net realized gain | | 676,305 | 826,388 |
| Net change in unrealized appreciation | | 7,537 | (1,437,293) |
| Total revenue (loss) | | <u>784,892</u> | <u>(450,001)</u> |
| Expenses: | | | |
| BCI cost recoveries | 4 | 4,118 | 4,587 |
| Administrative fees | | 123 | 96 |
| Commissions and stock exchange fees | | 148 | 574 |
| Total operating expenses | | <u>4,389</u> | <u>5,257</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>780,503</u> | <u>(455,258)</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (96,809) | (154,051) |
| From net realized gains on investments | | (679,792) | (837,917) |
| | | <u>(776,601)</u> | <u>(991,968)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ 3,902</u> | <u>\$ (1,447,226)</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

INDEXED CANADIAN EQUITY 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 | \$ 3,557,151 | \$ 7,773,274 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 3,902 | (1,447,226) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 5,063,506 | 1,130,133 |
| Reinvestment of distributions | 776,601 | 991,968 |
| Amounts paid for units redeemed | <u>(4,735,087)</u> | <u>(4,890,998)</u> |
| Net increase (decrease) from redeemable unit transactions | <u>1,105,020</u> | <u>(2,768,897)</u> |
| Balance, end of year | <u>\$ 4,666,073</u> | <u>\$ 3,557,151</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 | \$ 3,902 | \$ (1,447,226) |
| Adjustments for: | | |
| Foreign exchange loss (gain) | 42 | (130) |
| Interest income | (23,668) | (11,446) |
| Dividend income | (72,129) | (152,127) |
| Net realized gain from investments and derivatives | (676,305) | (826,388) |
| Net change in unrealized appreciation of investments and derivatives | (7,537) | 1,437,293 |
| Non cash distributions | 776,601 | 991,968 |
| Proceeds from sale of investments | 12,309,225 | 9,415,899 |
| Amounts paid for purchase of investments | (12,556,244) | (6,002,234) |
| Net variation on futures | 88 | 2,143 |
| Security lending revenue receivable | (30) | 287 |
| BCI cost recoveries payable | 401 | 240 |
| Accounts payable | 9 | 11 |
| Interest received | 23,668 | 11,446 |
| Dividends received | <u>73,340</u> | <u>161,590</u> |
| | <u>(148,637)</u> | <u>3,581,326</u> |
| Financing activities: | | |
| Proceeds from issuance of redeemable units | 5,277,606 | 829,133 |
| Payments on redemption of redeemable units | <u>(5,129,187)</u> | <u>(4,409,998)</u> |
| | <u>148,419</u> | <u>(3,580,865)</u> |
| Net (decrease) increase in cash | (218) | 461 |
| Effect of exchange rate changes on cash | (42) | 130 |
| Cash, beginning of year | <u>2,233</u> | <u>1,642</u> |
| Cash, end of year | <u>\$ 1,973</u> | <u>\$ 2,233</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED CANADIAN EQUITY FUND

Schedule of Investments

as at December 31
(all amounts in thousands)

| | 2019 | | 2018 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 2,839,693 | \$ 2,726,720 | \$ 2,653,498 | \$ 2,524,478 |
| Money Market Investments: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| Fund ST1 | 7,437 | 7,442 | 5,888 | 5,894 |
| Floating Rate Funds: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| CDOR 1 Floating Rate Fund | <u>1,815,079</u> | <u>1,816,826</u> | <u>920,471</u> | <u>921,668</u> |
| Total Investments | <u>\$ 4,662,209</u> | <u>\$ 4,550,988</u> | <u>\$ 3,579,857</u> | <u>\$ 3,452,040</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED CANADIAN EQUITY FUND

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

| | 2019 | | |
|----------------------------|-----------------------------------|---------------------------|-------------------|
| | Fair Value | | |
| | Notional Value <i>(note A)</i> | Assets <i>(note B)</i> | Liabilities |
| Equity derivatives: | | | |
| Listed | | | |
| Futures | \$ 13,006 | \$ - | \$ (22) |
| OTC | | | |
| Swaps | 2,717,921 | 4,497 | (4,490) |
| Total | \$ 2,730,927 | \$ 4,497 | \$ (4,512) |

| | 2018 | | |
|----------------------------|-----------------------------------|---------------------------|--------------------|
| | Fair Value | | |
| | Notional Value <i>(note A)</i> | Assets <i>(note B)</i> | Liabilities |
| Equity derivatives: | | | |
| Listed | | | |
| Futures | \$ 11,145 | \$ 66 | \$ - |
| OTC | | | |
| Swaps | 1,300,364 | 12,874 | (37,000) |
| Total | \$ 1,311,509 | \$ 12,940 | \$ (37,000) |

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 | \$ 1,654,158 | \$ 1,120,836 |
| 3 to 12 months | 1,076,769 | 190,673 |
| Total | \$ 2,730,927 | \$ 1,311,509 |

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED CANADIAN EQUITY FUND

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

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

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

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

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

The Fund uses derivative financial instruments to replicate equity investment returns of selected long and short equity positions through synthetic exposure.

Credit Risk

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 derivative instruments (excluding listed derivative 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 | \$ 1,494,018 | \$ 1,048 | \$ (3,623) | \$ 182,269 | \$ 1,013 | \$ (383) |
| A | 1,223,903 | 3,449 | (867) | 1,118,095 | 11,861 | (36,617) |
| | <u>\$ 2,717,921</u> | <u>\$ 4,497</u> | <u>\$ (4,490)</u> | <u>\$ 1,300,364</u> | <u>\$ 12,874</u> | <u>\$ (37,000)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED CANADIAN EQUITY 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 | | Total |
| | | months | 3 to 12 months | |
| Derivative assets | \$ 4,497 | \$ 3,659 | \$ 838 | \$ 4,497 |
| Derivative liabilities | (4,512) | (2,696) | (1,816) | (4,512) |
| | <u>\$ (15)</u> | <u>\$ 963</u> | <u>\$ (978)</u> | <u>\$ (15)</u> |

| DERIVATIVE FINANCIAL INSTRUMENTS (in 000s) | 2018 | | | |
|--|--------------------|--------------------|------------------|--------------------|
| | Carrying Value | Less than 3 | | Total |
| | | months | 3 to 12 months | |
| Derivative assets | \$ 12,940 | \$ 2,070 | \$ 10,870 | \$ 12,940 |
| Derivative liabilities | (37,000) | (37,000) | - | (37,000) |
| | <u>\$ (24,060)</u> | <u>\$ (34,930)</u> | <u>\$ 10,870</u> | <u>\$ (24,060)</u> |

Interest Rate Risk

The Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates as fixed income instruments held within the CDOR 1 Floating Rate Fund are floating rate instruments and the Fund's remaining financial assets and liabilities are non-interest bearing.

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

Currency Risk

The Fund holds net assets denominated in U.S. and Japanese currencies, amounting to \$200,561,000 CAD and \$1,389,000 CAD, respectively, which in total represents 4.33% of the net asset value of the Fund (2018 - U.S. currency, amounting to \$1,081,000 CAD which 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 Japanese currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$2,020,000 (2018 - \$11,000 CAD). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED CANADIAN EQUITY FUND

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

Other Price Risk

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

| INDUSTRY SECTOR (in 000s) | 2019 | | 2018 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 121,156 | 4.2 % | \$ 115,323 | 4.4 % |
| Consumer Staple | 103,901 | 3.7 % | 104,527 | 3.9 % |
| Energy | 450,932 | 15.9 % | 452,305 | 17.0 % |
| Financial Services | 843,780 | 29.7 % | 838,484 | 31.6 % |
| Health Care | 34,244 | 1.2 % | 28,654 | 1.1 % |
| Industrial Products | 328,413 | 11.6 % | 292,290 | 11.0 % |
| Information Technology | 143,202 | 5.0 % | 111,515 | 4.2 % |
| Materials and Processing | 348,305 | 12.3 % | 318,256 | 12.0 % |
| Real Estate | 161,095 | 5.7 % | 113,754 | 4.3 % |
| Telecommunication Services | 138,713 | 4.9 % | 149,312 | 5.6 % |
| Utilities | 165,952 | 5.8 % | 129,078 | 4.9 % |
| Total Equities | \$ 2,839,693 | 100.0 % | \$ 2,653,498 | 100.0 % |

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$407,118,000 (2018 - \$396,668,000) or 8.7% (2018 - 11.2%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2019 and 2018, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Equity by Geographic Region

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

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

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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 |
| | Public Equities | \$ 2,839,693 | \$ - |
| Floating Rate Funds | 1,815,079 | - | 1,815,079 |
| Money Market Funds | 7,437 | - | 7,437 |
| Total Investments | \$ 4,662,209 | \$ - | \$ 4,662,209 |
| Futures Contracts, Net | (22) | - | (22) |
| Swaps, Net | - | 7 | 7 |
| Total | \$ 4,662,187 | \$ 7 | \$ 4,662,194 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED CANADIAN EQUITY FUND

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

| (in 000s) | December 31, 2018 | | | Total |
|------------------------|---|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | | |
| Public Equities | \$ 2,653,498 | \$ - | | \$ 2,653,498 |
| Floating Rate Funds | 920,471 | - | | 920,471 |
| Money Market Funds | 5,888 | - | | 5,888 |
| Total Investments | \$ 3,579,857 | \$ - | | \$ 3,579,857 |
| Futures Contracts, Net | 66 | - | | 66 |
| Swaps, Net | - | (24,126) | | (24,126) |
| Total | \$ 3,579,923 | \$ (24,126) | | \$ 3,555,797 |

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 funds administered by BCI | 2 | \$ 21,707,211 | \$ 1,822,516 |

| 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 | \$ 14,550,157 | \$ 926,359 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE U.S. SMALL CAP EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2019 | December 31, 2018 |
|--|------|----------------------|----------------------|
| Assets | | | |
| Cash | | \$ 6,563 | \$ 8,597 |
| Receivable from sale of investments | | 14,234 | 72 |
| Receivable from issuance of units | | 265 | 210 |
| Dividends receivable | | 912 | 706 |
| Security lending revenue receivable | | 93 | 118 |
| Investments | | 2,012,906 | 1,324,586 |
| | | <u>2,034,973</u> | <u>1,334,289</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 14,218 | 413 |
| External management fees payable | | 2,574 | 2,107 |
| BCI cost recoveries payable | 4 | 5,488 | 4,556 |
| Other accounts payable | | 18 | 14 |
| | | <u>22,298</u> | <u>7,090</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 2,012,675</u> | <u>\$ 1,327,199</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 454.564 | 376.556 |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 4,428</u> | <u>\$ 3,525</u> |

Statement of Comprehensive Income (Loss)

(all amounts in thousands)

| | Note | Year Ended December 31, 2019 | Year Ended December 31, 2018 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 1,035 | \$ 2,946 |
| Dividend income | | 13,990 | 9,409 |
| Securities lending income | | 752 | 666 |
| Foreign exchange gain (loss) | | (2,036) | 2,301 |
| Change in fair value of investments: | | | |
| Net realized gain | | 126,661 | 138,318 |
| Net change in unrealized appreciation | | 230,218 | (109,097) |
| Total revenue | | <u>370,620</u> | <u>44,543</u> |
| Expenses: | | | |
| BCI cost recoveries | 4 | 3,934 | 2,593 |
| External management fees | | 9,493 | 7,342 |
| Administrative fees | | 43 | 39 |
| Commissions and stock exchange fees | | 479 | 710 |
| Total operating expenses | | <u>13,949</u> | <u>10,684</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>356,671</u> | <u>33,859</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (340) | (1,562) |
| From net realized gains on investments | | (125,853) | (137,610) |
| | | <u>(126,193)</u> | <u>(139,172)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ 230,478</u> | <u>\$ (105,313)</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

ACTIVE U.S. SMALL CAP EQUITY 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 | \$ 1,327,199 | \$ 1,104,247 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 230,478 | (105,313) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 364,805 | 189,093 |
| Reinvestment of distributions | 126,193 | 139,172 |
| Amounts paid for units redeemed | (36,000) | - |
| Net increase from redeemable unit transactions | 454,998 | 328,265 |
| Balance, end of year | \$ 2,012,675 | \$ 1,327,199 |

| 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 | \$ 230,478 | \$ (105,313) |
| Adjustments for: | | |
| Foreign exchange loss (gain) | 2,036 | (2,301) |
| Interest income | (1,035) | (2,946) |
| Dividend income | (13,990) | (9,409) |
| Net realized gain from investments | (126,661) | (138,318) |
| Net change in unrealized appreciation of investments | (230,218) | 109,097 |
| Amortization of premiums and discounts | (686) | (527) |
| Non cash distributions | 126,193 | 139,172 |
| Proceeds from sale of investments | 963,672 | 1,151,558 |
| Amounts paid for purchase of investments | (1,294,427) | (1,346,964) |
| Receivable from sale of investments | (14,162) | 4,072 |
| Security lending revenue receivable | 25 | (30) |
| Payable for purchase of investments | 13,805 | 205 |
| External management fees payable | 467 | 465 |
| BCI cost recoveries payable | 932 | 788 |
| Other accounts payable | 4 | 2 |
| Interest received | 1,035 | 2,946 |
| Dividends received | 13,784 | 9,267 |
| | <u>(328,748)</u> | <u>(188,236)</u> |
| Financing activities: | | |
| Proceeds from issuance of redeemable units | 364,750 | 188,943 |
| Payments on redemption of redeemable units | (36,000) | - |
| | <u>328,750</u> | <u>188,943</u> |
| Net increase in cash | 2 | 707 |
| Effect of exchange rate changes on cash | (2,036) | 2,301 |
| Cash, beginning of year | 8,597 | 5,589 |
| Cash, end of year | \$ 6,563 | \$ 8,597 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE U.S. SMALL CAP EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2019 | | 2018 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 1,818,263 | \$ 1,466,450 | \$ 1,297,362 | \$ 1,171,745 |
| Exchange Traded Funds | 156,767 | 151,505 | - | - |
| Money Market Investments: | | | | |
| Corporate | 34,182 | 34,785 | 26,529 | 25,978 |
| Units in BCI Pooled Investment Portfolio: | | | | |
| Fund ST1 | 17 | 17 | 103 | 103 |
| Fund ST3 | 3,677 | 3,745 | 592 | 574 |
| | <u>37,876</u> | <u>38,547</u> | <u>27,224</u> | <u>26,655</u> |
| Total Investments | <u>\$ 2,012,906</u> | <u>\$ 1,656,502</u> | <u>\$ 1,324,586</u> | <u>\$ 1,198,400</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE U.S. SMALL CAP EQUITY FUND

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

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

- No more than 10% of the market value of the Fund can be invested in the securities of one company;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

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

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

Credit Risk

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

Liquidity Risk

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

Interest Rate Risk

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

Currency Risk

The Fund holds assets denominated in U.S. currency totalling \$2,020,423,000 CAD which represents 100.4% of the net asset value of the Fund (2018 - \$1,333,563,000 CAD which represented 100.5% 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. currency, holding all other variables constant, net assets would have decreased/increased, respectively, by \$20,204,230 CAD (2018 - \$13,335,630 CAD). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE U.S. SMALL CAP EQUITY FUND

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

Other Price Risk

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

| INDUSTRY SECTOR (in 000s) | 2019 | | 2018 | |
|------------------------------|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 384,408 | 21.1 % | \$ 273,845 | 21.0 % |
| Consumer Staples | 11,135 | 0.6 % | 8,532 | 0.7 % |
| Energy | 3,895 | 0.2 % | 9,189 | 0.7 % |
| Financials | 269,680 | 14.8 % | 212,220 | 16.4 % |
| Health Care | 221,198 | 12.2 % | 161,802 | 12.5 % |
| Industrials | 388,680 | 21.4 % | 281,463 | 21.7 % |
| Information Technology | 397,008 | 21.8 % | 279,386 | 21.5 % |
| Materials | 48,222 | 2.7 % | 21,501 | 1.7 % |
| Real Estate | 59,435 | 3.3 % | 28,780 | 2.2 % |
| Telecommunication Services | 28,524 | 1.6 % | 20,644 | 1.6 % |
| Utilities | 6,078 | 0.3 % | - | - % |
| Total Public Equities | \$ 1,818,263 | 100.0 % | \$ 1,297,362 | 100.0 % |

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$175,053,000 (2018 - \$125,725,000) or 0.8% (2018 - 9.5%) of net assets attributable to redeemable units.

The Fund is also subject to other price risk through its investment in exchange traded funds. Had the exchange traded funds held by the Fund increased or decreased by 10%, net assets attributable to redeemable units would have increased or decreased, respectively, by approximately \$15,677,000, or 0.8% of net assets attributable to redeemable units.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2019 and 2018, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Equity by Geographic Region

The Fund's equity investments are exposed to the U.S. market.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE U.S. SMALL CAP EQUITY FUND

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

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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 | \$ 1,818,263 | \$ - | \$ 1,818,263 |
| Exchange Traded Funds | 156,767 | - | 156,767 |
| Money Market Investments | - | 34,182 | 34,182 |
| Money Market Funds | 3,694 | - | 3,694 |
| Total Investments | \$ 1,978,724 | \$ 34,182 | \$ 2,012,906 |

| | December 31, 2018 | | |
|--------------------------|---|--|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Public Equities | \$ 1,297,362 | \$ - | \$ 1,297,362 |
| Money Market Investments | - | 26,529 | 26,529 |
| Money Market Funds | 695 | - | 695 |
| Total Investments | \$ 1,298,057 | \$ 26,529 | \$ 1,324,586 |

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 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 | 2 | \$ 1,830,925 | \$ 3,694 |

| 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 | \$ 695 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED U.S. EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2019 | December 31, 2018 |
|--|------|----------------------|----------------------|
| Assets | | | |
| Cash | | \$ 2,373 | \$ 5,054 |
| Receivable from sale of investments | | 19,433 | 176,655 |
| Dividends receivable | | 4,397 | 3,815 |
| Security lending revenue receivable | | 19 | 12 |
| Derivative assets: | | | |
| Swaps | | 50,978 | 20,556 |
| Investments | | 5,696,023 | 3,751,007 |
| | | <u>5,773,223</u> | <u>3,957,099</u> |
| Liabilities | | | |
| Payable for purchase of investments | | - | 181,421 |
| BCI cost recoveries payable | 4 | 9,200 | 8,644 |
| Other accounts payable | | 63 | 50 |
| Derivative liabilities: | | | |
| Foreign currency contracts | | - | 333 |
| Swaps | | 84,967 | 5,474 |
| | | <u>94,230</u> | <u>195,922</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 5,678,993</u> | <u>\$ 3,761,177</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 402.805 | 333.942 |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 14,099</u> | <u>\$ 11,263</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 | | \$ 51,117 | \$ 22,151 |
| Dividend income | | 41,455 | 59,845 |
| Securities lending income | | 1,895 | 231 |
| Futures income | | - | 898 |
| Foreign exchange loss | | (13,161) | (4,934) |
| Change in fair value of investments and derivatives: | | | |
| Net realized gain | | 870,996 | 2,015,631 |
| Net change in unrealized appreciation | | 70,871 | (1,798,333) |
| Total revenue | | <u>1,023,173</u> | <u>295,489</u> |
| Expenses: | | | |
| BCI cost recoveries | 4 | 2,240 | 2,724 |
| Administrative fees | | 167 | 127 |
| Commissions and stock exchange fees | | 91 | 319 |
| Total operating expenses | | <u>2,498</u> | <u>3,170</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>1,020,675</u> | <u>292,319</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (78,898) | (67,316) |
| From net realized gains on investments and derivatives | | (889,705) | (2,021,879) |
| | | <u>(968,603)</u> | <u>(2,089,195)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ 52,072</u> | <u>\$ (1,796,876)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED U.S. EQUITY 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 | \$ 3,761,177 | \$ 7,030,176 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 52,072 | (1,796,876) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 1,406,679 | 634,740 |
| Reinvestment of distributions | 968,603 | 2,089,195 |
| Amounts paid for units redeemed | (509,538) | (4,196,058) |
| Net increase (decrease) from redeemable unit transactions | 1,865,744 | (1,472,123) |
| Balance, end of year | \$ 5,678,993 | \$ 3,761,177 |

| 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 | \$ 52,072 | \$ (1,796,876) |
| Adjustments for: | | |
| Foreign exchange loss | 13,161 | 4,934 |
| Interest income | (51,117) | (22,151) |
| Dividend income | (41,455) | (59,845) |
| Net realized gain from investments and derivatives | (870,996) | (2,015,631) |
| Net change in unrealized appreciation of investments and derivatives | (70,871) | 1,798,333 |
| Non cash distributions | 968,603 | 2,089,195 |
| Proceeds from sale of investments | 10,354,003 | 9,955,940 |
| Amounts paid for purchase of investments | (11,308,414) | (6,480,083) |
| Receivable from sale of investments | 157,222 | (176,655) |
| Net receivable/payable for variation on futures | - | 706 |
| Security lending revenue receivable | (7) | 42 |
| Payable for purchase of investments | (181,421) | 178,900 |
| BCI cost recoveries payable | 556 | 387 |
| Other accounts payable | 13 | 29 |
| Interest received | 51,117 | 22,151 |
| Dividends received | 40,873 | 63,128 |
| | <u>(886,661)</u> | <u>3,562,504</u> |
| Financing activities: | | |
| Proceeds from issuance of redeemable units | 1,406,679 | 634,740 |
| Payments on redemption of redeemable units | (509,538) | (4,196,058) |
| | <u>897,141</u> | <u>(3,561,318)</u> |
| Net increase in cash | 10,480 | 1,186 |
| Effect of exchange rate changes on cash | (13,161) | (4,934) |
| Cash, beginning of year | 5,054 | 8,802 |
| Cash, end of year | \$ 2,373 | \$ 5,054 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED U.S. EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2019 | | 2018 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 4,598,977 | \$ 4,364,048 | \$ 2,878,740 | \$ 2,768,847 |
| Floating Rate Funds: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| CDOR 1 Floating Rate Fund | 1,097,046 | 1,097,247 | 725,136 | 726,278 |
| LIBOR Floating Rate Fund | - | - | 147,131 | 141,096 |
| | <u>1,097,046</u> | <u>1,097,247</u> | <u>872,267</u> | <u>867,374</u> |
| Total Investments | <u><u>\$ 5,696,023</u></u> | <u><u>\$ 5,461,295</u></u> | <u><u>\$ 3,751,007</u></u> | <u><u>\$ 3,636,221</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED U.S. EQUITY FUND

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

| | 2019 | | | |
|----------------------------|-----------------------------------|---------------------------|--------------------|--|
| | Notional Value <i>(note A)</i> | Fair Value | | |
| | | Assets <i>(note B)</i> | Liabilities | |
| Equity derivatives: | | | | |
| OTC | | | | |
| Swaps | \$ 2,992,854 | \$ 50,978 | \$ (84,967) | |
| Total | <u>\$ 2,992,854</u> | <u>\$ 50,978</u> | <u>\$ (84,967)</u> | |

| | 2018 | | | |
|-----------------------------|-----------------------------------|---------------------------|-------------------|--|
| | Notional Value <i>(note A)</i> | Fair Value | | |
| | | Assets <i>(note B)</i> | Liabilities | |
| Equity derivatives: | | | | |
| OTC | | | | |
| Swaps | \$ 836,593 | \$ 20,556 | \$ (5,474) | |
| Currency derivatives | | | | |
| Listed | | | | |
| Futures | 183,210 | - | (333) | |
| Total | <u>\$ 1,019,803</u> | <u>\$ 20,556</u> | <u>\$ (5,807)</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 | December 31 2018 |
|--------------------|---------------------|---------------------|
| Less than 3 months | <u>\$ 2,992,854</u> | <u>\$ 1,019,803</u> |
| Total | <u>\$ 2,992,854</u> | <u>\$ 1,019,803</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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED U.S. EQUITY FUND

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

The Indexed U.S. Equity Fund (the "Fund") has broad exposure to the largest companies in the United States and provides participating clients with similar risk and return characteristics as the Fund's benchmark. The Fund's benchmark is the Morgan Stanley Capital International United States of America ("MSCI USA") Total Return Index (the "Index"). The Fund holds companies and sectors in proportion to their weighting in the benchmark, subject to the exclusion of certain securities. The objective of the Fund is to replicate the returns of the Index.

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents within the Index;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- money market securities rated A-1 (low) or better, and 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.

The following restrictions apply to the Fund:

- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund must not borrow money or 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 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The Fund invests in 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 is as follows:

| | 2019 | | 2018 | | | |
|--------|------------------|-------------------|-----------------|-------------------|------------------------|----------------|
| | Notional Value | Fair Value | Notional Value | Fair Value | | |
| | | Derivative Assets | | Derivative Assets | Derivative Liabilities | |
| AAA/AA | 1,291,190 | 45,733 | (6,517) | 465,413 | 17,056 | (5,134) |
| A | 1,701,664 | 5,245 | (78,450) | 371,180 | 3,500 | (673) |
| | <u>2,992,854</u> | <u>50,978</u> | <u>(84,967)</u> | <u>836,593</u> | <u>20,556</u> | <u>(5,807)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED U.S. EQUITY 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 | 3 to 12 months | Total |
| Derivative assets | \$ 50,978 | \$ 50,978 | \$ - | \$ 50,978 |
| Derivative liabilities | (84,967) | (84,967) | - | (84,967) |
| | <u>\$ (33,989)</u> | <u>\$ (33,989)</u> | <u>\$ -</u> | <u>\$ (33,989)</u> |

| DERIVATIVE FINANCIAL INSTRUMENTS (in 000s) | 2018 | | | |
|---|------------------|--------------------|--|------------------|
| | Carrying Value | Less than 3 months | | Total |
| Derivative assets | \$ 20,556 | \$ 20,556 | | \$ 20,556 |
| Derivative liabilities | (5,807) | (5,807) | | (5,807) |
| | <u>\$ 14,749</u> | <u>\$ 14,749</u> | | <u>\$ 14,749</u> |

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

Currency Risk

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.

| CURRENCY (in 000s) | 2019 | | | |
|-------------------------------|--|--|---------------------|-----------------------|
| | Net Investments and Investment-Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Japanese Yen | 51,848 | (51,009) | 839 | - % |
| United States Dollar | 5,773,441 | - | 5,773,441 | 101.7 % |
| Net Foreign Exchange Exposure | <u>\$ 5,825,289</u> | <u>\$ (51,009)</u> | <u>\$ 5,774,280</u> | <u>101.7 %</u> |

As at December 31, 2018, the Fund held net assets, including foreign currency contracts, denominated in U.S. currency totalling \$3,135,505,000 CAD which represented 83.4% of the net asset value of the Fund.

As at December 31, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$57,743,000 (2018 - \$31,355,000), representing 1.0% of the Fund's net assets (2018 - 0.8%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED U.S. EQUITY FUND

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

Other Price Risk

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

| INDUSTRY SECTOR (in 000s) | 2019 | | 2018 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 456,661 | 9.8 % | \$ 296,847 | 10.4 % |
| Consumer Staple | 319,445 | 6.9 % | 209,306 | 7.3 % |
| Energy | 192,816 | 4.2 % | 151,606 | 5.3 % |
| Financial Services | 593,802 | 12.9 % | 375,795 | 13.1 % |
| Health Care | 647,784 | 14.1 % | 441,346 | 15.3 % |
| Industrial Products | 412,228 | 9.0 % | 263,361 | 9.1 % |
| Information Technology | 1,075,195 | 23.4 % | 582,351 | 20.2 % |
| Materials and Processing | 121,884 | 2.7 % | 78,799 | 2.7 % |
| Real Estate | 152,365 | 3.3 % | 90,532 | 3.1 % |
| Telecommunication Services | 477,154 | 10.4 % | 292,515 | 10.2 % |
| Utilities | 149,643 | 3.3 % | 96,282 | 3.3 % |
| Total Equities | \$ 4,598,977 | 100.0 % | \$ 2,878,740 | 100.0 % |

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$570,484,000 (2018 - \$370,324,000) or 10.0% (2018 - 9.8%) of net assets.

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

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

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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 |
| | Public Equities | \$ 4,598,977 | \$ - |
| Floating Rate Funds | 1,097,046 | - | 1,097,046 |
| Total Investments | \$ 5,696,023 | \$ - | \$ 5,696,023 |
| Swaps, Net | - | (33,989) | (33,989) |
| Total | \$ - | \$ (33,989) | \$ 5,662,034 |

| (in 000s) | December 31, 2018 | | |
|--------------------------|---|---|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | Public Equities | \$ 2,878,740 | \$ - |
| Floating Rate Funds | 872,267 | - | 872,267 |
| Total Investments | \$ 3,751,007 | \$ - | \$ 3,751,007 |
| Swaps, Net | - | 15,082 | 15,082 |
| Futures Contracts, Net | - | (333) | (333) |
| Total | \$ 3,751,007 | \$ 14,749 | \$ 3,765,756 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED U.S. EQUITY FUND

**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.

**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 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 floating rate funds administered by BCI | 1 | \$ 20,580,634 | \$ 1,097,046 |

| 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 | \$ 13,113,059 | \$ 872,267 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE ASIAN EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2019 | December 31, 2018 |
|--|------|----------------------|----------------------|
| Assets | | | |
| Cash | | \$ 23,638 | \$ 12,951 |
| Dividends receivable | | 4,277 | 2,499 |
| Security lending revenue receivable | | 12 | 10 |
| Withholding tax reclaims receivable | | 174 | 60 |
| Investments | | <u>2,207,751</u> | <u>1,897,274</u> |
| | | <u>2,235,852</u> | <u>1,912,794</u> |
| Liabilities | | | |
| External management fees payable | | 2,344 | 3,474 |
| BCI cost recoveries payable | 4 | 13,652 | 12,377 |
| Other accounts payable | | 231 | 227 |
| | | <u>16,227</u> | <u>16,078</u> |
| Net assets attributable to holders of redeemable units | | | |
| | | <u>\$ 2,219,625</u> | <u>\$ 1,896,716</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 504.472 | 504.472 |
| Net assets attributable to holders of redeemable units per unit | | | |
| | | <u>\$ 4,400</u> | <u>\$ 3,760</u> |

Statement of Comprehensive Income (Loss)

(all amounts in thousands)

| | Note | Year Ended December 31, 2019 | Year Ended December 31, 2018 |
|---|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 505 | \$ 379 |
| Dividend income | | 55,926 | 49,230 |
| Securities lending income | | 232 | 250 |
| Foreign exchange gain (loss) | | (1,923) | 2,794 |
| Change in fair value of investments: | | | |
| Net realized gain | | 58,631 | 360,524 |
| Net change in unrealized appreciation | | <u>228,050</u> | <u>(439,238)</u> |
| Total revenue (loss) | | <u>341,421</u> | <u>(26,061)</u> |
| Expenses: | | | |
| BCI cost recoveries | 4 | 2,595 | 2,153 |
| External management fees | | 9,061 | 8,600 |
| Administrative fees | | 466 | 614 |
| Commissions and stock exchange fees | | 2,186 | 3,577 |
| Withholding taxes | 6 | <u>4,204</u> | <u>4,287</u> |
| Total operating expenses | | <u>18,512</u> | <u>19,231</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions | | | |
| | | <u>322,909</u> | <u>(45,292)</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (36,636) | (25,763) |
| From net realized gains on investments | | <u>(55,388)</u> | <u>(354,939)</u> |
| | | <u>(92,024)</u> | <u>(380,702)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | | |
| | | <u>\$ 230,885</u> | <u>\$ (425,994)</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

ACTIVE ASIAN EQUITY 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 | \$ 1,896,716 | \$ 2,649,405 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 230,885 | (425,994) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 7,400 | - |
| Reinvestment of distributions | 92,024 | 380,702 |
| Amounts paid for units redeemed | (7,400) | (707,397) |
| Net increase (decrease) from redeemable unit transactions | 92,024 | (326,695) |
| Balance, end of year | \$ 2,219,625 | \$ 1,896,716 |

| 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 | \$ 230,885 | \$ (425,994) |
| Adjustments for: | | |
| Foreign exchange loss (gain) | 1,923 | (2,794) |
| Interest income | (505) | (379) |
| Dividend income | (55,926) | (49,230) |
| Withholding taxes | 4,204 | 4,287 |
| Net realized gain from investments | (58,631) | (360,524) |
| Net change in unrealized appreciation of investments | (228,050) | 439,238 |
| Non cash distributions | 92,024 | 380,702 |
| Proceeds from sale of investments | 1,119,360 | 1,968,516 |
| Amounts paid for purchase of investments | (1,143,156) | (1,298,395) |
| Security lending revenue receivable | (2) | 41 |
| Payable for purchase of investments | - | (16) |
| External management fees payable | (1,130) | 253 |
| BCI cost recoveries payable | 1,275 | 1,055 |
| Other accounts payable | 4 | (61) |
| Interest received | 505 | 379 |
| Dividends received | 54,148 | 49,718 |
| Withholding taxes paid | (4,318) | (4,347) |
| | <u>12,610</u> | <u>702,449</u> |
| Financing activities: | | |
| Proceeds from issuance of redeemable units | 7,400 | - |
| Payments on redemption of redeemable units | (7,400) | (707,397) |
| | <u>-</u> | <u>(707,397)</u> |
| Net increase (decrease) in cash | 12,610 | (4,948) |
| Effect of exchange rate changes on cash | (1,923) | 2,794 |
| Cash, beginning of year | <u>12,951</u> | <u>15,105</u> |
| Cash, end of year | \$ 23,638 | \$ 12,951 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE ASIAN EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2019 | | 2018 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 2,205,500 | \$ 1,612,150 | \$ 1,893,325 | \$ 1,528,022 |
| Money Market Investments: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| Fund ST2 | 2,251 | 2,254 | 3,949 | 3,955 |
| Total Investments | <u>\$ 2,207,751</u> | <u>\$ 1,614,404</u> | <u>\$ 1,897,274</u> | <u>\$ 1,531,977</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE ASIAN EQUITY FUND

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

The Active Asian Equity Fund (the "Fund") provides participating clients with exposure to a portfolio of actively managed Asia Pacific stocks. The Fund invests in both developing and mature Asian markets and seeks to earn a higher rate of return than the benchmark, the Morgan Stanley Capital International ("MSCI") All Country Asia Pacific ex-Japan Net Index (the "Index"). The Fund's performance objective is to exceed the benchmark return on a risk-adjusted basis.

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

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of companies from the Asia Pacific region;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- units in the Managers' pooled funds, provided such holdings are permissible investments of the Fund;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- money market securities rated A-1(low) or better, units in BCI's Canadian Money Market Fund ST1, Canadian Money Market Fund ST2, and U.S. Dollar Money Market Fund ST3; and other BCI short-term fixed income pooled funds.

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested in the securities of a single company;

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

- investments in Japanese securities are limited to 20% of the market value of the Fund;
- investments in companies whose country is classified as a frontier market by MSCI are limited to 10% of the market value of the Fund;
- the Fund may not sell a security which it does not own (i.e. 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
- if any counterparty is downgraded below the approved credit standard, BCI will have discretion with respect to the termination of any affected derivative transaction.

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

Credit Risk

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

Liquidity Risk

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

Interest Rate Risk

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

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE ASIAN EQUITY FUND

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

Currency Risk

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

| CURRENCY (in 000s) | 2019 | | | |
|-------------------------------------|--|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 330,756 | \$ - | \$ 330,756 | 14.9 % |
| Chinese Renminbi | 38,971 | - | 38,971 | 1.8 % |
| Hong Kong Dollar | 752,112 | - | 752,112 | 33.9 % |
| Indian Rupee | 229,820 | - | 229,820 | 10.4 % |
| Indonesian Rupiah | 29,368 | - | 29,368 | 1.3 % |
| Korean Won | 263,585 | - | 263,585 | 11.9 % |
| Phillippine Peso | 15,482 | - | 15,482 | 0.7 % |
| Singapore Dollar | 60,806 | - | 60,806 | 2.7 % |
| Taiwan Dollar | 159,079 | - | 159,079 | 7.2 % |
| Thai Baht | 29,877 | - | 29,877 | 1.3 % |
| United States Dollar | 323,645 | - | 323,645 | 14.6 % |
| Net Foreign Exchange Exposure | \$ 2,233,501 | \$ - | \$ 2,233,501 | 100.6 % |

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

Currency Risk (continued)

| CURRENCY (in 000s) | 2018 | | | |
|-------------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 312,039 | \$ - | \$ 312,039 | 16.5 % |
| Chinese Renminbi | 50,888 | - | 50,888 | 2.7 % |
| Hong Kong Dollar | 636,075 | - | 636,075 | 33.5 % |
| Indian Rupee | 203,596 | - | 203,596 | 10.7 % |
| Indonesian Rupiah | 52,321 | - | 52,321 | 2.8 % |
| Korean Won | 193,455 | - | 193,455 | 10.2 % |
| Phillippine Peso | 22,467 | - | 22,467 | 1.2 % |
| Singapore Dollar | 64,259 | - | 64,259 | 3.4 % |
| Taiwan Dollar | 140,047 | - | 140,047 | 7.4 % |
| Thai Baht | 36,577 | - | 36,577 | 1.9 % |
| United States Dollar | 197,012 | - | 197,012 | 10.4 % |
| Net Foreign Exchange Exposure | \$ 1,908,736 | \$ - | \$ 1,908,736 | 100.6 % |

As at December 31, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$22,335,000 (2018 - \$19,087,000), representing 1.0% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE ASIAN EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

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

| INDUSTRY SECTOR (in 000s) | 2019 | | 2018 | |
|------------------------------|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 352,190 | 16.1 % | \$ 269,968 | 14.3 % |
| Consumer Staple | 50,851 | 2.3 % | 60,923 | 3.2 % |
| Energy | 84,903 | 3.8 % | 40,535 | 2.1 % |
| Financial Services | 560,234 | 25.4 % | 556,998 | 29.4 % |
| Health Care | 119,961 | 5.4 % | 119,677 | 6.3 % |
| Industrial | 141,479 | 6.4 % | 98,031 | 5.2 % |
| Information Technology | 398,585 | 18.1 % | 301,490 | 15.9 % |
| Materials and Processing | 159,672 | 7.2 % | 137,463 | 7.3 % |
| Real Estate | 133,200 | 6.0 % | 113,911 | 6.0 % |
| Telecommunication Services | 204,425 | 9.3 % | 194,329 | 10.3 % |
| Total Equities | \$ 2,205,500 | 100.0 % | \$ 1,893,325 | 100.0 % |

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$183,671,000 (2018 - \$189,237,000) or 8.3% (2018 - 10.0%) of net assets attributable to holders of redeemable units.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2019 and 2018, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Financial Risk Management Discussion (continued)
as at December 31

Equity by Geographic Region

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

| GEOGRAPHIC REGION (in 000s) | 2019 | | 2018 | |
|--------------------------------|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| Australia | \$ 312,215 | 14.1 % | \$ 296,190 | 15.6 % |
| China | 691,917 | 31.4 % | 537,612 | 28.5 % |
| Hong Kong | 322,178 | 14.6 % | 289,215 | 15.3 % |
| India | 229,748 | 10.4 % | 203,596 | 10.8 % |
| Indonesia | 29,368 | 1.3 % | 52,321 | 2.8 % |
| Korea | 260,467 | 11.8 % | 191,134 | 10.1 % |
| Phillippines | 15,482 | 0.7 % | 22,467 | 1.2 % |
| Singapore | 60,800 | 2.8 % | 64,259 | 3.4 % |
| Taiwan | 222,890 | 10.1 % | 184,261 | 9.7 % |
| Thailand | 29,828 | 1.4 % | 36,577 | 1.9 % |
| United States | 30,607 | 1.4 % | 15,693 | 0.7 % |
| Total Equities | \$ 2,205,500 | 100.0 % | \$ 1,893,325 | 100.0 % |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE ASIAN EQUITY FUND

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

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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 | \$ 2,205,500 | \$ - | \$ 2,205,500 |
| Money Market Funds | 2,251 | - | 2,251 |
| Total Investments | <u>\$ 2,207,751</u> | <u>\$ -</u> | <u>\$ 2,207,751</u> |

| | December 31, 2018 | | |
|--------------------|---|---|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Public Equities | \$ 1,893,325 | \$ - | \$ 1,893,325 |
| Money Market Funds | 3,949 | - | 3,949 |
| Total Investments | <u>\$ 1,897,274</u> | <u>\$ -</u> | <u>\$ 1,897,274</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 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 | \$ 3,725,877 | \$ 2,251 |

| 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 | \$ 2,347,990 | \$ 3,949 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE EUROPEAN EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2019 | December 31, 2018 |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Cash | | \$ 12,603 | \$ 13,134 |
| Receivable from issuance of units | | 180 | - |
| Dividends receivable | | 768 | 1,204 |
| Security lending revenue receivable | | 32 | 121 |
| Withholding tax reclaims receivable | | 5,621 | 4,599 |
| Investments | | <u>2,114,404</u> | <u>1,869,122</u> |
| | | <u>2,133,608</u> | <u>1,888,180</u> |
| Liabilities | | | |
| External management fees payable | | 1,823 | 1,933 |
| BCI cost recoveries payable | 4 | 7,136 | 6,310 |
| Other accounts payable | | <u>120</u> | <u>119</u> |
| | | <u>9,079</u> | <u>8,362</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 2,124,529</u></u> | <u><u>\$ 1,879,818</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 821.581 | 821.347 |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 2,586</u></u> | <u><u>\$ 2,289</u></u> |

Statement of Comprehensive Income (Loss)

(all amounts in thousands)

| | Note | Year Ended December 31, 2019 | Year Ended December 31, 2018 |
|---|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 95 | \$ 200 |
| Dividend income | | 69,658 | 66,168 |
| Securities lending income | | 622 | 989 |
| Foreign exchange loss | | (1,225) | (562) |
| Change in fair value of investments: | | | |
| Net realized gain | | 88,548 | 26,719 |
| Net change in unrealized appreciation | | <u>106,458</u> | <u>(212,845)</u> |
| Total revenue (loss) | | <u>264,156</u> | <u>(119,331)</u> |
| Expenses: | | | |
| BCI cost recoveries | 4 | 2,729 | 2,354 |
| External management fees | | 6,840 | 7,044 |
| Administrative fees | | 1,014 | 595 |
| Commissions and stock exchange fees | | 2,107 | 1,574 |
| Withholding taxes | 6 | <u>7,350</u> | <u>7,609</u> |
| Total operating expenses | | <u>20,040</u> | <u>19,176</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>244,116</u> | <u>(138,507)</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (51,217) | (43,840) |
| From net realized gains on investments | | <u>(85,985)</u> | <u>(23,492)</u> |
| | | <u>(137,202)</u> | <u>(67,332)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u><u>\$ 106,914</u></u> | <u><u>\$ (205,839)</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

ACTIVE EUROPEAN EQUITY 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 | \$ 1,879,818 | \$ 2,018,325 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 106,914 | (205,839) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 347,795 | - |
| Reinvestment of distributions | 137,202 | 67,332 |
| Amounts paid for units redeemed | (347,200) | - |
| Net increase from redeemable unit transactions | <u>137,797</u> | <u>67,332</u> |
| Balance, end of year | <u><u>\$ 2,124,529</u></u> | <u><u>\$ 1,879,818</u></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 | \$ 106,914 | \$ (205,839) |
| Adjustments for: | | |
| Foreign exchange loss | 1,225 | 562 |
| Interest income | (95) | (200) |
| Dividend income | (69,658) | (66,168) |
| Withholding taxes | 7,350 | 7,609 |
| Net realized gain from investments | (88,548) | (26,719) |
| Net change in unrealized appreciation of investments | (106,458) | 212,845 |
| Non cash distributions | 137,202 | 67,332 |
| Proceeds from sale of investments | 1,147,753 | 1,029,655 |
| Amounts paid for purchase of investments | (1,198,029) | (1,078,307) |
| Security lending revenue receivable | 89 | (54) |
| External management fees payable | (110) | (1,106) |
| BCI cost recoveries payable | 826 | 813 |
| Other accounts payable | 1 | (28) |
| Interest received | 95 | 200 |
| Dividends received | 70,094 | 66,371 |
| Withholding taxes paid | (8,372) | (9,294) |
| | <u>279</u> | <u>(2,328)</u> |
| Financing activities: | | |
| Proceeds from issuance of redeemable units | 347,615 | - |
| Payments on redemption of redeemable units | (347,200) | - |
| | <u>415</u> | <u>-</u> |
| Net increase (decrease) in cash | 694 | (2,328) |
| Effect of exchange rate changes on cash | (1,225) | (562) |
| Cash, beginning of year | <u>13,134</u> | <u>16,024</u> |
| Cash, end of year | <u><u>\$ 12,603</u></u> | <u><u>\$ 13,134</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE EUROPEAN EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2019 | | 2018 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 2,114,387 | \$ 1,844,283 | \$ 1,866,684 | \$ 1,703,038 |
| Money Market Investments: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| Fund ST2 | 16 | 16 | 2,335 | 2,337 |
| Fund ST3 | 1 | 1 | 103 | 101 |
| | <u>17</u> | <u>17</u> | <u>2,438</u> | <u>2,438</u> |
| Total Investments | <u><u>\$ 2,114,404</u></u> | <u><u>\$ 1,844,300</u></u> | <u><u>\$ 1,869,122</u></u> | <u><u>\$ 1,705,476</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EUROPEAN EQUITY FUND

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

The Active European Equity Fund (the "Fund") provides clients with exposure to a portfolio of actively managed European stocks, with the potential of earning a higher rate of return than its benchmark, the Morgan Stanley Capital International ("MSCI") Europe Net Index (the "Index"). The objective of the Fund is to exceed the benchmark return on a risk-adjusted basis. The Fund is comprised of portfolios managed by a team of external investment managers (the "Managers") under contract to BCI. BCI selects the Managers on the basis of their approach, process, historical track record and the strength of their investment team. The Managers operate independently of each other and are given specific value-added targets, consistent with their expected risk profile. In addition to the potential for higher returns, the Fund provides clients with: a diversity of active management investment styles; exposure to a variety of market outlooks; and exposure to the various segments of European equity markets, including emerging markets.

The Fund invests in the following securities:

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

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested in the securities of a single company;
- investments in European emerging markets are limited to 15% of the market value of the Fund;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;

See accompanying Notes to the Financial Statements.

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

Credit Risk

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

Liquidity Risk

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

Interest Rate Risk

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EUROPEAN EQUITY FUND

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

Currency Risk

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

| CURRENCY (in 000s) | 2019 | | | |
|----------------------------------|--|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables | Net Foreign Currency Contracts Receivable | Net Exposure | % of Total Net Assets |
| British Pound Sterling | 392,222 | - | 392,222 | 18.5 % |
| Czech Koruna | 8,742 | - | 8,742 | 0.4 % |
| Danish Krone | 63,570 | - | 63,570 | 3.0 % |
| Euro | 978,506 | - | 978,506 | 46.1 % |
| Hungarian Forint | 33,403 | - | 33,403 | 1.6 % |
| Norwegian Krone | 16,124 | - | 16,124 | 0.8 % |
| Polish Zloty | 3,925 | - | 3,925 | 0.2 % |
| Swedish Krona | 148,411 | - | 148,411 | 7.0 % |
| Swiss Franc | 262,102 | - | 262,102 | 12.3 % |
| Turkish Lira | 58,095 | - | 58,095 | 2.7 % |
| United States Dollar | 160,440 | - | 160,440 | 7.6 % |
| Net Foreign Exchange Exposure | \$ 2,125,540 | \$ - | \$ 2,125,540 | 100.0 % |

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

Currency Risk (continued)

| CURRENCY (in 000s) | 2018 | | | |
|----------------------------------|--|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| British Pound Sterling | 279,964 | - | 279,964 | 14.9 % |
| Czech Koruna | 11,920 | - | 11,920 | 0.6 % |
| Danish Krone | 39,939 | - | 39,939 | 2.1 % |
| Euro | 947,300 | - | 947,300 | 50.4 % |
| Hungarian Forint | 17,534 | - | 17,534 | 0.9 % |
| Norwegian Krone | 61,650 | - | 61,650 | 3.3 % |
| Polish Zloty | 7,064 | - | 7,064 | 0.4 % |
| Swedish Krona | 124,158 | - | 124,158 | 6.6 % |
| Swiss Franc | 203,129 | - | 203,129 | 10.8 % |
| Turkish Lira | 54,064 | - | 54,064 | 2.9 % |
| United States Dollar | 131,195 | - | 131,195 | 7.0 % |
| Net Foreign Exchange Exposure | \$ 1,877,917 | \$ - | \$ 1,877,917 | 99.9 % |

As at December 31, 2019, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$21,255,400 (2018 - \$18,779,170), representing 1.0% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EUROPEAN EQUITY FUND

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

Other Price Risk

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

| INDUSTRY SECTOR (in 000s) | 2019 | | 2018 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 155,283 | 7.3 % | \$ 134,319 | 7.2 % |
| Consumer Staples | 147,874 | 7.0 % | 170,670 | 9.1 % |
| Energy | 91,549 | 4.3 % | 255,894 | 13.7 % |
| Financials | 547,432 | 25.9 % | 403,518 | 21.7 % |
| Health Care | 423,304 | 20.0 % | 389,616 | 20.9 % |
| Industrial Products | 297,473 | 14.1 % | 204,293 | 10.9 % |
| Information Technology | 158,064 | 7.5 % | 76,472 | 4.1 % |
| Materials | 52,824 | 2.5 % | 114,176 | 6.1 % |
| Real Estate | 30,215 | 1.4 % | 19,790 | 1.1 % |
| Telecommunication Services | 130,190 | 6.2 % | 85,980 | 4.6 % |
| Utilities | 80,179 | 3.8 % | 11,956 | 0.6 % |
| Total Equities | <u>\$ 2,114,387</u> | <u>100.0 %</u> | <u>\$ 1,866,684</u> | <u>100.0 %</u> |

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$168,459,000 (2018 - \$177,532,900) or 7.9% (2018 - 9.4%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2019 and 2018, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Other Price Risk (continued)

Equity by Geographic Region

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

| GEOGRAPHIC REGION (in 000s) | 2019 | | 2018 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Austria | 5,447 | 0.3 % | 9,926 | 0.5 % |
| Belgium | 64,512 | 3.1 % | 68,821 | 3.7 % |
| Czech Republic | 8,603 | 0.4 % | 11,908 | 0.6 % |
| Denmark | 62,934 | 3.0 % | 39,326 | 2.1 % |
| Finland | 27,297 | 1.3 % | 91,229 | 4.9 % |
| France | 289,361 | 13.7 % | 219,515 | 11.8 % |
| Germany | 176,278 | 8.3 % | 178,323 | 9.6 % |
| Greece | 4,272 | 0.2 % | 2,505 | 0.1 % |
| Hungary | 33,403 | 1.6 % | 17,534 | 0.9 % |
| Ireland | 31,499 | 1.5 % | 22,187 | 1.2 % |
| Italy | 163,456 | 7.7 % | 58,731 | 3.1 % |
| Netherlands | 237,477 | 11.2 % | 200,103 | 10.7 % |
| Norway | 15,447 | 0.7 % | 60,155 | 3.2 % |
| Poland | 3,574 | 0.2 % | 7,064 | 0.4 % |
| Portugal | 2,741 | 0.1 % | 6,897 | 0.4 % |
| Russia | 40,110 | 1.9 % | 31,331 | 1.7 % |
| Spain | 61,948 | 2.9 % | 73,253 | 3.9 % |
| Sweden | 148,409 | 7.0 % | 124,158 | 6.7 % |
| Switzerland | 259,613 | 12.3 % | 201,630 | 10.8 % |
| Turkey | 56,204 | 2.7 % | 52,779 | 2.8 % |
| United Kingdom | 421,802 | 19.9 % | 389,309 | 20.9 % |
| Total Equities | <u>\$ 2,114,387</u> | <u>100.0 %</u> | <u>\$ 1,866,684</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EUROPEAN EQUITY FUND

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

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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 | \$ 2,114,387 | \$ - | \$ 2,114,387 |
| Money Market Funds | 17 | - | 17 |
| Total Investments | <u>\$ 2,114,404</u> | <u>\$ -</u> | <u>\$ 2,114,404</u> |

| | December 31, 2018 | | |
|--------------------|---|---|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Public Equities | \$ 1,866,684 | \$ - | \$ 1,866,684 |
| Money Market Funds | 2,438 | - | 2,438 |
| Total Investments | <u>\$ 1,869,122</u> | <u>\$ -</u> | <u>\$ 1,869,122</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 sets out the interests held by the Fund in these structured entities:

| | 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) |
| Entity | | | |
| Investee money market funds administered by BCI | 2 | \$ 4,430,289 | \$ 17 |

| | 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) |
| Entity | | | |
| Investee money market funds administered by BCI | 2 | \$ 3,170,185 | \$ 2,438 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE GLOBAL EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2019 | December 31, 2018 |
|--|------|----------------------|----------------------|
| Assets | | | |
| Cash | | \$ 43,995 | \$ 44,758 |
| Receivable from sale of investments | | - | - |
| Receivable from issuance of units | | 205 | - |
| Dividends receivable | | 1,944 | 1,636 |
| Security lending revenue receivable | | 34 | 38 |
| Withholding tax reclaims receivable | 6 | 3,120 | 2,350 |
| Investments | | 2,793,671 | 3,259,698 |
| | | <u>2,842,969</u> | <u>3,308,480</u> |
| Liabilities | | | |
| External management fees payable | | 2,882 | 2,942 |
| BCI cost recoveries payable | 4 | 9,221 | 8,025 |
| Other accounts payable | | 69 | 92 |
| Derivative liabilities: | | | |
| Swaps | 4 | - | 44,168 |
| | | <u>12,172</u> | <u>55,227</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 2,830,797</u> | <u>\$ 3,253,253</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 922,946 | 1,319,281 |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 3,067</u> | <u>\$ 2,466</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 | | \$ 2,582 | \$ 5,106 |
| Dividend income | | 43,428 | 54,123 |
| Securities lending income | | 365 | 469 |
| Foreign exchange gain (loss) | | (2,686) | 31 |
| Change in fair value of investments and derivatives: | | | |
| Net realized gain | | 78,504 | 146,521 |
| Net change in unrealized appreciation | | 501,156 | (164,888) |
| Total revenue | | <u>623,349</u> | <u>41,362</u> |
| Expenses: | | | |
| BCI cost recoveries | 4 | 3,527 | 3,227 |
| External management fees | | 11,112 | 14,622 |
| Administrative fees | | 247 | 284 |
| Commissions and stock exchange fees | | 604 | 2,437 |
| Withholding taxes | 6 | 2,555 | 3,591 |
| Total operating expenses | | <u>18,045</u> | <u>24,161</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>605,304</u> | <u>17,201</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (27,203) | (31,458) |
| From net realized gains on investments and derivatives | | (74,861) | (143,235) |
| | | <u>(102,064)</u> | <u>(174,693)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ 503,240</u> | <u>\$ (157,492)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE GLOBAL EQUITY 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 | \$ 3,253,253 | \$ 3,240,376 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 503,240 | (157,492) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 2,051,040 | - |
| Reinvestment of distributions | 102,064 | 174,693 |
| Amounts paid for units redeemed | <u>(3,078,800)</u> | <u>(4,324)</u> |
| Net increase (decrease) from redeemable unit transactions | <u>(925,696)</u> | <u>170,369</u> |
| Balance, end of year | <u>\$ 2,830,797</u> | <u>\$ 3,253,253</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 | \$ 503,240 | \$ (157,492) |
| Adjustments for: | | |
| Foreign exchange loss (gain) | 2,686 | (31) |
| Interest income | (2,582) | (5,106) |
| Dividend income | (43,428) | (54,123) |
| Withholding taxes | 2,555 | 3,591 |
| Net realized gain from investments and derivatives | (78,504) | (146,521) |
| Net change in unrealized appreciation of investments and derivatives | (501,156) | 164,888 |
| Non cash distributions | 102,064 | 174,693 |
| Proceeds from sale of investments | 1,662,100 | 2,619,482 |
| Amounts paid for purchase of investments | (660,581) | (2,679,181) |
| Receivable from sale of investments | - | 9,461 |
| Security lending revenue receivable | 4 | 16 |
| Payable for purchase of investments | - | (24,256) |
| External management fees payable | (60) | (1,104) |
| BCI cost recoveries payable | 1,196 | 1,349 |
| Other accounts payable | (23) | 11 |
| Interest received | 2,582 | 5,106 |
| Dividends received | 43,120 | 54,411 |
| Withholding taxes paid | <u>(3,325)</u> | <u>(4,685)</u> |
| | <u>1,029,888</u> | <u>(39,491)</u> |
| Financing activities: | | |
| Proceeds from issuance of redeemable units | 2,050,835 | - |
| Payments on redemption of redeemable units | <u>(3,078,800)</u> | <u>(4,324)</u> |
| | <u>(1,027,965)</u> | <u>(4,324)</u> |
| Net increase (decrease) in cash | 1,923 | (43,815) |
| Effect of exchange rate changes on cash | (2,686) | 31 |
| Cash, beginning of year | <u>44,758</u> | <u>88,542</u> |
| Cash, end of year | <u>\$ 43,995</u> | <u>\$ 44,758</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE GLOBAL EQUITY FUND

Schedule of Investments

as at December 31
(all amounts in thousands)

| | 2019 | | 2018 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 2,692,242 | \$ 1,462,071 | \$ 2,101,703 | \$ 1,319,947 |
| Exchange Traded Funds | 101,381 | 94,048 | - | - |
| | <u>2,793,623</u> | <u>1,556,119</u> | <u>2,101,703</u> | <u>1,319,947</u> |
| Money Market Investments: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| Fund ST1 | 5 | 5 | - | - |
| Fund ST2 | 43 | 43 | 1,205 | 1,207 |
| Fund ST3 | - | - | 1 | 1 |
| CDOR 2 Floating Rate Fund | - | - | 1,156,789 | 1,158,027 |
| | <u>48</u> | <u>48</u> | <u>1,157,995</u> | <u>1,159,235</u> |
| Total Investments | <u><u>\$ 2,793,671</u></u> | <u><u>\$ 1,556,167</u></u> | <u><u>\$ 3,259,698</u></u> | <u><u>\$ 2,479,182</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE GLOBAL EQUITY FUND

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

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

As at December 31, 2019, the Fund held no derivative financial instruments.

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

| | 2018 | | | |
|-----------------------------|-----------------------------------|---------------------------|-------------|--|
| | Notional Value <i>(note A)</i> | Fair Value | | |
| | | Assets <i>(note B)</i> | Liabilities | |
| Currency derivatives | | | | |
| OTC | | | | |
| Swaps | 1,154,000 | - | (44,168) | |

| | December 31 2019 | December 31 2018 |
|--------------------|---------------------|---------------------|
| Less than 3 months | \$ - | \$ 1,154,000 |

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE GLOBAL EQUITY FUND

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

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

The Fund invests in the following securities:

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

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested in the securities of a single company;
- investments in emerging markets are limited to 10% of the market value of the Fund;
- investments in the frontier markets are prohibited;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- 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 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

The Fund invests in 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. As at December 31, 2019, the Fund held no derivative financial instruments and is therefore not exposed to credit risk from derivative financial instruments.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE GLOBAL EQUITY 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.

As at December 31, 2019, the Fund held no derivative financial assets and derivative financial liabilities. The following were the contractual maturities of derivative financial assets and derivative financial liabilities as at December 31, 2018.

| DERIVATIVE FINANCIAL INSTRUMENTS (in 000s) | 2018 | | |
|---|----------------|--------------------|-------------|
| | Carrying Value | Less than 3 months | Total |
| Derivative liabilities | (44,168) | (44,168) | (44,168) |
| | \$ (44,168) | \$ (44,168) | \$ (44,168) |

Interest Rate Risk

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

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

Currency Risk

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

| CURRENCY (in 000s) | 2019 | | | % of Total Net Assets |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | |
| Australian Dollar | \$ 34,287 | \$ - | \$ 34,287 | 1.2 % |
| British Pound Sterling | 81,414 | - | 81,414 | 2.9 % |
| Danish Krone | 66,641 | - | 66,641 | 2.4 % |
| Euro | 327,460 | - | 327,460 | 11.6 % |
| Hong Kong Dollar | 175,442 | - | 175,442 | 6.2 % |
| Indian Rupee | 57,352 | - | 57,352 | 2.0 % |
| Indonesian Rupiah | 13,466 | - | 13,466 | 0.5 % |
| Japanese Yen | 246,189 | - | 246,189 | 8.7 % |
| South African Rand | 7 | - | 7 | - |
| Swedish Krona | 28,944 | - | 28,944 | 1.0 % |
| Swiss Franc | 127,390 | - | 127,390 | 4.5 % |
| Taiwan Dollar | 16,781 | - | 16,781 | 0.6 % |
| United States Dollar | 1,609,089 | (91) | 1,608,998 | 56.8 % |
| Net Foreign Exchange Exposure | \$ 2,784,462 | \$ (91) | \$ 2,784,371 | 98.4 % |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE GLOBAL EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

| CURRENCY (in 000s) | 2018 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 52,127 | \$ - | \$ 52,127 | 1.6 % |
| British Pound Sterling | 158,961 | - | 158,961 | 4.9 % |
| Danish Krone | 60,458 | - | 60,458 | 1.9 % |
| Euro | 384,740 | - | 384,740 | 11.8 % |
| Hong Kong Dollar | 178,005 | - | 178,005 | 5.5 % |
| Indian Rupee | 65,967 | - | 65,967 | 2.0 % |
| Israeli Shekel | 1,146 | - | 1,146 | - % |
| Japanese Yen | 269,454 | - | 269,454 | 8.3 % |
| New Zealand Dollar | 928 | - | 928 | - % |
| Norwegian Krone | 2,941 | - | 2,941 | 0.1 % |
| Singapore Dollar | 5,501 | - | 5,501 | 0.2 % |
| South African Rand | 12,133 | - | 12,133 | 0.4 % |
| Swedish Krona | 27,628 | - | 27,628 | 0.8 % |
| Swiss Franc | 140,809 | - | 140,809 | 4.3 % |
| United States Dollar | 704,113 | (87) | 704,026 | 21.6 % |
| Net Foreign Exchange Exposure | \$ 2,064,911 | \$ (87) | \$ 2,064,824 | 63.4 % |

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 \$27,844,000 (2018 - \$20,648,000), representing 1.0% of the Fund's net assets (2018 - 0.6%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

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

| INDUSTRY SECTOR (in 000s) | 2019 | | 2018 | |
|------------------------------|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 380,434 | 14.1 % | \$ 307,575 | 14.6 % |
| Consumer Staples | 284,899 | 10.6 % | 229,302 | 10.9 % |
| Energy | 115,304 | 4.3 % | 145,169 | 6.9 % |
| Financials | 243,193 | 9.0 % | 202,798 | 9.6 % |
| Health Care | 460,633 | 17.1 % | 351,855 | 16.7 % |
| Industrials | 190,491 | 7.1 % | 144,133 | 6.9 % |
| Information Technology | 684,016 | 25.4 % | 424,248 | 20.4 % |
| Materials | 111,533 | 4.1 % | 97,488 | 4.6 % |
| Real Estate | 39,529 | 1.5 % | 46,860 | 2.2 % |
| Telecommunication Services | 129,170 | 4.8 % | 128,284 | 6.1 % |
| Utilities | 53,040 | 2.0 % | 23,991 | 1.1 % |
| Total Public Equities | \$ 2,692,242 | 100.0 % | \$ 2,101,703 | 100.0 % |

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$268,972,000 (2018 - \$311,497,925) or 9.5% (2018 - 9.6%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2019 and 2018, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE GLOBAL EQUITY FUND

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

Equity by Geographic Region

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

| GEOGRAPHIC REGION (in 000s) | 2019 | | 2018 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Australia | \$ 34,287 | 1.4 % | \$ 24,284 | 1.3 % |
| Canada | 27,817 | 1.0 % | 19,090 | 0.9 % |
| China | 49,212 | 1.8 % | 39,763 | 1.9 % |
| Denmark | 66,034 | 2.5 % | 52,735 | 2.5 % |
| Finland | 13,174 | 0.5 % | 10,097 | 0.5 % |
| France | 91,614 | 3.4 % | 94,003 | 4.5 % |
| Germany | 74,659 | 2.8 % | 53,887 | 2.6 % |
| Hong Kong | 125,523 | 4.7 % | 122,990 | 5.9 % |
| India | 57,352 | 2.1 % | 65,966 | 3.1 % |
| Indonesia | 13,466 | 0.5 % | - | - % |
| Ireland | - | - % | 13,790 | 0.7 % |
| Japan | 246,079 | 8.9 % | 170,319 | 7.8 % |
| Netherlands | 69,790 | 2.6 % | 26,220 | 1.2 % |
| South Africa | - | - % | 8,102 | 0.4 % |
| Spain | 29,308 | 1.1 % | 22,340 | 1.1 % |
| Sweden | 28,450 | 1.1 % | 16,609 | 0.8 % |
| Switzerland | 124,184 | 4.6 % | 104,545 | 5.0 % |
| Taiwan | 63,995 | 2.4 % | 31,659 | 1.5 % |
| United Kingdom | 128,652 | 4.8 % | 125,252 | 6.0 % |
| United States | 1,448,646 | 53.8 % | 1,100,052 | 52.3 % |
| Total Equities | <u>\$ 2,692,242</u> | <u>100.0 %</u> | <u>\$ 2,101,703</u> | <u>100.0 %</u> |

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

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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 |
| | Public Equities | \$ 2,692,242 | - |
| Exchange Traded Funds | 101,381 | - | 101,381 |
| Money Market Funds | 48 | - | 48 |
| Total Investments | <u>\$ 2,793,671</u> | <u>\$ -</u> | <u>\$ 2,793,671</u> |

| (in 000s) | December 31, 2018 | | |
|---------------------------------|---|---|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | Public Equities | \$ 2,101,703 | \$ - |
| Money Market Funds | 1,206 | - | 1,206 |
| Floating Rate Funds | 1,156,789 | - | 1,156,789 |
| Total Investments | \$ 3,259,698 | \$ - | \$ 3,259,698 |
| Foreign Currency Contracts, Net | - | (44,168) | (44,168) |
| Total | <u>\$ 3,259,698</u> | <u>\$ (44,168)</u> | <u>\$ 3,215,530</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.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE GLOBAL EQUITY 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 funds administered by BCI | 2 | \$ 4,852,454 | \$ 48 |

| Entity | December 31, 2018 | | |
|--|--------------------------------|--|--|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying amount included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by BCI | 3 | \$ 6,555,242 | \$ 1,157,995 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2019 | December 31, 2018 |
|--|------|----------------------|----------------------|
| Assets | | | |
| Cash | | \$ 195 | \$ 5,282 |
| Receivable from sale of investments | | - | 1,517 |
| Dividends receivable | | - | 4,294 |
| Security lending revenue receivable | | - | 81 |
| Withholding tax reclaims receivable | 6 | 3,785 | 3,709 |
| Derivative assets: | | | |
| Foreign currency contracts | | - | 1 |
| Swaps | | 266,377 | 19,196 |
| Investments | | 3,502,512 | 3,277,854 |
| | | <u>3,772,869</u> | <u>3,311,934</u> |
| Liabilities | | | |
| Payable for purchase of investments | | - | 4,886 |
| BCI cost recoveries payable | 4 | 2,618 | 1,871 |
| Other accounts payable | | 131 | 122 |
| Payable to BCI pooled investment portfolio | 4 | - | 21,736 |
| Derivative liabilities: | | | |
| Foreign currency contracts | | - | 10 |
| Swaps | | 40,611 | 8,877 |
| | | <u>43,360</u> | <u>37,502</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 3,729,509</u> | <u>\$ 3,274,432</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 1,184.327 | 1,184.327 |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 3,149</u> | <u>\$ 2,765</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 | | \$ 13,436 | \$ 1,536 |
| Dividend income | | 73,243 | 74,099 |
| Securities lending income | | 1,013 | 800 |
| Foreign exchange gain (loss) | | (13,695) | 982 |
| Change in fair value of investments and derivatives: | | | |
| Net realized gain | | 316,408 | 185,783 |
| Net change in unrealized appreciation | | 80,914 | (225,434) |
| Total revenue | | <u>471,319</u> | <u>37,766</u> |
| Expenses: | | | |
| BCI cost recoveries | 4 | 8,951 | 5,691 |
| Administrative fees | | 273 | 254 |
| Commissions and stock exchange fees | | 3,578 | 5,221 |
| Withholding taxes | 6 | 3,440 | 3,524 |
| Total operating expenses | | <u>16,242</u> | <u>14,690</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>455,077</u> | <u>23,076</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (64,627) | (67,021) |
| From net realized gains on investments and derivatives | | (280,498) | (211,347) |
| | | <u>(345,125)</u> | <u>(278,368)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ 109,952</u> | <u>\$ (255,292)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

GLOBAL QUANTITATIVE ACTIVE EQUITY 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 | \$ 3,274,432 | \$ 3,251,356 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 109,952 | (255,292) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | - | 71,300 |
| Reinvestment of distributions | 345,125 | 278,368 |
| Amounts paid for units redeemed | - | (71,300) |
| Net increase from redeemable unit transactions | <u>345,125</u> | <u>278,368</u> |
| Balance, end of year | <u>\$ 3,729,509</u> | <u>\$ 3,274,432</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 | \$ 109,952 | \$ (255,292) |
| Adjustments for: | | |
| Foreign exchange loss (gain) | 13,695 | (982) |
| Interest income | (13,436) | (1,536) |
| Dividend income | (73,243) | (74,099) |
| Withholding taxes | 3,440 | 3,524 |
| Net realized gain from investments and derivatives | (316,408) | (185,783) |
| Net change in unrealized appreciation of investments and derivatives | (80,914) | 225,434 |
| Non cash distributions | 345,125 | 278,368 |
| Proceeds from sale of investments | 9,809,822 | 7,523,341 |
| Amounts paid for purchase of investments | (9,855,983) | (7,604,333) |
| Security lending revenue receivable | 81 | (28) |
| Payable to BCI pooled investment portfolio | (21,736) | 21,736 |
| BCI cost recoveries payable | 747 | 754 |
| Other accounts payable | 9 | 72 |
| Interest received | 13,436 | 1,536 |
| Dividends received | 77,537 | 72,298 |
| Withholding taxes paid | (3,516) | (4,255) |
| | <u>8,608</u> | <u>755</u> |
| Financing activities: | | |
| Proceeds from issuance of redeemable units | - | 71,300 |
| Payments on redemption of redeemable units | - | (71,300) |
| | <u>-</u> | <u>-</u> |
| Net increase in cash | 8,608 | 755 |
| Effect of exchange rate changes on cash | (13,695) | 982 |
| Cash, beginning of year | 5,282 | 3,545 |
| Cash, end of year | <u>\$ 195</u> | <u>\$ 5,282</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2019 | | 2018 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ - | \$ - | \$ 3,269,335 | \$ 3,132,479 |
| Money Market Investments: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| Fund ST1 | 6,267 | 6,270 | - | - |
| | 6,267 | 6,270 | - | - |
| Floating Rate Funds: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| CDOR 1 Floating Rate Fund | 566,274 | 566,115 | 1,506 | 1,508 |
| CDOR 3 Floating Rate Fund | 2,929,971 | 2,927,396 | - | - |
| LIBOR Floating Rate Fund | - | - | 7,013 | 6,594 |
| | 3,496,245 | 3,493,511 | 8,519 | 8,102 |
| Total Investments | <u>\$ 3,502,512</u> | <u>\$ 3,499,781</u> | <u>\$ 3,277,854</u> | <u>\$ 3,140,581</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

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

| | 2019 | | | |
|----------------------------|-----------------------------------|---------------------------|--------------------|--|
| | Notional Value <i>(note A)</i> | Fair Value | | |
| | | Assets <i>(note B)</i> | Liabilities | |
| Equity derivatives: | | | | |
| OTC | | | | |
| Swaps | \$ 9,372,778 | \$ 266,377 | \$ (40,611) | |
| Total | <u>\$ 9,372,778</u> | <u>\$ 266,377</u> | <u>\$ (40,611)</u> | |

| | 2018 | | | |
|-----------------------------|-----------------------------------|---------------------------|-------------------|--|
| | Notional Value <i>(note A)</i> | Fair Value | | |
| | | Assets <i>(note B)</i> | Liabilities | |
| Equity derivatives: | | | | |
| OTC | | | | |
| Swaps | \$ 1,502,975 | \$ 19,196 | \$ (8,877) | |
| Currency derivatives | | | | |
| Listed | | | | |
| OTC | | | | |
| Forwards | 2,718 | 1 | (10) | |
| Total | <u>\$ 1,505,693</u> | <u>\$ 19,197</u> | <u>\$ (8,887)</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 | December 31 2018 |
|--------------------|---------------------|---------------------|
| Less than 3 months | \$ 3,501,444 | \$ 4,223 |
| 3 to 12 months | 5,871,334 | 1,501,470 |
| Total | <u>\$ 9,372,778</u> | <u>\$ 1,505,693</u> |

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

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

GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

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

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

The Fund invests in the following securities:

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

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested, long or short, in the securities of a single company;
- the Fund may maintain short positions on common stock or common stock equivalents of benchmark member companies with a market value of up to 35% of the net asset value of the Fund;
- the value of short equity positions shall be approximately equal to the value of leveraged long positions and, once established, the difference between the two shall not exceed 5% of the net asset value of the Fund;
- 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

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

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

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

The Fund uses derivative financial instruments to replicate equity investment returns of selected long and short equity positions through synthetic exposure.

Credit Risk

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:

| | 2019 | | | 2018 | | |
|--------|------------------|----------------|------------------------|------------------|---------------|------------------------|
| | Notional Value | Fair Value | Derivative Liabilities | Notional Value | Fair Value | Derivative Liabilities |
| AAA/AA | 1,938,278 | 116,486 | - | 1,505 | 13 | - |
| A | 7,434,500 | 149,891 | (40,611) | 2,718 | 1 | (10) |
| BBB | - | - | - | 1,501,470 | 19,183 | (8,877) |
| | <u>9,372,778</u> | <u>266,377</u> | <u>(40,611)</u> | <u>1,505,693</u> | <u>19,197</u> | <u>(8,887)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

GLOBAL QUANTITATIVE ACTIVE EQUITY 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 | 3 to 12 months | Total |
| Derivative assets | \$ 266,377 | \$ 234,625 | \$ 31,752 | \$ 266,377 |
| Derivative liabilities | (40,611) | - | (40,611) | (40,611) |
| | <u>\$ 225,766</u> | <u>\$ 234,625</u> | <u>\$ (8,859)</u> | <u>\$ 225,766</u> |

| DERIVATIVE FINANCIAL INSTRUMENTS (in 000s) | 2018 | | | |
|---|------------------|--------------------|------------------|------------------|
| | Carrying Value | Less than 3 months | 3 to 12 months | Total |
| Derivative assets | \$ 19,197 | \$ 14 | \$ 19,183 | 19,197 |
| Derivative liabilities | (8,887) | - | (8,887) | (8,887) |
| | <u>\$ 10,310</u> | <u>\$ 14</u> | <u>\$ 10,296</u> | <u>\$ 10,310</u> |

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

Interest Rate Risk

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

Currency Risk

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

| CURRENCY (in 000s) | 2019 | | | |
|-------------------------------|--|---|---------------------|-----------------------|
| | Net Investments and Investment-Related Receivables | Net Foreign Currency Contracts Receivable/(Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 87,848 | \$ - | \$ 87,848 | 2.4 % |
| British Pound Sterling | 212,837 | - | 212,837 | 5.7 % |
| Danish Krone | 24,292 | - | 24,292 | 0.7 % |
| Euro | 411,265 | - | 411,265 | 11.0 % |
| Hong Kong Dollar | 41,678 | - | 41,678 | 1.1 % |
| Israeli Shekel | 4,282 | - | 4,282 | 0.1 % |
| Japanese Yen | 376,500 | (58,520) | 317,980 | 8.5 % |
| New Zealand Dollar | 3,572 | - | 3,572 | 0.1 % |
| Norwegian Krone | 8,041 | - | 8,041 | 0.2 % |
| Singapore Dollar | 16,541 | - | 16,541 | 0.4 % |
| Swedish Krona | 34,613 | - | 34,613 | 0.9 % |
| Swiss Franc | 122,795 | - | 122,795 | 3.3 % |
| United States Dollar | 2,607,051 | - | 2,607,051 | 69.9 % |
| Net Foreign Exchange Exposure | <u>\$ 3,951,315</u> | <u>\$ (58,520)</u> | <u>\$ 3,892,795</u> | <u>104.4 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Currency Risk (continued)

| CURRENCY (in 000s) | 2018 | | | |
|----------------------------------|---|--|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 59,519 | \$ - | \$ 59,519 | 1.8 % |
| British Pound Sterling | 190,155 | - | 190,155 | 5.8 % |
| Danish Krone | 30,175 | - | 30,175 | 0.9 % |
| Euro | 371,683 | - | 371,683 | 11.4 % |
| Hong Kong Dollar | 65,274 | - | 65,274 | 2.0 % |
| Israeli Shekel | 5,807 | - | 5,807 | 0.2 % |
| Japanese Yen | 288,097 | (1,532) | 286,565 | 8.8 % |
| New Zealand Dollar | 897 | - | 897 | - % |
| Norwegian Krone | 11,138 | - | 11,138 | 0.3 % |
| Singapore Dollar | 17,867 | - | 17,867 | 0.5 % |
| Swedish Krona | 34,264 | - | 34,264 | 1.0 % |
| Swiss Franc | 97,928 | - | 97,928 | 3.0 % |
| United States Dollar | 2,104,022 | 322 | 2,104,344 | 64.3 % |
| Net Foreign Exchange Exposure | \$ 3,276,826 | \$ (1,210) | \$ 3,275,616 | 100.0 % |

As at December 31, 2019, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by 38,928,000 (2018 - \$32,756,000), representing 1.0% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

Management monitors the concentration of risk for equity securities based on industry and geographic location. As at December 31, 2019, the Fund held no equity investments and used derivative financial instruments to track the Fund's Index as well as overweights and underweights relative to the Index. As at December 31, 2019 the Fund's exposure through derivative instruments is concentrated in the following industries; as at December 31, 2018, the Fund's equity investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2019 | | 2018 | |
|------------------------------|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 334,687 | 9.0 % | \$ 354,950 | 10.9 % |
| Consumer Staples | 338,742 | 9.1 % | 284,164 | 8.7 % |
| Energy | 164,683 | 4.4 % | 176,520 | 5.4 % |
| Financials | 578,725 | 15.5 % | 525,697 | 16.0 % |
| Health Care | 485,611 | 13.0 % | 440,990 | 13.5 % |
| Industrials | 405,741 | 10.9 % | 355,584 | 10.9 % |
| Information Technology | 708,784 | 19.0 % | 499,337 | 15.3 % |
| Materials | 191,838 | 5.1 % | 146,063 | 4.5 % |
| Real Estate | 95,548 | 2.6 % | 109,001 | 3.3 % |
| Telecommunication Services | 281,375 | 7.5 % | 265,343 | 8.1 % |
| Utilities | 142,544 | 3.8 % | 111,686 | 3.4 % |
| Total Exposure | \$ 3,728,278 | 99.9 % | \$ 3,269,335 | 100.0 % |

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$366,256,000 (2018 - \$470,002,000) or 9.8% (2018 - 14.4%) of net assets attributable to redeemable units

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings, including derivative contracts, as at December 31, 2019 and 2018, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

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

Other Price Risk (continued)

Equity by Geographic Region

As at December 31, 2019 the Fund's exposure through derivative instruments is concentrated in the following geographic regions; as at December 31, 2018, the Fund's equity investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2019 | | 2018 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Australia | \$ 92,013 | 2.5 % | \$ 59,397 | 1.8 % |
| Austria | (12,113) | (0.3)% | 14,247 | 0.4 % |
| Belgium | 10,978 | 0.3 % | 10,136 | 0.3 % |
| Denmark | 45,307 | 1.2 % | 29,691 | 0.9 % |
| Finland | 2,526 | 0.1 % | 12,759 | 0.4 % |
| France | 206,272 | 5.5 % | 104,059 | 3.2 % |
| Germany | 64,234 | 1.7 % | 88,739 | 2.7 % |
| Hong Kong | 59,885 | 1.6 % | 68,300 | 2.1 % |
| Ireland | (7,220) | (0.2)% | 5,969 | 0.2 % |
| Israel | - | - % | 6,084 | 0.2 % |
| Italy | 34,228 | 0.9 % | 32,386 | 1.0 % |
| Japan | 334,370 | 9.0 % | 285,899 | 8.7 % |
| Israel | 4,131 | 0.1 % | - | - % |
| Netherlands | 49,306 | 1.3 % | 38,310 | 1.2 % |
| New Zealand | (1,058) | - % | 861 | - % |
| Norway | 16,988 | 0.5 % | 11,107 | 0.3 % |
| Portugal | 8,536 | 0.2 % | 6,707 | 0.2 % |
| Singapore | (8,600) | (0.2)% | 17,777 | 0.5 % |
| Spain | 19,832 | 0.5 % | 38,970 | 1.2 % |
| Sweden | 53,003 | 1.4 % | 34,209 | 1.0 % |
| Switzerland | 169,142 | 4.5 % | 96,190 | 2.9 % |
| United Kingdom | 192,251 | 5.2 % | 210,558 | 6.4 % |
| United States | 2,394,267 | 64.2 % | 2,096,980 | 64.4 % |
| Total Exposure | \$ 3,728,278 | 100.0 % | \$ 3,269,335 | 100.0 % |

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

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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 |
| | Money Market Funds | 6,267 | - |
| Floating Rate Funds | 3,496,245 | - | 3,496,245 |
| Total Investments | \$ 3,502,512 | \$ - | \$ 3,502,512 |
| Swaps, net | - | 225,766 | 225,766 |
| Total | \$ 3,502,512 | \$ 225,766 | \$ 3,728,278 |

| (in 000s) | December 31, 2018 | | |
|---------------------------------|---|--|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | Public Equities | \$ 3,269,335 | \$ - |
| Floating Rate Funds | 8,519 | - | 8,519 |
| Total Investments | \$ 3,277,854 | \$ - | \$ 3,277,854 |
| Swaps, net | - | 10,319 | 10,319 |
| Foreign currency contracts, net | - | (9) | (9) |
| Total | \$ 3,277,854 | \$ 10,310 | \$ 3,288,164 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

**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.

**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 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 | 3 | \$ 27,264,289 | \$ 3,502,512 |

| 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 | \$ 13,113,059 | \$ 8,519 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED GLOBAL EQUITY FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | | Statement of Comprehensive Income (Loss) (all amounts in thousands) | | | |
|---|------|-----------------------------|-----------------------------|---|------|------------------------------------|------------------------------------|
| | Note | December 31, 2019 | December 31, 2018 | | Note | Year Ended December 31, 2019 | Year Ended December 31, 2018 |
| Assets | | | | Revenue: | | | |
| Cash | | \$ 5,447 | \$ 10,142 | Interest income | | \$ 179,600 | \$ 89,886 |
| Receivable from sale of investments | | - | 1,676 | Dividend income | | 169,856 | 269,460 |
| Receivable from issuance of units | | 86,900 | 299,000 | Securities lending income | | 7,657 | 2,615 |
| Dividends receivable | | 5,146 | 9,203 | Foreign exchange loss | | (11,851) | (5,931) |
| Security lending revenue receivable | | 49 | 141 | Change in fair value of investments and derivatives: | | | |
| Withholding tax reclaims receivable | 6 | 6,614 | 4,858 | Net realized gain | | 2,015,527 | 732,684 |
| Receivable from BCI pooled investment portfolio | 4 | - | 21,736 | Net change in unrealized appreciation | | 795,862 | (1,145,582) |
| Derivative assets: | | | | Total revenue (loss) | | <u>3,156,651</u> | <u>(56,868)</u> |
| Swaps | | 210,997 | 56,898 | Expenses: | | | |
| Options | | 42,039 | - | BCI cost recoveries | 4 | 14,634 | 10,625 |
| Investments | | <u>15,220,316</u> | <u>15,523,479</u> | Administrative fees | | 493 | 793 |
| | | <u>15,577,508</u> | <u>15,927,133</u> | Commissions and stock exchange fees | | 1,630 | 2,956 |
| Liabilities | | | | Withholding taxes | 6 | <u>7,562</u> | <u>12,423</u> |
| Payable for purchase of investments | | 14,895 | 6,326 | Total operating expenses | | <u>24,319</u> | <u>26,797</u> |
| Payable for redemption of units | | 86,900 | 299,000 | Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>3,132,332</u> | <u>(83,665)</u> |
| BCI cost recoveries payable | 4 | 4,637 | 3,517 | Distributions to holders of redeemable units: | | | |
| Other accounts payable | | 203 | 302 | From net investment income | | (322,567) | (330,132) |
| Derivative liabilities: | | | | From net realized gains on investments and derivatives | | <u>(2,058,123)</u> | <u>(766,781)</u> |
| Foreign currency contracts | | 5 | - | Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ 751,642</u> | <u>\$ (1,180,578)</u> |
| Swaps | | 157 | 350,225 | | | | |
| Options | | 38,791 | - | | | | |
| | | <u>145,588</u> | <u>659,370</u> | | | | |
| Net assets attributable to holders of redeemable units | | <u>\$ 15,431,920</u> | <u>\$ 15,267,763</u> | | | | |
| <i>Number of redeemable units outstanding</i> | 5 | 4,918.283 | 5,931.507 | | | | |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 3,138</u> | <u>\$ 2,574</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

INDEXED GLOBAL EQUITY 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 | \$ 15,267,763 | \$ 11,556,886 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 751,642 | (1,180,578) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 4,131,374 | 6,850,505 |
| Reinvestment of distributions | 2,380,690 | 1,096,913 |
| Amounts paid for units redeemed | <u>(7,099,549)</u> | <u>(3,055,963)</u> |
| Net increase (decrease) from redeemable unit transactions | <u>(587,485)</u> | <u>4,891,455</u> |
| Balance, end of year | <u>\$ 15,431,920</u> | <u>\$ 15,267,763</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 | \$ 751,642 | \$ (1,180,578) |
| Adjustments for: | | |
| Foreign exchange loss | 11,851 | 5,931 |
| Interest income | (179,600) | (89,886) |
| Dividend income | (169,856) | (269,460) |
| Withholding taxes | 7,562 | 12,423 |
| Net realized gain from investments and derivatives | (2,015,527) | (732,684) |
| Net change in unrealized appreciation of investments and derivatives | (795,862) | 1,145,582 |
| Non cash distributions | 2,380,690 | 1,096,913 |
| Proceeds from sale of investments | 11,428,142 | 12,002,437 |
| Amounts paid for purchase of investments | (8,807,507) | (16,095,902) |
| Net receivable for variation on options | (42,039) | - |
| Net payable for variation on options | 38,791 | - |
| Security lending revenue receivable | 92 | (29) |
| Receivable from BCI pooled investment portfolio | 21,736 | (21,736) |
| BCI cost recoveries payable | 1,120 | 1,025 |
| Other accounts payable | (99) | 235 |
| Interest received | 179,600 | 89,886 |
| Dividends received | 173,913 | 269,049 |
| Withholding taxes paid | <u>(9,318)</u> | <u>(16,184)</u> |
| | <u>2,975,331</u> | <u>(3,782,978)</u> |
| Financing activities: | | |
| Proceeds from issuance of redeemable units | 4,343,474 | 6,551,505 |
| Payments on redemption of redeemable units | <u>(7,311,649)</u> | <u>(2,756,963)</u> |
| | <u>(2,968,175)</u> | <u>3,794,542</u> |
| Net increase in cash | 7,156 | 11,564 |
| Effect of exchange rate changes on cash | (11,851) | (5,931) |
| Cash, beginning of year | 10,142 | 4,509 |
| Cash, end of year | <u>\$ 5,447</u> | <u>\$ 10,142</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED GLOBAL EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2019 | | 2018 | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 6,179,277 | \$ 5,571,833 | \$ 7,303,055 | \$ 6,982,063 |
| Floating Rate Funds: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| CDOR 1 Floating Rate Fund | 9,041,039 | 9,039,888 | 8,162,651 | 8,165,960 |
| LIBOR Floating Rate Fund | - | - | 57,773 | 55,313 |
| | <u>9,041,039</u> | <u>9,039,888</u> | <u>8,220,424</u> | <u>8,221,273</u> |
| Total Investments | <u>\$ 15,220,316</u> | <u>\$ 14,611,721</u> | <u>\$ 15,523,479</u> | <u>\$ 15,203,336</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED GLOBAL EQUITY FUND

| Derivative Assets and Liabilities | | | |
|--|---------------------------|-------------------|--------------------|
| as at December 31 | | | |
| (all amounts in thousands) | | | |
| | 2019 | | |
| | Fair Value | | |
| Notional Value <i>(note A)</i> | Assets <i>(note B)</i> | Liabilities | |
| Equity derivatives: | | | |
| OTC | | | |
| Swaps | \$ 9,000,030 | \$ 210,997 | \$ (157) |
| Options: Purchased | 1,051,440 | 42,039 | - |
| Options: Written | 1,047,934 | - | (38,791) |
| Currency derivatives | | | |
| OTC | | | |
| Forwards | 2,986 | - | (5) |
| Total | \$ 11,102,390 | \$ 253,036 | \$ (38,953) |

| | 2018 | | |
|-----------------------------------|---------------------------|-------------|--------------|
| | Fair Value | | |
| Notional Value <i>(note A)</i> | Assets <i>(note B)</i> | Liabilities | |
| Currency derivatives | | | |
| OTC | | | |
| Swaps | \$ 10,509,227 | \$ 56,898 | \$ (350,225) |

| 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 | \$ 7,924,485 | \$ 9,967,911 |
| 3 to 12 months | 3,177,905 | 541,316 |
| Total | \$ 11,102,390 | \$ 10,509,227 |

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED GLOBAL EQUITY FUND

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

The Indexed Global Equity Fund (the "Fund") provides clients with exposure to equity markets from across the globe at a low management fee. The Fund's benchmark is the Morgan Stanley Capital International ("MSCI") World ex-Canada Net Index (the "Index"). The Fund's performance objective is to replicate the returns of the Index. The Fund is managed internally by BCI. BCI portfolio managers hold company, sector, and country allocations roughly in proportion to their benchmark weights and have discretion to determine the appropriate timing of implementing Index changes.

The Fund invests in the following securities:

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

The following restrictions apply to the Fund:

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

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

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

The Fund uses derivative financial instruments to replicate equity investment returns of selected long and short equity positions through synthetic exposure.

Credit Risk

The Fund invests in derivative contracts which inherently have counterparty risk. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. The credit risk exposure of derivative 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 |
| AAA/AA | 6,648,897 | 177,084 | (11,976) | 5,816,905 | 4,132 | (211,617) |
| A | 4,453,493 | 75,952 | (26,977) | 2,997,006 | 8,799 | (94,796) |
| BBB | - | - | - | 541,316 | - | (43,812) |
| Internal (not rated) | - | - | - | 1,154,000 | 43,967 | - |
| | <u>11,102,390</u> | <u>253,036</u> | <u>(38,953)</u> | <u>10,509,227</u> | <u>56,898</u> | <u>(350,225)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED GLOBAL EQUITY 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 | \$ 253,036 | \$ 228,612 | \$ 24,424 | \$ 253,036 |
| Derivative liabilities | (38,953) | (38,820) | (133) | (38,953) |
| | <u>\$ 214,083</u> | <u>\$ 189,792</u> | <u>\$ 24,291</u> | <u>\$ 214,083</u> |

| DERIVATIVE FINANCIAL INSTRUMENTS (in 000s) | 2018 | | | |
|--|---------------------|---------------------|--------------------|---------------------|
| | Carrying Value | Less than 3 months | | Total |
| | | 3 to 12 months | | |
| Derivative assets | \$ 56,898 | \$ 56,898 | \$ - | \$ 56,898 |
| Derivative liabilities | (350,225) | (306,413) | (43,812) | (350,225) |
| | <u>\$ (293,327)</u> | <u>\$ (249,515)</u> | <u>\$ (43,812)</u> | <u>\$ (293,327)</u> |

Interest Rate Risk

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

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

Currency Risk

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

| CURRENCY (in 000s) | 2019 | | | |
|----------------------------------|--|-----------------------------------|----------------------|--------------------------|
| | Net Investments and Investment-Related Receivables | Net Foreign Currency Contracts | | % of Total Net Assets |
| | | Receivable/ (Payable) | Net Exposure | |
| Australian Dollar | \$ 361,071 | \$ 235 | \$ 361,306 | 2.3 % |
| British Pound Sterling | 860,527 | - | 860,527 | 5.6 % |
| Danish Krone | 98,117 | 84 | 98,201 | 0.6 % |
| Euro | 1,702,631 | 440 | 1,703,071 | 11.0 % |
| Hong Kong Dollar | 170,966 | 213 | 171,179 | 1.1 % |
| Israeli Shekel | 17,843 | - | 17,843 | 0.1 % |
| Japanese Yen | 1,728,344 | (420,376) | 1,307,968 | 8.5 % |
| New Zealand Dollar | 14,606 | 102 | 14,708 | 0.1 % |
| Norwegian Krone | 33,054 | - | 33,054 | 0.2 % |
| Singapore Dollar | 67,812 | 217 | 68,029 | 0.4 % |
| Swedish Krona | 142,236 | (10) | 142,226 | 0.9 % |
| Swiss Franc | 499,163 | 93 | 499,256 | 3.2 % |
| United States Dollar | 10,935,849 | 125 | 10,935,974 | 70.9 % |
| Net Foreign Exchange Exposure | <u>\$ 16,632,219</u> | <u>\$ (418,877)</u> | <u>\$ 16,213,342</u> | <u>105.1 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED GLOBAL EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Currency Risk (continued)

| CURRENCY (in 000s) | 2018 | | | |
|-------------------------------------|--|---|---------------|--------------------------|
| | Net Investments and Investment-Related Receivables | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 404,428 | \$ - | \$ 404,428 | 2.6 % |
| British Pound Sterling | 966,399 | - | 966,399 | 6.3 % |
| Danish Krone | 102,281 | 41 | 102,322 | 0.7 % |
| Euro | 1,865,857 | 82 | 1,865,939 | 12.2 % |
| Hong Kong Dollar | 208,108 | - | 208,108 | 1.4 % |
| Israeli Shekel | 16,663 | - | 16,663 | 0.1 % |
| Japanese Yen | 1,432,148 | 278 | 1,432,426 | 9.4 % |
| New Zealand Dollar | 13,492 | - | 13,492 | 0.1 % |
| Norwegian Krone | 42,780 | - | 42,780 | 0.3 % |
| Singapore Dollar | 80,063 | - | 80,063 | 0.5 % |
| Swedish Krona | 158,320 | - | 158,320 | 1.0 % |
| Swiss Franc | 506,837 | 234 | 507,071 | 3.3 % |
| United States Dollar | 10,037,996 | (635) | 10,037,361 | 65.7 % |
| Net Foreign Exchange Exposure | \$ 15,835,372 | \$ - | \$ 15,835,372 | 103.7 % |

As at December 31, 2019, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$162,133,000 (2018 - \$158,354,000), representing 1.1% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

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

| INDUSTRY SECTOR (in 000s) | 2019 | | 2018 | |
|------------------------------|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 648,012 | 10.5 % | \$ 776,419 | 10.7 % |
| Consumer Staples | 520,776 | 8.4 % | 647,402 | 8.9 % |
| Energy | 273,304 | 4.4 % | 402,068 | 5.5 % |
| Financials | 918,399 | 14.9 % | 1,126,336 | 15.4 % |
| Health Care | 829,740 | 13.4 % | 1,018,659 | 13.9 % |
| Industrials | 681,848 | 11.0 % | 807,641 | 11.1 % |
| Information Technology | 1,098,047 | 17.8 % | 1,077,143 | 14.7 % |
| Materials | 258,620 | 4.2 % | 324,850 | 4.4 % |
| Real Estate | 208,728 | 3.4 % | 245,381 | 3.4 % |
| Telecommunication Services | 530,681 | 8.6 % | 622,265 | 8.5 % |
| Utilities | 211,122 | 3.4 % | 254,891 | 3.5 % |
| Total Equities | \$ 6,179,277 | 100.0 % | \$ 7,303,055 | 100.0 % |

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$1,503,415,000 (2018 - \$1,814,768,000) or 9.7% (2018 - 11.9%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2019 and 2018, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED GLOBAL EQUITY FUND

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

Other Price Risk (continued)

Equity by Geographic Region

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

| GEOGRAPHIC REGION (in 000s) | 2019 | | 2018 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Australia | \$ 144,725 | 2.3 % | \$ 184,520 | 2.5 % |
| Austria | 4,743 | 0.1 % | 6,357 | 0.1 % |
| Belgium | 21,001 | 0.3 % | 25,247 | 0.3 % |
| Denmark | 39,142 | 0.6 % | 46,558 | 0.6 % |
| Finland | 20,113 | 0.3 % | 27,750 | 0.4 % |
| France | 243,063 | 3.9 % | 295,904 | 4.1 % |
| Germany | 184,135 | 3.0 % | 234,857 | 3.2 % |
| Hong Kong | 74,121 | 1.2 % | 104,336 | 1.4 % |
| Ireland | 12,520 | 0.2 % | 14,425 | 0.2 % |
| Israel | 12,802 | 0.2 % | 14,379 | 0.2 % |
| Italy | 49,851 | 0.8 % | 60,086 | 0.8 % |
| Japan | 520,026 | 8.4 % | 651,146 | 8.9 % |
| Netherlands | 84,739 | 1.4 % | 94,785 | 1.3 % |
| New Zealand | 5,857 | 0.1 % | 6,175 | 0.1 % |
| Norway | 13,247 | 0.2 % | 19,596 | 0.3 % |
| Portugal | 3,383 | 0.1 % | 4,217 | 0.1 % |
| Singapore | 27,242 | 0.4 % | 36,524 | 0.5 % |
| Spain | 60,391 | 1.0 % | 82,312 | 1.1 % |
| Sweden | 57,023 | 0.9 % | 72,266 | 1.0 % |
| Switzerland | 198,662 | 3.2 % | 230,360 | 3.2 % |
| United Kingdom | 350,254 | 5.7 % | 459,273 | 6.3 % |
| United States | 4,052,237 | 65.7 % | 4,631,982 | 63.4 % |
| Total Equities | \$ 6,179,277 | 100.0 % | \$ 7,303,055 | 100.0 % |

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

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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 |
| | Public Equities | \$ 6,179,277 | \$ - |
| Floating Rate Funds | 9,041,039 | - | 9,041,039 |
| Total Investments | \$ 15,220,316 | \$ - | \$ 15,220,316 |
| Foreign Currency Contracts, Net | - | (5) | (5) |
| Options, Net | - | 3,248 | 3,248 |
| Swaps, Net | - | 210,840 | 210,840 |
| Total | \$ 15,220,316 | \$ 214,083 | \$ 15,434,399 |

| (in 000s) | December 31, 2018 | | |
|--------------------------|---|---|----------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | Public Equities | \$ 7,303,055 | \$ - |
| Floating Rate Funds | 8,220,424 | - | 8,220,424 |
| Total Investments | \$ 15,523,479 | \$ - | \$ 15,523,479 |
| Swaps, Net | - | (293,327) | (293,327) |
| Total | \$ 15,523,479 | \$ (293,327) | \$ 15,230,152 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED GLOBAL EQUITY FUND

**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.

**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 funds administered by BCI | 1 | \$ 20,580,634 | \$ 9,041,039 |

| 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 | \$ 13,113,057 | \$ 8,220,424 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE EMERGING MARKETS EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2019 | December 31, 2018 |
|--|------|----------------------|----------------------|
| Assets | | | |
| Cash | | \$ 169,717 | \$ 209,956 |
| Receivable from sale of investments | | 1,234 | 4,570 |
| Receivable from issuance of units | | 750 | 42,800 |
| Dividends receivable | | 4,017 | 7,128 |
| Interest receivable | | 7 | - |
| Security lending revenue receivable | | 19 | 44 |
| Withholding tax reclaims receivable | 6 | 976 | 995 |
| Derivative assets: | | | |
| Foreign currency contracts | | - | 21 |
| Swaps | | - | 115,225 |
| Investments | | 4,005,292 | 7,959,849 |
| | | <u>4,182,012</u> | <u>8,340,588</u> |
| Liabilities | | | |
| Payable for purchase of investments | | 1,305 | 5,302 |
| Payable for redemption of units | | - | 38,650 |
| External management fees payable | | 4,713 | 11,142 |
| BCI cost recoveries payable | 4 | 37,736 | 34,793 |
| Other accounts payable | | 650 | 1,316 |
| Derivative liabilities: | | | |
| Foreign currency contracts | | 1 | 5 |
| Swaps | | 1,416 | - |
| | | <u>45,821</u> | <u>91,208</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 4,136,191</u> | <u>\$ 8,249,380</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 2,467.598 | 5,530.111 |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 1,676</u> | <u>\$ 1,492</u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Loss

(all amounts in thousands)

| | Note | Year Ended December 31, 2019 | Year Ended December 31, 2018 |
|---|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 9,514 | \$ 20,954 |
| Dividend income | | 81,186 | 195,071 |
| Securities lending income | | 545 | 1,088 |
| Foreign exchange gain | | 26,363 | 23,636 |
| Change in fair value of investments and derivatives: | | | |
| Net realized gain | | 677,546 | 855,122 |
| Net change in unrealized appreciation | | (107,214) | (1,816,134) |
| Total revenue (loss) | | <u>687,940</u> | <u>(720,263)</u> |
| Expenses: | | | |
| BCI cost recoveries | 4 | 20,045 | 20,299 |
| External management fees | | 18,520 | 41,263 |
| Administrative fees | | 2,531 | 4,579 |
| Commissions and stock exchange fees | | 7,528 | 18,066 |
| Withholding taxes | 6 | 7,441 | 20,544 |
| Total operating expenses | | <u>56,065</u> | <u>104,751</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>631,875</u> | <u>(825,014)</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (72,182) | (125,429) |
| From net realized gains on investments and derivatives | | (665,008) | (844,131) |
| | | <u>(737,190)</u> | <u>(969,560)</u> |
| Decrease in net assets attributable to holders of redeemable units | | <u>\$ (105,315)</u> | <u>\$ (1,794,574)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE EMERGING MARKETS EQUITY 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 | \$ 8,249,380 | \$ 10,140,470 |
| Decrease in net assets attributable to holders of redeemable units | (105,315) | (1,794,574) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 475,032 | 107,832 |
| Reinvestment of distributions | 737,190 | 969,560 |
| Amounts paid for units redeemed | (5,220,096) | (1,173,908) |
| Net decrease from redeemable unit transactions | (4,007,874) | (96,516) |
| Balance, end of year | \$ 4,136,191 | \$ 8,249,380 |

| Statement of Cash Flows (all amounts in thousands) | | |
|--|------------------------------------|------------------------------------|
| | Year Ended December 31, 2019 | Year Ended December 31, 2018 |
| Operating activities: | | |
| Decrease in net assets attributable to holders of redeemable units | \$ (105,315) | \$ (1,794,574) |
| Adjustments for: | | |
| Foreign exchange gain | (26,363) | (23,636) |
| Interest income | (9,514) | (20,954) |
| Dividend income | (81,186) | (195,071) |
| Withholding taxes | 7,441 | 20,544 |
| Net realized gain from investments and derivatives | (677,546) | (855,122) |
| Net change in unrealized appreciation of investments and derivatives | 107,214 | 1,816,134 |
| Non cash distributions | 737,190 | 969,560 |
| Proceeds from sale of investments | 7,080,246 | 11,067,684 |
| Amounts paid for purchase of investments | (2,439,360) | (10,222,465) |
| Security lending revenue receivable | 25 | 76 |
| External management fees payable | (6,429) | (5,386) |
| BCI cost recoveries payable | 2,943 | 6,104 |
| Other accounts payable | (666) | (415) |
| Interest received | 9,507 | 20,954 |
| Dividends received | 84,297 | 205,444 |
| Withholding taxes paid | (7,422) | (20,791) |
| | <u>4,675,062</u> | <u>968,086</u> |
| Financing activities: | | |
| Proceeds from issuance of redeemable units | 517,082 | 66,282 |
| Payments on redemption of redeemable units | (5,258,746) | (1,135,258) |
| | <u>(4,741,664)</u> | <u>(1,068,976)</u> |
| Net decrease in cash | (66,602) | (100,890) |
| Effect of exchange rate changes on cash | 26,363 | 23,636 |
| Cash, beginning of year | 209,956 | 287,210 |
| Cash, end of year | \$ 169,717 | \$ 209,956 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE EMERGING MARKETS EQUITY FUND

Schedule of Investments

as at December 31
(all amounts in thousands)

| | 2019 | | 2018 | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 3,767,681 | \$ 3,259,414 | \$ 5,514,442 | \$ 5,014,578 |
| Bonds: | | | | |
| Corporate | 3,078 | 2,541 | 130 | 133 |
| Money Market | | | | |
| Investments: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| Fund ST1 | 26 | 27 | 4,812 | 4,816 |
| Fund ST3 | 2,308 | 2,355 | 303 | 292 |
| | <u>2,334</u> | <u>2,382</u> | <u>5,115</u> | <u>5,108</u> |
| Floating Rate Funds: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| CDOR1 Floating Rate Fund | 232,199 | 232,904 | 211,895 | 212,211 |
| CDOR2 Floating Rate Fund | - | - | 2,228,267 | 2,229,212 |
| | <u>232,199</u> | <u>232,904</u> | <u>2,440,162</u> | <u>2,441,423</u> |
| Total Investments | <u><u>\$ 4,005,292</u></u> | <u><u>\$ 3,497,241</u></u> | <u><u>\$ 7,959,849</u></u> | <u><u>\$ 7,461,242</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE EMERGING MARKETS EQUITY FUND

| Derivative Assets and Liabilities | | | |
|--|---------------------------|-------------|-------------------|
| as at December 31 | | | |
| (all amounts in thousands) | | | |
| | 2019 | | |
| | Fair Value | | |
| Notional Value <i>(note A)</i> | Assets <i>(note B)</i> | Liabilities | |
| Equity derivatives: | | | |
| OTC | | | |
| Swaps | 230,170 | - | (1,416) |
| Currency derivatives | | | |
| OTC | | | |
| Forwards | 192,740 | - | (1) |
| Total | \$ 422,910 | \$ - | \$ (1,417) |

| | 2018 | | |
|-----------------------------------|---------------------------|-------------------|---------------|
| | Fair Value | | |
| Notional Value <i>(note A)</i> | Assets <i>(note B)</i> | Liabilities | |
| Equity derivatives: | | | |
| OTC | | | |
| Swaps | 2,430,986 | 115,225 | - |
| Currency derivatives | | | |
| OTC | | | |
| Forwards | 4,337 | 21 | (5) |
| Total | \$ 2,435,323 | \$ 115,246 | \$ (5) |

| 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 | \$ 422,910 | \$ 4,337 |
| 3 to 12 months | - | 2,430,986 |
| Total | \$ 422,910 | 2,435,323 |

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EMERGING MARKETS EQUITY FUND

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

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

The Fund can hold the following securities:

- publicly traded common stock or common stock equivalents of companies whose country is classified as an emerging, developed, or frontier market by MSCI and listed on an emerging market exchange;
- exchange traded funds based on or correlated to the Index or a subset of the Index;
- units in external managers' pooled funds, provided such holdings are permissible investments for the Fund;
- private placement securities that will become freely tradable on a recognized exchange within four months of issuance, or with CIO approval;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- money market securities rated A-1 (low) or better, 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.

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

The following restrictions apply to the Fund:

- No more than 10% of the market value of the Fund can be invested in the securities of one company;
- investments in companies whose country is classified as a frontier market by MSCI are limited to 10% of the market value of the Fund;
- investments in companies whose country is classified as a developed market by MSCI are limited to 10% of the market value of the Fund;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, external counterparties must be financial institutions that are rated "A-" or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

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

Credit Risk

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:

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EMERGING MARKETS EQUITY 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 Assets |
| | | Derivative Liabilities | | Derivative Liabilities |
| A | 422,910 | - | 2,435,323 | 115,246 |
| | | (1,417) | | (5) |
| | <u>422,910</u> | <u>-</u> | <u>2,435,323</u> | <u>115,246</u> |
| | | <u>(1,417)</u> | | <u>(5)</u> |

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 | Total |
| Derivative assets | \$ - | \$ - | \$ - | \$ - |
| Derivative liabilities | (1,417) | (1,417) | - | (1,417) |
| | <u>\$ (1,417)</u> | <u>\$ (1,417)</u> | <u>\$ -</u> | <u>\$ (1,417)</u> |

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

| DERIVATIVE FINANCIAL INSTRUMENTS (in 000s) | 2018 | | | |
|--|-------------------|--------------------|-------------------|-------------------|
| | Carrying Value | Less than 3 months | 3 to 12 months | Total |
| Derivative assets | \$ 115,246 | \$ 21 | \$ 115,225 | \$ 115,246 |
| Derivative liabilities | (5) | (5) | - | (5) |
| | <u>\$ 115,241</u> | <u>\$ 16</u> | <u>\$ 115,225</u> | <u>\$ 115,241</u> |

Interest Rate Risk

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

Currency Risk

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EMERGING MARKETS EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Currency Risk (continued)

| CURRENCY (in 000s) | 2019 | | | |
|----------------------------------|--|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Brazilian Real | 92,276 | - | 92,276 | 2.2 % |
| Chinese Renminbi | 1,283,441 | - | 1,283,441 | 31.0 % |
| Euro | 15,128 | - | 15,128 | 0.4 % |
| Hong Kong Dollar | 868,425 | 983 | 869,408 | 21.0 % |
| Hungarian Forint | 27,914 | - | 27,914 | 0.7 % |
| Indian Rupee | 535,775 | - | 535,775 | 13.0 % |
| Indonesian Rupiah | 8,223 | - | 8,223 | 0.2 % |
| Japanese Yen | 16,023 | (10,796) | 5,227 | 0.1 % |
| Korean Won | 430,645 | 165 | 430,810 | 10.4 % |
| Malaysian Ringgit | 9,173 | - | 9,173 | 0.2 % |
| Pakistani Rupee | 1,826 | - | 1,826 | - % |
| Polish Zloty | 12,535 | - | 12,535 | 0.3 % |
| Kuwaiti Dinar | 7,458 | - | 7,458 | 0.2 % |
| Russian Ruble | 9,920 | - | 9,920 | 0.2 % |
| South African Rand | 31,350 | - | 31,350 | 0.8 % |
| United Arab Emirates Dirham | 12,664 | - | 12,664 | 0.3 % |
| Taiwan Dollar | 172,342 | - | 172,342 | 4.2 % |
| Thai Baht | 17,159 | - | 17,159 | 0.4 % |
| Turkish Lira | 22,174 | - | 22,174 | 0.5 % |
| United States Dollar | 636,551 | (1,149) | 635,402 | 15.4 % |
| Net Foreign Exchange Exposure | \$ 4,211,002 | \$ (10,797) | \$ 4,200,205 | 101.5 % |

Financial Risk Management Discussion (continued)
as at December 31

Currency Risk (continued)

| CURRENCY (in 000s) | 2018 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Brazilian Real | 136,677 | (53) | 136,624 | 1.7 % |
| Chinese Renminbi | 976,865 | - | 976,865 | 11.8 % |
| Euro | 172,615 | - | 172,615 | 2.1 % |
| Hong Kong Dollar | 910,147 | 1,016 | 911,163 | 11.0 % |
| Hungarian Forint | 20,779 | - | 20,779 | 0.3 % |
| Indian Rupee | 1,372,330 | (1,645) | 1,370,685 | 16.6 % |
| Indonesian Rupiah | 170,008 | - | 170,008 | 2.1 % |
| Korean Won | 260,882 | - | 260,882 | 3.2 % |
| Malaysian Ringgit | 115,150 | - | 115,150 | 1.4 % |
| Mexican Peso | 85,967 | - | 85,967 | 1.0 % |
| Pakistani Rupee | 1,624 | - | 1,624 | - % |
| Philippine Peso | 49,702 | - | 49,702 | 0.6 % |
| Polish Zloty | 50,857 | - | 50,857 | 0.6 % |
| Singapore Dollar | 155,926 | - | 155,926 | 1.9 % |
| South African Rand | 68,072 | - | 68,072 | 0.8 % |
| United Arab Emirates Dirham | 1,806 | - | 1,806 | - % |
| Taiwan Dollar | 125,549 | - | 125,549 | 1.5 % |
| Thai Baht | 156,840 | - | 156,840 | 1.9 % |
| Turkish Lira | 5,766 | - | 5,766 | 0.1 % |
| United States Dollar | 980,261 | 666 | 980,927 | 11.9 % |
| Vietnam Dong | 21,358 | - | 21,358 | 0.3 % |
| Net Foreign Exchange Exposure | \$ 5,839,181 | \$ (16) | \$ 5,839,165 | 70.8 % |

As at December 31, 2019, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$42,002,000 (2018 - \$58,392,000), representing 1.0% of the Fund's net assets (2018 - 0.7%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EMERGING MARKETS EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

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

| INDUSTRY SECTOR (in 000s) | 2019 | | 2018 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 748,698 | 19.8 % | \$ 646,446 | 11.7 % |
| Consumer Staple | 418,208 | 11.1 % | 900,754 | 16.3 % |
| Energy | 204,009 | 5.4 % | 248,330 | 4.5 % |
| Financial Services | 741,193 | 19.7 % | 1,472,241 | 26.7 % |
| Health Care | 139,347 | 3.7 % | 116,320 | 2.1 % |
| Industrial Products | 185,333 | 4.9 % | 302,352 | 5.5 % |
| Information Technology | 586,455 | 15.6 % | 644,673 | 11.7 % |
| Materials and Processing | 181,390 | 4.8 % | 201,885 | 3.7 % |
| Real Estate | 162,277 | 4.3 % | 115,111 | 2.1 % |
| Telecommunication Services | 281,940 | 7.5 % | 613,373 | 11.1 % |
| Utilities | 118,831 | 3.2 % | 252,957 | 4.6 % |
| Total Equities | <u>\$ 3,767,681</u> | <u>100.0 %</u> | <u>\$ 5,514,442</u> | <u>100.0 %</u> |

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$297,610,000 (2018 - \$841,432,000) or 7.2% (2018 - 10.2%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2019 and 2018, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Financial Risk Management Discussion (continued)
as at December 31

Equity by Geographic Region

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

| GEOGRAPHIC REGION (in 000s) | 2019 | | 2018 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Argentina | - | - % | 2,629 | - % |
| Belgium | - | - % | 36,513 | 0.7 % |
| Brazil | 158,633 | 4.2 % | 313,049 | 5.7 % |
| Chile | 3,767 | 0.1 % | 5,229 | 0.1 % |
| China | 2,279,049 | 60.6 % | 2,020,452 | 36.7 % |
| Colombia | 3,651 | 0.1 % | 29,832 | 0.5 % |
| Egypt | 7,975 | 0.2 % | 4,852 | 0.1 % |
| Greece | 14,491 | 0.4 % | 9,252 | 0.2 % |
| Hong Kong | 64,158 | 1.7 % | 67,034 | 1.2 % |
| Hungary | 27,914 | 0.7 % | 20,779 | 0.4 % |
| India | 535,431 | 14.2 % | 1,385,817 | 25.1 % |
| Indonesia | 8,223 | 0.2 % | 168,952 | 3.1 % |
| Japan | 5,049 | 0.1 % | - | - % |
| Korea | 199,976 | 5.3 % | 258,729 | 4.7 % |
| Kuwait | 7,458 | 0.2 % | - | - % |
| Malaysia | 9,173 | 0.2 % | 115,150 | 2.1 % |
| Mexico | 26,603 | 0.7 % | 172,096 | 3.1 % |
| Netherlands | - | - % | 126,165 | 2.3 % |
| Pakistan | 1,823 | - % | 1,619 | - % |
| Peru | 9,530 | 0.3 % | 33,002 | 0.6 % |
| Phillippines | - | - % | 49,702 | 0.9 % |
| Poland | 12,505 | 0.3 % | 50,856 | 0.9 % |
| Russia | 125,518 | 3.3 % | 59,771 | 1.1 % |
| Singapore | - | - % | 155,429 | 2.8 % |
| South Africa | 31,042 | 0.8 % | 67,763 | 1.2 % |
| Taiwan | 171,747 | 4.6 % | 171,819 | 3.1 % |
| Thailand | 17,159 | 0.5 % | 156,560 | 2.8 % |
| Turkey | 22,174 | 0.6 % | 5,766 | 0.1 % |
| United Arab Emirates | 18,262 | 0.5 % | 6,067 | 0.1 % |
| United States | 6,370 | 0.2 % | - | - % |
| Vietnam | - | - % | 19,558 | 0.4 % |
| Total Equities | <u>\$ 3,767,681</u> | <u>100.0 %</u> | <u>\$ 5,514,442</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

ACTIVE EMERGING MARKETS EQUITY FUND

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

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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 | \$ 3,767,681 | \$ - | \$ 3,767,681 |
| Money Market Funds | 2,334 | - | 2,334 |
| Floating Rate Funds | 232,199 | - | 232,199 |
| Bonds | - | 3,078 | 3,078 |
| Total Investments | \$ 4,002,214 | \$ 3,078 | \$ 4,005,292 |
| Foreign Currency Contracts, Net | - | (1) | (1) |
| Swaps, Net | - | (1,416) | (1,416) |
| Total | \$ 4,002,214 | \$ 1,661 | \$ 4,003,875 |

| | December 31, 2018 | | |
|---------------------------------|---|---|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| (in 000s) | | | |
| Public Equities | \$ 5,514,442 | \$ - | \$ 5,514,442 |
| Money Market Funds | 5,115 | - | 5,115 |
| Floating Rate Funds | 2,440,162 | - | 2,440,162 |
| Bonds | - | 130 | 130 |
| Total Investments | \$ 7,959,719 | \$ 130 | \$ 7,959,849 |
| Foreign Currency Contracts, Net | - | 16 | 16 |
| Swaps, Net | - | 115,225 | 115,225 |
| Total | \$ 7,959,719 | \$ 115,371 | \$ 8,075,090 |

**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 PORTFOLIO

ACTIVE EMERGING MARKETS EQUITY 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 funds administered by BCI | 3 | \$ 22,411,623 | \$ 234,533 |

| 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 | 4 | \$ 18,757,409 | \$ 2,445,277 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED EMERGING MARKETS EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2019 | December 31, 2018 |
|--|------|----------------------|----------------------|
| Assets | | | |
| Cash | | \$ 3,080 | \$ 1,728 |
| Receivable from sale of investments | | - | 16,138 |
| Receivable from issuance of units | | - | 29,400 |
| Dividends receivable | | 7,715 | 7,073 |
| Security lending revenue receivable | | 104 | 99 |
| Withholding tax reclaims receivable | 6 | 448 | 215 |
| Derivative assets: | | | |
| Swaps | | 346,844 | 35,182 |
| Investments | | 9,694,230 | 4,690,939 |
| | | <u>10,052,421</u> | <u>4,780,774</u> |
| Liabilities | | | |
| Payable for purchase of investments | | - | 16,361 |
| Payable for redemption of units | | - | 29,400 |
| BCI cost recoveries payable | 4 | 1,785 | 695 |
| Other accounts payable | | 705 | 710 |
| Derivative liabilities: | | | |
| Swaps | | 46,114 | 861 |
| | | <u>48,604</u> | <u>48,027</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 10,003,817</u> | <u>\$ 4,732,747</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 5,954.488 | 3,168.712 |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 1,680</u> | <u>\$ 1,494</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 | | \$ 112,653 | \$ 13,691 |
| Dividend income | | 93,047 | 111,394 |
| Securities lending income | | 5,130 | 1,251 |
| Foreign exchange loss | | (1,953) | (18,878) |
| Change in fair value of investments and derivatives: | | | |
| Net realized gain (loss) | | 181,330 | (108,185) |
| Net change in unrealized appreciation | | 571,303 | (264,762) |
| Total revenue (loss) | | <u>961,510</u> | <u>(265,489)</u> |
| Expenses: | | | |
| BCI cost recoveries | 4 | 7,470 | 1,899 |
| Administrative fees | | 1,420 | 1,620 |
| Commissions and stock exchange fees | | 650 | 1,555 |
| Withholding taxes | 6 | 9,502 | 18,575 |
| Total operating expenses | | <u>19,042</u> | <u>23,649</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>942,468</u> | <u>(289,138)</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (189,750) | (84,968) |
| From net realized gains on investments and derivatives | | (74,625) | - |
| | | <u>(264,375)</u> | <u>(84,968)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ 678,093</u> | <u>\$ (374,106)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED EMERGING MARKETS EQUITY 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 | \$ 4,732,747 | \$ 2,159,628 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 678,093 | (374,106) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 5,137,173 | 3,127,247 |
| Reinvestment of distributions | 264,375 | 84,968 |
| Amounts paid for units redeemed | (808,571) | (264,990) |
| Net increase from redeemable unit transactions | 4,592,977 | 2,947,225 |
| Balance, end of year | \$ 10,003,817 | \$ 4,732,747 |

| 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 | \$ 678,093 | \$ (374,106) |
| Adjustments for: | | |
| Foreign exchange loss | 1,953 | 18,878 |
| Interest income | (112,653) | (13,691) |
| Dividend income | (93,047) | (111,394) |
| Withholding taxes | 9,502 | 18,575 |
| Net realized loss (gain) from investments and derivatives | (181,330) | 108,185 |
| Net change in unrealized appreciation of investments and derivatives | (571,303) | 264,762 |
| Non cash distributions | 264,375 | 84,968 |
| Proceeds from sale of investments | 2,303,674 | 1,134,485 |
| Amounts paid for purchase of investments | (6,820,741) | (4,077,191) |
| Receivable from sale of investments | 16,138 | (16,138) |
| Security lending revenue receivable | (5) | (66) |
| Payable for purchase of investments | (16,361) | 14,725 |
| BCI cost recoveries payable | 1,090 | 206 |
| Other accounts payable | (5) | 467 |
| Interest received | 112,653 | 13,691 |
| Dividends received | 92,405 | 107,466 |
| Withholding taxes paid | (9,735) | (18,733) |
| | <u>(4,325,297)</u> | <u>(2,844,911)</u> |
| Financing activities: | | |
| Proceeds from issuance of redeemable units | 5,166,573 | 3,097,847 |
| Payments on redemption of redeemable units | (837,971) | (235,590) |
| | <u>4,328,602</u> | <u>2,862,257</u> |
| Net increase in cash | 3,305 | 17,346 |
| Effect of exchange rate changes on cash | (1,953) | (18,878) |
| Cash, beginning of year | 1,728 | 3,260 |
| Cash, end of year | \$ 3,080 | \$ 1,728 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED EMERGING MARKETS EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2019 | | 2018 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 3,428,105 | \$ 3,049,078 | \$ 3,026,396 | \$ 2,957,941 |
| Exchange Traded Funds | 1,053 | 990 | 7,346 | 7,297 |
| | <u>3,429,158</u> | <u>3,050,068</u> | <u>3,033,742</u> | <u>2,965,238</u> |
| Floating Rate Funds: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| CDOR 1 Floating Rate Fund | 6,265,072 | 5,272,748 | 1,657,197 | 1,659,181 |
| | <u>6,265,072</u> | <u>5,272,748</u> | <u>1,657,197</u> | <u>1,659,181</u> |
| Total Investments | <u>\$ 9,694,230</u> | <u>\$ 9,322,816</u> | <u>\$ 4,690,939</u> | <u>\$ 4,624,419</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED EMERGING MARKETS EQUITY FUND

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

| | 2019 | | | |
|-----------------------------|-----------------------------------|---------------------------|--------------------|--|
| | Notional Value <i>(note A)</i> | Fair Value | | |
| | | Assets <i>(note B)</i> | Liabilities | |
| Equity derivatives: | | | | |
| OTC | | | | |
| Swaps | \$ 8,314,875 | \$ 346,844 | \$ (46,114) | |
| Currency derivatives | | | | |
| Listed | | | | |
| OTC | | | | |
| Forwards | 70 | - | - | |
| Total | <u>\$ 8,314,945</u> | <u>\$ 346,844</u> | <u>\$ (46,114)</u> | |

| | 2018 | | | |
|-----------------------------|-----------------------------------|---------------------------|-----------------|--|
| | Notional Value <i>(note A)</i> | Fair Value | | |
| | | Assets <i>(note B)</i> | Liabilities | |
| Equity derivatives: | | | | |
| OTC | | | | |
| Swaps | 1,655,081 | 35,182 | (861) | |
| Currency derivatives | | | | |
| Listed | | | | |
| OTC | | | | |
| Forwards | 45 | - | - | |
| Total | <u>\$ 1,655,126</u> | <u>\$ 35,182</u> | <u>\$ (861)</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 | December 31 2018 |
|--------------------|---------------------|---------------------|
| Less than 3 months | \$ 3,133,236 | \$ 1,629,130 |
| 3 to 12 months | 5,181,639 | 25,996 |
| Total | <u>\$ 8,314,875</u> | <u>\$ 1,655,126</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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED EMERGING MARKETS EQUITY FUND

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

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

The Fund can hold the following securities:

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

The following restrictions apply to the Funds:

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

The Fund uses derivative financial instruments to replicate equity investment returns of selected long and short equity positions through synthetic exposure.

Credit Risk

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 is as follows:

| | 2019 | | | 2018 | | |
|--------|------------------|-------------------|------------------------|------------------|-------------------|------------------------|
| | Notional Value | Fair Value | | Notional Value | Fair Value | |
| | | Derivative Assets | Derivative Liabilities | | Derivative Assets | Derivative Liabilities |
| AAA/AA | 1,217,547 | 33,278 | (19,302) | 785,240 | 24,036 | (623) |
| A | 7,097,328 | 313,566 | (26,812) | 853,432 | 11,146 | (212) |
| BBB | - | - | - | 16,409 | - | (26) |
| | <u>8,314,875</u> | <u>346,844</u> | <u>(46,114)</u> | <u>1,655,081</u> | <u>35,182</u> | <u>(861)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED EMERGING MARKETS EQUITY 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 | 3 to 12 months | Total |
| Derivative assets | \$ 346,844 | \$ 147,553 | \$ 199,291 | \$ 346,844 |
| Derivative liabilities | (46,114) | (31,178) | (14,936) | (46,114) |
| | <u>\$ 300,730</u> | <u>\$ 116,375</u> | <u>\$ 184,355</u> | <u>\$ 300,730</u> |

| DERIVATIVE FINANCIAL INSTRUMENTS (in 000s) | 2018 | | | |
|---|------------------|--------------------|----------------|------------------|
| | Carrying Value | Less than 3 months | 3 to 12 months | Total |
| Derivative assets | \$ 35,182 | \$ 35,165 | \$ 17 | \$ 35,182 |
| Derivative liabilities | (861) | (836) | (25) | (861) |
| | <u>\$ 34,321</u> | <u>\$ 34,329</u> | <u>\$ (8)</u> | <u>\$ 34,321</u> |

Interest Rate Risk

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

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

Currency Risk

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED EMERGING MARKETS EQUITY FUND

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

Currency Risk (continued)

| CURRENCY (in 000s) | 2019 | | | |
|----------------------------------|---|--|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Brazilian Real | \$ 294,256 | - | \$ 294,256 | 2.9 % |
| Chilean Peso | 29,278 | - | 29,278 | 0.3 % |
| Chinese Renminbi | 18,320 | - | 18,320 | 0.2 % |
| Columbian Peso | 14,576 | - | 14,576 | 0.1 % |
| Czech Koruna | 5,447 | - | 5,447 | 0.1 % |
| Egyptian Pound | 1,402 | - | 1,402 | - % |
| Euro | 21,713 | (16) | 21,697 | 0.2 % |
| Hong Kong Dollar | 827,569 | (41) | 827,528 | 8.3 % |
| Hungarian Forint | 11,996 | - | 11,996 | 0.1 % |
| Indian Rupee | 341,896 | - | 341,896 | 3.4 % |
| Indonesian Rupiah | 76,357 | - | 76,357 | 0.8 % |
| Japanese Yen | 296,098 | (291,303) | 4,795 | - % |
| Korean Won | 468,297 | - | 468,297 | 4.7 % |
| Malaysian Ringgit | 71,649 | - | 71,649 | 0.7 % |
| Mexican Peso | 90,276 | (13) | 90,263 | 0.9 % |
| Pakistani Rupee | 1,191 | - | 1,191 | - % |
| Phillippine Peso | 37,401 | - | 37,401 | 0.4 % |
| Polish Zloty | 35,006 | - | 35,006 | 0.3 % |
| Qatari Real | 36,504 | - | 36,504 | 0.4 % |
| Russian Ruble | 137,167 | - | 137,167 | 1.4 % |
| Saudi Arabia Riyal | 11,865 | - | 11,865 | 0.1 % |
| South African Rand | 188,198 | - | 188,198 | 1.9 % |
| Taiwan Dollar | 462,281 | - | 462,281 | 4.6 % |
| Thai Baht | 99,817 | - | 99,817 | 1.0 % |
| Turkish Lira | 19,245 | - | 19,245 | 0.2 % |
| United Arab Emirates Dirham | 22,201 | - | 22,201 | 0.2 % |
| United States Dollar | 1,105,956 | 70 | 1,106,026 | 11.1 % |
| Net Foreign Exchange Exposure | \$ 4,725,962 | \$ (291,303) | \$ 4,434,659 | 44.3 % |

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

Currency Risk (continued)

| CURRENCY (in 000s) | 2018 | | | |
|----------------------------------|---|--|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Brazilian Real | \$ 228,660 | - | \$ 228,660 | 4.8 % |
| Chilean Peso | 33,626 | - | 33,626 | 0.7 % |
| Chinese Renminbi | 4,518 | - | 4,518 | 0.1 % |
| Columbian Peso | 12,565 | - | 12,565 | 0.3 % |
| Czech Koruna | 5,356 | - | 5,356 | 0.1 % |
| Egyptian Pound | 1,128 | - | 1,128 | - % |
| Euro | 6,777 | - | 6,777 | 0.1 % |
| Hong Kong Dollar | 699,259 | - | 699,259 | 14.8 % |
| Hungarian Forint | 10,097 | - | 10,097 | 0.2 % |
| Indian Rupee | 289,599 | - | 289,599 | 6.1 % |
| Indonesian Rupiah | 71,409 | - | 71,409 | 1.5 % |
| Korean Won | 429,072 | - | 429,072 | 9.1 % |
| Malaysian Ringgit | 75,532 | - | 75,532 | 1.6 % |
| Mexican Peso | 85,687 | (45) | 85,642 | 1.8 % |
| Phillippine Peso | 34,305 | - | 34,305 | 0.7 % |
| Pakistani Rupee | 1,177 | - | 1,177 | - % |
| Polish Zloty | 38,658 | - | 38,658 | 0.8 % |
| Qatari Real | 33,813 | - | 33,813 | 0.7 % |
| Saudi Arabia Riyal | 98,856 | - | 98,856 | 2.1 % |
| South African Rand | 193,052 | - | 193,052 | 4.1 % |
| Taiwan Dollar | 351,138 | - | 351,138 | 7.4 % |
| Thai Baht | 74,821 | - | 74,821 | 1.6 % |
| Turkish Lira | 19,227 | - | 19,227 | 0.4 % |
| United Arab Emirates Dirham | 21,592 | - | 21,592 | 0.5 % |
| United States Dollar | 255,198 | 45 | 255,243 | 5.4 % |
| Net Foreign Exchange Exposure | \$ 3,075,122 | \$ - | \$ 3,075,122 | 65.0 % |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED EMERGING MARKETS EQUITY FUND

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

Currency Risk (continued)

As at December 31, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$44,347,000 (2018 - \$30,751,000), representing 0.4% of the Fund's net assets (2018 - 0.6%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Other Price Risk

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

| INDUSTRY SECTOR (in 000s) | 2019 | | 2018 | |
|------------------------------|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| Consumer Discretionary | \$ 516,845 | 15.0 % | \$ 314,538 | 10.4 % |
| Consumer Staples | 204,639 | 6.0 % | 200,384 | 6.6 % |
| Energy | 261,752 | 7.6 % | 243,045 | 8.0 % |
| Financials | 802,700 | 23.4 % | 752,166 | 24.9 % |
| Health Care | 91,439 | 2.7 % | 84,811 | 2.8 % |
| Industrials | 172,745 | 5.0 % | 162,705 | 5.4 % |
| Information Technology | 556,592 | 16.2 % | 432,267 | 14.3 % |
| Materials | 235,369 | 6.9 % | 233,166 | 7.7 % |
| Services | - | - % | 91,580 | 3.0 % |
| Telecommunication Services | 372,843 | 10.9 % | 430,972 | 14.2 % |
| Utilities | 87,723 | 2.6 % | 80,762 | 2.7 % |
| Real Estate | 104,796 | 3.1 % | - | - % |
| Other | 20,662 | 0.6 % | - | - % |
| Total Equities | \$ 3,428,105 | 100.0 % | \$ 3,026,396 | 100.0 % |

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

Other Price Risk (continued)

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$736,119,000 (2018 - \$468,210,000) or 7.4% (2018 - 9.9%) of net assets.

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

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED EMERGING MARKETS EQUITY FUND

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

Other Price Risk (continued)

Equity by Geographic Region

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

| GEOGRAPHIC REGION (in 000s) | 2019 | | 2018 | |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Brazil | \$ 270,435 | 7.9 % | \$ 224,975 | 7.4 % |
| Chile | 27,074 | 0.8 % | 33,170 | 1.1 % |
| China | 766,861 | 22.4 % | 905,054 | 29.9 % |
| Colombia | 13,385 | 0.4 % | 12,390 | 0.4 % |
| Czech Republic | 4,924 | 0.1 % | 5,234 | 0.2 % |
| Egypt | 855 | - % | 3,816 | 0.1 % |
| Greece | 10,860 | 0.3 % | 6,716 | 0.2 % |
| Hungary | 11,109 | 0.3 % | 9,994 | 0.3 % |
| India | 316,862 | 9.2 % | 286,777 | 9.5 % |
| Indonesia | 70,671 | 2.1 % | 70,677 | 2.3 % |
| Korea | 429,688 | 12.5 % | 420,042 | 13.9 % |
| Malaysia | 66,270 | 1.9 % | 74,545 | 2.5 % |
| Mexico | 83,656 | 2.4 % | 84,855 | 2.8 % |
| Netherlands | 9,978 | 0.3 % | - | - % |
| Pakistan | 1,022 | - % | 1,090 | - % |
| Peru | - | - % | 13,039 | 0.4 % |
| Philippines | 34,611 | 1.0 % | 33,951 | 1.1 % |
| Poland | 32,398 | 0.9 % | 38,293 | 1.3 % |
| Qatar | 33,828 | 1.0 % | 33,496 | 1.1 % |
| Russia | 126,577 | 3.7 % | 113,551 | 3.8 % |
| South Africa | 174,184 | 5.1 % | 190,547 | 6.3 % |
| Turkey | 17,818 | 0.5 % | 19,041 | 0.6 % |
| Taiwan | 427,446 | 12.5 % | 347,905 | 11.5 % |
| Thailand | 92,270 | 2.7 % | 74,054 | 2.4 % |
| United Arab Emirates | 20,567 | 0.6 % | 21,385 | 0.7 % |
| United States | 384,756 | 11.4 % | 1,799 | 0.2 % |
| Total Equities | \$ 3,428,105 | 100.0 % | \$ 3,026,396 | 100.0 % |

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

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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 |
| | Public Equities | \$ 3,428,105 | \$ - |
| Floating Rate Funds | 6,265,072 | - | 6,265,072 |
| Investment Fund Investment | - | 1,053 | 1,053 |
| Total Investments | \$ 9,693,177 | \$ 1,053 | \$ 9,694,230 |
| Swaps, Net | - | 300,730 | 300,730 |
| Total | \$ 9,693,177 | \$ 301,783 | \$ 9,994,960 |

| (in 000s) | December 31, 2018 | | |
|----------------------------|---|---|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Total |
| | Public Equities | \$ 3,026,396 | \$ - |
| Floating Rate Funds | 1,657,197 | - | 1,657,197 |
| Investment Fund Investment | - | 7,346 | 7,346 |
| Total Investments | \$ 4,683,593 | \$ 7,346 | \$ 4,690,939 |
| Swaps, Net | - | 34,321 | 34,321 |
| Total | \$ 4,683,593 | \$ 41,667 | \$ 4,725,260 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

INDEXED EMERGING MARKETS EQUITY FUND

**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.

**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 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 | 1 | \$ 20,580,634 | \$ 6,265,072 |

| 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 | 1 | \$ 12,850,451 | \$ 1,657,197 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

THEMATIC PUBLIC EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2019 | December 31, 2018 |
|--|------|----------------------|----------------------|
| Assets | | | |
| Cash | | \$ 84,763 | \$ 23,018 |
| Receivable from sale of investments | | - | 740 |
| Dividends receivable | | 1,131 | 417 |
| Security lending revenue receivable | | 26 | 58 |
| Withholding tax reclaims receivable | | 908 | 373 |
| Derivative assets: | | | |
| Foreign currency contracts | | - | 4 |
| Swaps | | 25,982 | - |
| Investments | | 2,574,371 | 1,429,410 |
| | | <u>2,687,181</u> | <u>1,454,020</u> |
| Liabilities | | | |
| Payable for purchase of investments | | - | 1,189 |
| External management fees payable | | - | 496 |
| BCI cost recoveries payable | 4 | 2,339 | 1,728 |
| Other accounts payable | | 62 | 62 |
| Derivative liabilities: | | | |
| Foreign currency contracts | | - | 2 |
| Swaps | | - | 877 |
| | | <u>2,401</u> | <u>4,354</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 2,684,780</u> | <u>\$ 1,449,666</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 1,091.230 | 751.069 |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 2,460</u> | <u>\$ 1,930</u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2019 | Year Ended December 31, 2018 |
|--|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 1,754 | \$ 800 |
| Dividend income | | 30,235 | 18,704 |
| Securities lending income | | 741 | 1,196 |
| Foreign exchange gain (loss) | | (3,605) | 1,412 |
| Change in fair value of investments and derivatives: | | | |
| Net realized gain | | 184,576 | 14,585 |
| Net change in unrealized appreciation | | 284,193 | 5,327 |
| Total revenue | | <u>497,894</u> | <u>42,024</u> |
| Expenses: | | | |
| BCI cost recoveries | 4 | 6,402 | 5,003 |
| External management fees | | 1,668 | 2,062 |
| Administrative fees | | 104 | 140 |
| Commissions and stock exchange fees | | 1,256 | 1,069 |
| Withholding taxes | 6 | 2,901 | 1,325 |
| Total operating expenses | | <u>12,331</u> | <u>9,599</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>485,563</u> | <u>32,425</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (18,046) | (12,651) |
| From net realized gains on investments and derivatives | | (182,703) | (13,058) |
| | | <u>(200,749)</u> | <u>(25,709)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u>\$ 284,814</u> | <u>\$ 6,716</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

THEMATIC PUBLIC EQUITY 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 | \$ 1,449,666 | \$ 1,417,241 |
| Increase in net assets attributable to holders of redeemable units | 284,814 | 6,716 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 749,551 | - |
| Reinvestment of distributions | 200,749 | 25,709 |
| Net increase from redeemable unit transactions | 950,300 | 25,709 |
| Balance, end of year | \$ 2,684,780 | \$ 1,449,666 |

| 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 | \$ 284,814 | \$ 6,716 |
| Adjustments for: | | |
| Foreign exchange loss (gain) | 3,605 | (1,412) |
| Interest income | (1,754) | (800) |
| Dividend income | (30,235) | (18,704) |
| Withholding taxes | 2,901 | 1,325 |
| Net realized gain from investments and derivatives | (184,576) | (14,585) |
| Net change in unrealized appreciation of investments and derivatives | (284,193) | (5,327) |
| Non cash distributions | 200,749 | 25,709 |
| Proceeds from sale of investments | 1,297,296 | 767,848 |
| Amounts paid for purchase of investments | (2,000,794) | (771,759) |
| Security lending revenue receivable | 32 | 17 |
| External management fees payable | (496) | (29) |
| BCI cost recoveries payable | 611 | 538 |
| Other accounts payable | - | 22 |
| Interest received | 1,754 | 800 |
| Dividends received | 29,521 | 18,802 |
| Withholding taxes paid | (3,436) | (1,408) |
| | <u>(684,201)</u> | <u>7,753</u> |
| Financing activities: | | |
| Proceeds from issuance of redeemable units | 749,551 | - |
| Net increase in cash | 65,350 | 7,753 |
| Effect of exchange rate changes on cash | (3,605) | 1,412 |
| Cash, beginning of year | 23,018 | 13,853 |
| Cash, end of year | \$ 84,763 | \$ 23,018 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

THEMATIC PUBLIC EQUITY FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2019 | | 2018 | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equities: | | | | |
| Publicly Traded | \$ 2,314,122 | \$ 1,881,326 | \$ 1,401,915 | \$ 1,225,858 |
| Direct Private Equity | 8,764 | 7,500 | 7,481 | 7,500 |
| | <u>2,322,886</u> | <u>1,888,826</u> | <u>1,409,396</u> | <u>1,233,358</u> |
| Money Market Investments: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| Fund ST1 | 106 | 106 | 1 | 1 |
| Fund ST2 | 98 | 99 | 198 | 199 |
| | <u>204</u> | <u>205</u> | <u>199</u> | <u>200</u> |
| Floating Rate Funds: | | | | |
| Units in BCI Pooled Investment Portfolio: | | | | |
| CDOR1 Floating Rate Fund | 251,281 | 251,307 | - | - |
| LIBOR Floating Rate Fund | - | - | 19,815 | 19,155 |
| | <u>251,281</u> | <u>251,307</u> | <u>19,815</u> | <u>19,155</u> |
| Total Investments | <u>\$ 2,574,371</u> | <u>\$ 2,140,338</u> | <u>\$ 1,429,410</u> | <u>\$ 1,252,713</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

THEMATIC PUBLIC EQUITY FUND

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

| | 2019 | | | |
|----------------------------|-----------------------------------|---------------------------|-------------|----------|
| | Notional Value <i>(note A)</i> | Fair Value | | |
| | | Assets <i>(note B)</i> | Liabilities | |
| Equity derivatives: | | | | |
| OTC | | | | |
| Swaps | \$ 250,000 | \$ 25,982 | \$ | - |
| Total | <u>\$ 250,000</u> | <u>\$ 25,982</u> | <u>\$</u> | <u>-</u> |

| | 2018 | | | |
|-----------------------------|-----------------------------------|---------------------------|-------------|--------------|
| | Notional Value <i>(note A)</i> | Fair Value | | |
| | | Assets <i>(note B)</i> | Liabilities | |
| Equity derivatives: | | | | |
| OTC | | | | |
| Swaps | \$ 19,773 | \$ - | \$ | (877) |
| Currency derivatives | | | | |
| OTC | | | | |
| Forwards | 1,352 | 4 | | (2) |
| Total | <u>\$ 21,125</u> | <u>\$ 4</u> | <u>\$</u> | <u>(879)</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 | December 31 2018 |
|--------------------|---------------------|---------------------|
| Less than 3 months | <u>\$ 250,000</u> | <u>\$ 21,125</u> |
| Total | <u>\$ 250,000</u> | <u>\$ 21,125</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

THEMATIC PUBLIC EQUITY FUND

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

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

The Fund invests in the following securities:

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

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested in the securities of a single company;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- If any security or counterparty is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

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

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

Credit Risk

The Fund invests in 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:

| | 2019 | | | 2018 | | |
|---|----------------|----------------------|---------------------------|----------------|----------------------|---------------------------|
| | Notional Value | Fair Value | | Notional Value | Fair Value | |
| | | Derivative Assets | Derivative Liabilities | | Derivative Assets | Derivative Liabilities |
| A | 250,000 | 25,982 | - | 21,125 | 4 | (879) |
| | <u>250,000</u> | <u>25,982</u> | <u>-</u> | <u>21,125</u> | <u>4</u> | <u>(879)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

THEMATIC PUBLIC EQUITY 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 asset and derivative financial liabilities as at December 31.

| DERIVATIVE FINANCIAL INSTRUMENTS (in 000s) | 2019 | | |
|---|----------------|--------------------|-----------|
| | Carrying Value | Less than 3 months | Total |
| Derivative assets | \$ 25,982 | \$ 25,982 | \$ 25,982 |
| | \$ 25,982 | \$ 25,982 | \$ 25,982 |
| | 2018 | | |
| DERIVATIVE FINANCIAL INSTRUMENTS (in 000s) | Carrying Value | Less than 3 months | Total |
| Derivative assets | \$ 4 | \$ 4 | 4 |
| Derivative liabilities | (879) | (879) | (879) |
| | \$ (875) | \$ (875) | \$ (875) |

Interest Rate Risk

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

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

Currency Risk

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

| CURRENCY (in 000s) | 2019 | | | % of Total Net Assets |
|----------------------------------|--|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | |
| Danish Krone | 197 | - | 197 | - % |
| Euro | 461,215 | - | 461,215 | 17.2 % |
| Hong Kong Dollar | 28,135 | - | 28,135 | 1.0 % |
| Japanese Yen | 145,887 | (11,684) | 134,203 | 5.0 % |
| Korean Won | 25 | - | 25 | - % |
| Norwegian Krone | 84,206 | - | 84,206 | 3.1 % |
| Swiss Franc | 26,179 | - | 26,179 | 1.0 % |
| Taiwan Dollar | 13 | - | 13 | - % |
| United States Dollar | 1,626,448 | - | 1,626,448 | 60.6 % |
| Net Foreign Exchange Exposure | \$ 2,372,305 | \$ (11,684) | \$ 2,360,621 | 87.9 % |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

THEMATIC PUBLIC EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Currency Risk (continued)

| CURRENCY (in 000s) | 2018 | | | |
|----------------------------------|---|---|--------------|--------------------------|
| | Net Investments and Investment- Related Receivables | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 818 | \$ - | \$ 818 | 0.1 % |
| British Pound Sterling | 10,028 | 35 | 10,063 | 0.7 % |
| Chinese Renminbi | 1,017 | - | 1,017 | 0.1 % |
| Danish Krone | 12,606 | - | 12,606 | 0.9 % |
| Euro | 264,493 | 42 | 264,535 | 18.2 % |
| Hong Kong Dollar | 36,736 | 711 | 37,447 | 2.6 % |
| Indian Rupee | 241 | - | 241 | - % |
| Japanese Yen | 101,429 | 264 | 101,693 | 7.0 % |
| Korean Won | 8,922 | - | 8,922 | 0.6 % |
| Malaysian Ringgit | 945 | - | 945 | 0.1 % |
| Norwegian Krone | 29,166 | - | 29,166 | 2.0 % |
| Singapore Dollar | 705 | - | 705 | - % |
| Swedish Krona | 1,104 | - | 1,104 | 0.1 % |
| Swiss Franc | 5,932 | - | 5,932 | 0.4 % |
| Taiwan Dollar | 21,164 | (32) | 21,132 | 1.5 % |
| United States Dollar | 948,808 | (1,018) | 947,790 | 65.4 % |
| Net Foreign Exchange Exposure | \$ 1,444,114 | \$ 2 | \$ 1,444,116 | 99.6 % |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$23,606,000 (2018 - \$14,441,000), representing 0.9% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

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

| INDUSTRY SECTOR (in 000s) | 2019 | | 2018 | |
|--|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| Public Equities | | | | |
| Consumer Discretionary | \$ 339,194 | 14.6 % | \$ 225,898 | 16.0 % |
| Consumer Staples | 131,146 | 5.6 % | 55,658 | 3.9 % |
| Health Care | 442,504 | 19.0 % | 349,813 | 24.7 % |
| Industrial Products | 307,326 | 13.2 % | 258,523 | 18.3 % |
| Information Technology | 683,155 | 29.4 % | 356,503 | 25.5 % |
| Materials | 159,827 | 6.9 % | 39,032 | 2.8 % |
| Telecommunication Services | 120,845 | 5.2 % | 54,803 | 3.9 % |
| Utilities | 130,125 | 5.6 % | 61,685 | 4.4 % |
| Total Public Equities | 2,314,122 | 99.5 % | 1,401,915 | 99.5 % |
| Financial Services - Direct Private Equity Investment | 8,764 | 0.5 % | 7,481 | 0.5 % |
| Total Equities | \$ 2,322,886 | 100.0 % | \$ 1,409,396 | 100.0 % |

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$250,823,000 (2018 - \$142,755,000) or 9.3% (2018 - 9.8%) of net assets.

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

THEMATIC PUBLIC EQUITY FUND

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk (continued)

Equity by Geographic Region

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

| GEOGRAPHIC REGION (in 000s) | 2019 | | 2018 | |
|---|--------------|------------|--------------|------------|
| | Total | % of Total | Total | % of Total |
| Public Equities | | | | |
| Belgium | \$ - | - % | \$ 3,998 | 0.3 % |
| Canada | - | - % | 428 | - % |
| China | 28,135 | 1.2 % | 42,153 | 3.0 % |
| Denmark | - | - % | 12,493 | 0.9 % |
| France | 185,236 | 8.0 % | 84,303 | 6.0 % |
| Germany | 64,651 | 2.8 % | 34,228 | 2.4 % |
| Hong Kong | - | - % | 1,965 | 0.1 % |
| India | - | - % | 241 | - % |
| Ireland | - | - % | 18,452 | 1.3 % |
| Israel | - | - % | 778 | 0.1 % |
| Japan | 132,792 | 5.7 % | 100,728 | 7.1 % |
| Korea | - | - % | 8,852 | 0.6 % |
| Malaysia | - | - % | 935 | 0.1 % |
| Netherlands | 78,370 | 3.4 % | 43,807 | 3.1 % |
| New Zealand | - | - % | 818 | 0.1 % |
| Norway | 84,206 | 3.6 % | 28,817 | 2.0 % |
| Russia | - | - % | 1,035 | 0.1 % |
| Singapore | - | - % | 705 | 0.1 % |
| Spain | 118,124 | 5.1 % | 78,139 | 5.5 % |
| Sweden | - | - % | 1,104 | 0.1 % |
| Switzerland | 26,125 | 1.1 % | 6,282 | 0.4 % |
| Taiwan | - | - % | 21,164 | 1.5 % |
| Thailand | - | - % | 643 | - % |
| United Kingdom | - | - % | 10,493 | 0.8 % |
| United States | 1,596,483 | 68.7 % | 899,354 | 64.0 % |
| Total Public Equities | 2,314,122 | 99.6 % | 1,401,915 | 99.5 % |
| Canadian Direct Private Equity Investment | 8,764 | 0.4 % | 7,481 | 0.5 % |
| Total Equities | \$ 2,322,886 | 100.0 % | \$ 1,409,396 | 100.0 % |

Fair Value Measurement Discussion
as at December 31

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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 | | | Total |
|----------------------------------|--|--|--|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | |
| (in 000s) | | | | |
| Public Equities | \$ 2,314,122 | \$ - | \$ - | \$ 2,314,122 |
| Direct Private Equity Investment | - | - | 8,764 | 8,764 |
| Money Market Funds | 204 | - | - | 204 |
| Floating Rate Funds | 251,281 | - | - | 251,281 |
| Total Investments | \$ 2,565,607 | \$ - | \$ 8,764 | \$ 2,574,371 |
| Swaps, Net | - | 25,982 | - | 25,982 |
| Total | \$ 2,565,607 | \$ 25,982 | \$ 8,764 | \$ 2,600,353 |
| | | | | |
| | December 31, 2018 | | | Total |
| (in 000s) | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| Public Equities | \$ 1,401,915 | \$ - | \$ - | \$ 1,401,915 |
| Direct Private Equity Investment | - | - | 7,481 | 7,481 |
| Money Market Funds | 199 | - | - | 199 |
| Floating Rate Funds | 19,815 | - | - | 19,815 |
| Total Investments | \$ 1,421,929 | \$ - | \$ 7,481 | \$ 1,429,410 |
| Foreign Currency Contracts, Net | - | 2 | - | 2 |
| Swaps, Net | - | (877) | - | (877) |
| Total | \$ 1,421,929 | \$ (875) | \$ 7,481 | \$ 1,428,535 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

THEMATIC PUBLIC EQUITY FUND

**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.

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

| | 2019 (in 000s) | 2018 (in 000s) |
|---|-------------------|-------------------|
| Opening Balance as at January 1 | \$ 7,481 | \$ 4,800 |
| Total gains or losses recognized in profit or loss | 1,283 | 2,681 |
| Purchases | - | - |
| Sales | - | - |
| Closing Balance at December 31 | <u>\$ 8,764</u> | <u>\$ 7,481</u> |
| Total unrealized gains or losses for the period included in profit or loss relating to level 3 investments held at the reporting date | <u>\$ 1,283</u> | <u>\$ 2,681</u> |

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

Significant Unobservable Inputs Used in Measuring Fair Value

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

| 2019 | | | | | |
|-----------------------|-------------------------|------------------------|-----------------------|-------------------|---|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity | \$ 8,764 | Market approach | Revenue multiple | 8.3 | The estimated fair value would increase (decrease) if the EV multiples were higher (lower). |
| 2018 | | | | | |
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity | \$ 7,481 | Market approach | Revenue Multiple | 9.1 | The estimated fair value would increase (decrease) if the EV multiples were higher (lower). |

Significant unobservable inputs are developed as follows:

Revenue multiples:

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

THEMATIC PUBLIC EQUITY FUND

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

Effects of Unobservable Input on Fair Value Measurement

The direct private equity investment is valued based on information received from the management of the investee.

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

The following table shows how the net assets attributable to holders of redeemable units would change if the valuation of the direct private equity investment was calculated by adjusting the investment's fair market value by 10%.

| (in 000s) | 2019 | 2018 |
|--------------|----------|----------|
| Favourable | \$ 876 | \$ 748 |
| Unfavourable | \$ (876) | \$ (748) |

**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 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 | 3 | \$ 25,433,088 | \$ 251,485 |

| 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 | 3 | \$ 4,310,304 | \$ 20,014 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

GLOBAL QUANTITATIVE ESG EQUITY FUND

Statement of Financial Position

(all amounts in thousands except number of units)

| | Note | December 31, 2019 |
|--|------|----------------------------|
| Assets | | <i>(note 1)</i> |
| Cash | | \$ 183 |
| Derivative assets: | | |
| Swaps | | 73,480 |
| Investments | | <u>2,630,382</u> |
| | | <u>2,704,045</u> |
| Liabilities | | |
| BCI cost recoveries payable | 4 | 488 |
| Other accounts payable | | 14 |
| Derivative liabilities: | | |
| Swaps | | <u>12,600</u> |
| | | <u>13,102</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 2,690,943</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 2,609.517 |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 1,031</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 |
|--|------|--------------------------------------|
| Revenue: | | |
| Interest income | | \$ 7,475 |
| Dividend income | | 251 |
| Securities lending income | | 73 |
| Foreign exchange loss | | (881) |
| Change in fair value of investments and derivatives: | | |
| Net realized gain | | 6,202 |
| Net change in unrealized appreciation | | <u>61,214</u> |
| Total revenue | | <u>74,334</u> |
| Expenses: | | |
| BCI cost recoveries | 4 | 986 |
| Administrative fees | | 23 |
| Commissions and stock exchange fees | | 200 |
| Withholding taxes | 6 | <u>2</u> |
| Total operating expenses | | <u>1,211</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>73,123</u> |
| Distributions to holders of redeemable units: | | |
| From net investment income | | (5,906) |
| From net realized gains on investments and derivatives | | <u>(6,002)</u> |
| | | <u>(11,908)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 61,215</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

GLOBAL QUANTITATIVE ESG EQUITY 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 | 61,215 |
| Redeemable unit transactions: | |
| Proceeds from units issued | 2,617,820 |
| Reinvestment of distributions | 11,908 |
| Net increase from redeemable unit transactions | <u>2,629,728</u> |
| Balance, end of period | <u><u>\$ 2,690,943</u></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 | \$ 61,215 |
| Adjustments for: | |
| Foreign exchange loss | 881 |
| Interest income | (7,475) |
| Dividend income | (251) |
| Withholding taxes | 2 |
| Net realized gain from investments and derivatives | (6,202) |
| Net change in unrealized appreciation of investments and derivatives | (61,214) |
| Non cash distributions | 11,908 |
| Proceeds from sale of investments | 753,157 |
| Amounts paid for purchase of investments | (3,377,003) |
| BCI cost recoveries payable | 488 |
| Other accounts payable | 14 |
| Interest paid | 7,475 |
| Dividends received | 251 |
| Withholding taxes paid | (2) |
| | <u>(2,616,756)</u> |
| Financing activities: | |
| Proceeds from issue of redeemable units | <u>2,617,820</u> |
| Net increase in cash | 1,064 |
| Effect of exchange rate changes on cash | (881) |
| Cash, beginning of period | - |
| Cash, end of period | <u><u>\$ 183</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
 POOLED INVESTMENT PORTFOLIOS

GLOBAL QUANTITATIVE ESG EQUITY FUND

Schedule of Investments

as at December 31
 (all amounts in thousands)

| | 2019 | |
|--|---------------------|---------------------|
| | Fair Value | Cost |
| Money Market Investments: | | |
| Units in BCI Pooled Investment Portfolio: Fund ST1 | 3,449 | 3,450 |
| Floating Rate Funds: | | |
| Units in BCI Pooled Investment Portfolio: CDOR 3 Floating Rate Fund | 2,626,933 | 2,626,598 |
| Total Investments | \$ 2,630,382 | \$ 2,630,048 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

GLOBAL QUANTITATIVE ESG EQUITY FUND

| Derivative Assets and Liabilities | | | |
|--|---------------------------|------------------|--------------------|
| as at December 31 | | | |
| (all amounts in thousands) | | | |
| | 2019 | | |
| | Fair Value | | |
| Notional Value <i>(note A)</i> | Assets <i>(note B)</i> | Liabilities | |
| Equity derivatives: | | | |
| OTC | | | |
| Swaps | \$ 5,726,498 | \$ 73,480 | \$ (12,600) |
| Total | <u>\$ 5,726,498</u> | <u>\$ 73,480</u> | <u>\$ (12,600)</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 |
|--------------------|---------------------|
| Less than 3 months | \$ 104,000 |
| 3 to 12 months | 5,622,498 |
| Total | <u>\$ 5,726,498</u> |

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

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

GLOBAL QUANTITATIVE ESG EQUITY FUND

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

The Global Quantitative ESG Equity Fund (the "Fund") provides participating clients with exposure to equity markets from across the globe and provides a greater weight to equities with high environmental, social, and governance ("ESG") ratings relative to their sector peers.

The Fund's benchmark is the Morgan Stanley Capital International ("MSCI") World ex-Canada Net Index (the "Index"), Total Return, 100% unhedged in Canadian dollar terms. The investment objective of the Fund is to exceed the benchmark return on a risk-adjusted basis.

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested in the securities of one company;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the

See accompanying Notes to the Financial Statements.

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

sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

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

The Fund uses derivative financial instruments to replicate equity investment returns of selected long and short equity positions through synthetic exposure.

Credit Risk

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

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 transactions 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 is as follows:

| | 2019 | | |
|--------|------------------|----------------------|---------------------------|
| | Notional Value | Fair Value | |
| | | Derivative Assets | Derivative Liabilities |
| AAA/AA | 2,604,000 | 64,434 | - |
| A | 3,122,498 | 9,046 | (12,600) |
| | <u>5,726,498</u> | <u>73,480</u> | <u>(12,600)</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

GLOBAL QUANTITATIVE ESG EQUITY 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 | 3 to 12 months | Over 1 year | Total |
| Derivative assets | \$ 73,480 | \$ 1,949 | \$ 71,531 | \$ - | \$ 73,480 |
| Derivative liabilities | (12,600) | - | (12,600) | - | (12,600) |
| | <u>\$ 60,880</u> | <u>\$ 1,949</u> | <u>\$ 58,931</u> | <u>\$ -</u> | <u>\$ 60,880</u> |

Interest Rate Risk

The Fund is not exposed to significant changes in cash flows as a result of interest rate risk as the securities held within the Fund are floating rate instruments.

Currency Risk

The Fund holds derivative financial assets and liabilities denominated in U.S. currency totalling \$60,880,000 CAD, which represents 2.3% of the net asset value of the Fund. As at December 31, if the Canadian dollar had strengthened/ weakened by 1% in relation to the U.S. currency, holding all other variables constant, net assets would have decreased/increased, respectively, by \$608,800. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

The majority of the Fund's non-derivative financial assets and liabilities are held in securities that are denominated in Canadian dollars, and are therefore not subject to significant currency risk.

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

Other Price Risk

Management monitors the concentration of risk for equity securities based on industry and geographic location. As at December 31, 2019, the Fund held no equity investments and used derivative financial instruments to track the Fund's Index as well as overweights and underweights relative to the Index. As at December 31, 2019 the Fund's exposure through derivative instruments is concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2019 | |
|------------------------------|---------------------|----------------|
| | Total | % of Total |
| Consumer Discretionary | \$ 230,169 | 8.6 % |
| Consumer Staple | 191,850 | 7.1 % |
| Energy | 140,664 | 5.2 % |
| Financial Services | 411,275 | 15.3 % |
| Health Care | 355,289 | 13.2 % |
| Industrial Products | 278,346 | 10.3 % |
| Information Technology | 458,961 | 17.1 % |
| Materials and Processing | 173,954 | 6.5 % |
| Real Estate | 78,599 | 2.9 % |
| Telecommunication Services | 239,165 | 8.9 % |
| Utilities | 132,990 | 4.9 % |
| Total Exposure | <u>\$ 2,691,262</u> | <u>100.0 %</u> |

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$272,591,000 or 10.1% of net assets.

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

GLOBAL QUANTITATIVE ESG EQUITY FUND

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

Other Price Risk (continued)

Equity by Geographic Region

As at December 31, 2019 the Fund's exposure through derivative instruments is concentrated in the following geographic regions:

GEOGRAPHIC REGION
(in 000s)

| | Total | % of Total |
|-----------------------|---------------------|----------------|
| Australia | \$ 61,017 | 2.3 % |
| Austria | 1,937 | 0.1 % |
| Belgium | (101) | - % |
| Denmark | 6,652 | 0.2 % |
| Finland | 28,841 | 1.1 % |
| France | 109,382 | 4.1 % |
| Germany | 48,913 | 1.8 % |
| Hong Kong | 23,194 | 0.9 % |
| Ireland | 1,619 | 0.1 % |
| Italy | 21,330 | 0.8 % |
| Japan | 233,433 | 8.7 % |
| Israel | 3,033 | 0.1 % |
| Netherlands | 78,648 | 2.9 % |
| New Zealand | 1,612 | 0.1 % |
| Norway | 19,417 | 0.7 % |
| Portugal | 422 | - % |
| Singapore | 18,542 | 0.7 % |
| Spain | 30,348 | 1.1 % |
| Sweden | 17,936 | 0.7 % |
| Switzerland | 77,032 | 2.9 % |
| United Kingdom | 157,591 | 5.9 % |
| United States | 1,750,464 | 64.8 % |
| Total Exposure | \$ 2,691,262 | 100.0 % |

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

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The table below 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) | | |
| Floating Rate Funds | 2,626,933 | - | 2,626,933 |
| Money Market Funds | 3,449 | - | 3,449 |
| Total Investments | \$ 2,630,382 | \$ - | \$ 2,630,382 |
| Swaps, Net | - | 60,880 | 60,880 |
| Total | \$ 2,630,382 | \$ 60,880 | \$ 2,691,262 |

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIO

GLOBAL QUANTITATIVE ESG EQUITY 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 tables 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 | 6,683,655 | 2,630,382 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
 POOLED INVESTMENT PORTFOLIOS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIODS 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 | | Pooled Investment Portfolios | Dates Established |
|--|-------------------|--|--|-------------------|
| Active Canadian Equity Fund | July 26, 1990 | | Active Global Equity Fund | June 19, 2009 |
| Active Canadian Small Cap Equity Fund | March 20, 2008 | | Global Quantitative Active Equity Fund | August 23, 2011 |
| Canadian Quantitative Active Equity Fund | November 27, 2002 | | Indexed Global Equity Fund | December 7, 2011 |
| Indexed Canadian Equity Fund | December 12, 1989 | | Active Emerging Markets Equity Fund | March 31, 2008 |
| Active U.S. Small Cap Equity Fund | March 13, 2008 | | Indexed Emerging Markets Equity Fund | July 31, 2013 |
| Indexed U.S. Equity Fund | February 6, 1995 | | Thematic Public Equity Fund | December 31, 2012 |
| Active Asian Equity Fund | January 2, 1998 | | Global Quantitative ESG Equity Fund | November 5, 2019 |
| Active European Equity Fund | January 2, 1998 | | | |

The Global Quantitative ESG Equity Fund was 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 PERIODS 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, derivative financial instruments, and redeemable units, which are measured at fair value.

(c) Functional and presentation currency

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

(d) Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 PERIODS 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
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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, 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 Fund's 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 issuance of units, dividend receivable, interest receivable, other accounts payable, payable for purchase of investments, payable for redemption of units, external management fees payable 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
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3. Significant accounting policies (continued)

(b) Redeemable units

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

(c) Issue and redemption of units

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

(d) Foreign exchange

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
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3. Significant accounting policies (continued)

(e) Revenue recognition

Interest income is recognized on an accrual basis using the effective interest method. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined 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.

(f) 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.

(g) 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.

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

3. Significant accounting policies (continued)

(h) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations as listed below are not yet effective for the period 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

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.

Payable to and receivable from BCI Funds

In May 2018, the Global Quantitative Active Equity Fund entered into an agreement with the Indexed Global Equity Fund whereby the Global Quantitative Active Equity Fund received funding from the Indexed Global Equity Fund to purchase and hold securities on its behalf. The terms of the agreement were equivalent to those prevailing in an arm's length transaction, with each Fund's interests represented by different BCI personnel. At maturity of the agreement in September 2019, the Global Quantitative Active Equity Fund delivered the securities to the Indexed Global Equity Fund, including forgone dividends, transaction costs, securities lending opportunity cost and a convenience fee.

The fair value of the payable to the Indexed Global Equity Fund and the receivable from the Global Quantitative Active Equity Fund was \$21.7 million.

Swaps between BCI Funds

During the year ended December 31, 2018, the Active Global Equity Fund entered into four internal total return equity swaps with the Indexed Global Equity Fund, with a total notional value of \$1,154 million, which matured in February 2019. The terms of the total return equity swaps between these Funds were equivalent to an equal and offsetting arm's length transaction between the Indexed Global Equity Fund and an external counterparty.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
 POOLED INVESTMENT PORTFOLIOS
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5. Redeemable units

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

| | ACTIVE CANADIAN EQUITY FUND | | ACTIVE CANADIAN SMALL CAP EQUITY FUND | | CANADIAN QUANTITATIVE ACTIVE EQUITY FUND | | INDEXED CANADIAN EQUITY FUND | |
|---|-----------------------------|----------------|---------------------------------------|----------------|--|----------------|------------------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Outstanding, beginning of period | 372.960 | 362.587 | 583.524 | 418.107 | 814.528 | 814.528 | 471.740 | 939.641 |
| Issued for cash | 118.863 | 65.226 | 243.695 | 165.417 | 87.486 | 136.768 | 575.015 | 144.868 |
| Issued on reinvestment of distributions | 9.043 | 10.674 | 13.458 | 24.063 | 67.776 | 3.737 | 84.360 | 131.261 |
| Consolidation of units | (9.043) | (10.674) | (13.458) | (24.063) | (67.776) | (3.737) | (84.360) | (131.261) |
| Redeemed | (130.646) | (54.853) | (43.129) | - | (687.886) | (136.768) | (544.487) | (612.769) |
| Outstanding, end of period | <u>361.177</u> | <u>372.960</u> | <u>784.090</u> | <u>583.524</u> | <u>214.128</u> | <u>814.528</u> | <u>502.268</u> | <u>471.740</u> |

| | ACTIVE U.S. SMALL CAP EQUITY FUND | | INDEXED U.S. EQUITY FUND | | ACTIVE ASIAN EQUITY FUND | | ACTIVE EUROPEAN EQUITY FUND | |
|---|-----------------------------------|----------------|--------------------------|----------------|--------------------------|----------------|-----------------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Outstanding, beginning of period | 376.556 | 325.454 | 333.942 | 649.744 | 504.472 | 679.763 | 821.347 | 821.347 |
| Issued for cash | 86.753 | 51.102 | 110.061 | 53.532 | 1.380 | - | 138.741 | - |
| Issued on reinvestment of distributions | 28.434 | 40.188 | 69.350 | 185.137 | 21.464 | 101.189 | 54.314 | 27.499 |
| Consolidation of units | (28.434) | (40.188) | (69.350) | (185.137) | (21.464) | (101.189) | (54.314) | (27.499) |
| Redeemed | (8.745) | - | (41.198) | (369.334) | (1.380) | (175.291) | (138.507) | - |
| Outstanding, end of period | <u>454.564</u> | <u>376.556</u> | <u>402.805</u> | <u>333.942</u> | <u>504.472</u> | <u>504.472</u> | <u>821.581</u> | <u>821.347</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
 POOLED INVESTMENT PORTFOLIOS
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5. Redeemable units (continued)

| | ACTIVE GLOBAL EQUITY FUND | | GLOBAL QUANTITATIVE ACTIVE EQUITY FUND | | INDEXED GLOBAL EQUITY FUND | | ACTIVE EMERGING MARKETS EQUITY FUND | |
|---|---------------------------|------------------|--|------------------|----------------------------|------------------|-------------------------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Outstanding, beginning of period | 1,319.281 | 1,321.096 | 1,184.327 | 1,184.327 | 5,931.507 | 4,498.593 | 5,530.111 | 6,152.941 |
| Issued for cash | 714.439 | - | - | 23.951 | 1,380.937 | 2,561.232 | 294.761 | 73.283 |
| Issued on reinvestment of distributions | 34.011 | 70.388 | 110.880 | 98.847 | 769.009 | 420.555 | 441.771 | - |
| Consolidation of units | (34.011) | (70.388) | (110.880) | (98.847) | (769.009) | (420.555) | (441.771) | - |
| Redeemed | (1,110.774) | (1.815) | - | (23.951) | (2,394.161) | (1,128.318) | (3,357.274) | (696.113) |
| Outstanding, end of period | <u>922.946</u> | <u>1,319.281</u> | <u>1,184.327</u> | <u>1,184.327</u> | <u>4,918.283</u> | <u>5,931.507</u> | <u>2,467.598</u> | <u>5,530.111</u> |

| | INDEXED EMERGING MARKETS EQUITY FUND | | THEMATIC PUBLIC EQUITY FUND | | GLOBAL QUANTITATIVE ESG EQUITY FUND |
|---|--------------------------------------|------------------|-----------------------------|----------------|-------------------------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 |
| Outstanding, beginning of period | 3,168.712 | 1,345.302 | 751.069 | 751.069 | - |
| Issued for cash | 3,292.946 | 1,983.362 | 340.161 | - | 2,609.517 |
| Issued on reinvestment of distributions | 164.802 | 52.239 | 81.973 | 13.079 | 11.563 |
| Consolidation of units | (164.802) | (52.239) | (81.973) | (13.079) | (11.563) |
| Redeemed | (507.170) | (159.952) | - | - | - |
| Outstanding, end of period | <u>5,954.488</u> | <u>3,168.712</u> | <u>1,091.230</u> | <u>751.069</u> | <u>2,609.517</u> |

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6. Withholding tax expense

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

| Pooled Investment Portfolios | 2019 | 2018 |
|--|---------|---------|
| Active Asian Equity Fund | 7.52 % | 8.71 % |
| Active European Equity Fund | 10.55 % | 11.50 % |
| Active Global Equity Fund | 5.88 % | 6.63 % |
| Global Quantitative Active Equity Fund | 4.70 % | 4.76 % |
| Indexed Global Equity Fund | 4.45 % | 4.61 % |

| Pooled Investment Portfolios | 2019 | 2018 |
|--------------------------------------|---------|---------|
| Active Emerging Markets Equity Fund | 9.17 % | 10.53 % |
| Indexed Emerging Markets Equity Fund | 10.21 % | 16.68 % |
| Thematic Public Equity Fund | 9.59 % | 7.08 % |
| Global Quantitative ESG Equity Fund | 0.80 % | N/A |

7. Financial risk management

(a) Risk management framework

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

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7. Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from debt securities held, and also from derivative financial assets, which include foreign currency contracts, cash and other receivables due to the Fund. The carrying value of these financial instruments as recorded in the statement of financial position reflects the Fund's maximum exposure to credit risk.

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

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

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

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

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

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7. Financial risk management (continued)

(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.

(i) Interest rate risk

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

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

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

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7. Financial risk management (continued)

(d) Market risk (continued)

(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.

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8. Fair value of financial instruments

(a) Fair value hierarchy

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

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

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

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

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

Level 3 inputs that are unobservable.

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

(b) Valuation models

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

The Funds use widely recognized valuation methods for determining the fair value of common and more simple financial instruments such as foreign currency contracts and money market instruments that use only observable market data which requires little management judgment and estimation. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices 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.

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

9. Taxes

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

| Pooled Investment Portfolios (in \$000s) | As of December 31, 2019 | |
|---|-------------------------|--------------------|
| | Net Capital Losses | Non-capital Losses |
| Active Canadian Equity Fund | 9,724 | - |
| Active Canadian Small Cap Equity Fund | 13,918 | - |

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.

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10. Securities subject to lending arrangements

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

| Pooled Investment Portfolios | Fair Value of Securities on Loan (in \$000s) | | Percentage of securities on loan | |
|--|--|---------|----------------------------------|--------|
| | 2019 | 2018 | 2019 | 2018 |
| Active Canadian Equity Fund | 203,067 | 285,969 | 4.1 % | 7.0 % |
| Active Canadian Small Cap Equity Fund | 335,293 | 121,924 | 20.8 % | 12.0 % |
| Canadian Quantitative Active Equity Fund | 50,366 | 33,268 | 5.5 % | 7.2 % |
| Indexed Canadian Equity Fund | 267,672 | 286,635 | 9.4 % | 10.8 % |
| Active U.S. Small Cap Equity Fund | 692,293 | 330,457 | 35.1 % | 25.5 % |
| Indexed U.S. Equity Fund | 322,993 | 203,388 | 7.0 % | 7.1 % |
| Active Asian Equity Fund | 138,256 | 182,242 | 6.3 % | 9.6 % |
| Active European Equity Fund | 91,547 | 110,825 | 4.3 % | 5.9 % |
| Active Global Equity Fund | 235,547 | 123,676 | 8.4 % | 5.9 % |
| Global Quantitative Active Equity Fund | - | 311,243 | - % | 9.5 % |
| Indexed Global Equity Fund | 431,537 | 607,636 | 7.0 % | 8.3 % |
| Active Emerging Markets Equity Fund | 129,681 | 316,768 | 3.4 % | 5.7 % |
| Indexed Emerging Markets Equity Fund | 136,757 | 148,200 | 4.0 % | 4.9 % |
| Thematic Public Equity Fund | 261,066 | 229,762 | 11.3 % | 16.4 % |

11. 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.



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