



PRIVATE EQUITY

# Pooled Fund Financial Statements

December 2019

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

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Private Placement Fund 1996  
Private Placement Fund 1997  
Private Placement Fund 1998  
Private Placement Fund 1999  
Private Placement Fund 1999A  
2000 Private Placement Fund  
2001 Private Placement Fund  
2002 Private Placement Fund  
2003 Private Placement Fund  
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2013 Private Placement Fund  
2014 Private Placement Fund  
2015 Private Placement Fund  
2016 Private Placement Fund  
2017 Private Equity Fund  
2018 Private Equity Fund  
2019 Private Equity Fund

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**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:

Private Placement Fund 1996	2004 Private Placement Fund	2013 Private Placement Fund
Private Placement Fund 1997	2005 Private Placement Fund	2014 Private Placement Fund
Private Placement Fund 1998	2006 Private Placement Fund	2015 Private Placement Fund
Private Placement Fund 1999	2007 Private Placement Fund	2016 Private Placement Fund
Private Placement Fund 1999A	2008 Private Placement Fund	2017 Private Equity Fund
2000 Private Placement Fund	2009 Private Placement Fund	2018 Private Equity Fund
2001 Private Placement Fund	2010 Private Placement Fund	2019 Private Equity Fund
2002 Private Placement Fund	2011 Private Placement Fund	
2003 Private Placement Fund	2012 Private Placement Fund	

The financial statements of the Pooled Investment Portfolios have been prepared by management of BCI and approved by the Chief Investment Officer/Chief Executive Officer. All of the financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies used in the preparation of these statements are disclosed in note 3 to the financial statements. The statements include certain amounts that are based on management's 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 funds managed by British Columbia Investment Management Corporation:

Private Placement Fund 1996	2008 Private Placement Fund
Private Placement Fund 1997	2009 Private Placement Fund
Private Placement Fund 1998	2010 Private Placement Fund
Private Placement Fund 1999	2011 Private Placement Fund
Private Placement Fund 1999A	2012 Private Placement Fund
2000 Private Placement Fund	2013 Private Placement Fund
2001 Private Placement Fund	2014 Private Placement Fund
2002 Private Placement Fund	2015 Private Placement Fund
2003 Private Placement Fund	2016 Private Placement Fund
2004 Private Placement Fund	2017 Private Equity Fund
2005 Private Placement Fund	2018 Private Equity Fund
2006 Private Placement Fund	2019 Private Equity Fund
2007 Private Placement 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 January 14, 2019 to December 31, 2019 only for the 2019 Private Equity Fund)
- the statements of changes in net assets attributable to holders of redeemable units for the year then ended (period from inception on January 14, 2019 to December 31, 2019 only for the 2019 Private Equity Fund)
- the statements of cash flows for the year then ended (period from inception on January 14, 2019 to December 31, 2019 only for the 2019 Private Equity Fund)
- and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2019, and their financial performance and their cash flows for the year then ended (period from inception on January 14, 2019 to December 31, 2019 only for the 2019 Private Equity Fund) in accordance with International Financial Reporting Standards (“IFRS”).

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

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

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

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

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

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

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

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

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

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

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

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

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

We also:

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

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

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



Chartered Professional Accountants

Vancouver, Canada  
June 24, 2020

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1996**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 221	\$ 121
<b>Liabilities</b>			
BCI cost recoveries payable	4	62	55
Other accounts payable		131	11
		<u>193</u>	<u>66</u>
<b>Net assets attributable to holders of redeemable units</b>		<u>\$ 28</u>	<u>\$ 55</u>
<i>Number of redeemable units outstanding</i>	5	0.035	0.015
<b>Net assets attributable to holders of redeemable units per unit</b>		<u>\$ 800</u>	<u>\$ 3,667</u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		\$ -	\$ 49
Net change in unrealized appreciation		(21)	(31)
Total revenue		<u>(21)</u>	<u>18</u>
<b>Expenses:</b>			
BCI cost recoveries	4	40	42
Administrative fees		43	24
Total operating expenses		<u>83</u>	<u>66</u>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u>\$ (104)</u>	<u>\$ (48)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1996**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 55	\$ 133
Decrease in net assets attributable to holders of redeemable units	(104)	(48)
Redeemable unit transactions:		
Proceeds from units issued	77	59
Amounts paid for units redeemed	-	(89)
Net increase (decrease) from redeemable unit transactions	77	(30)
<b>Balance, end of year</b>	<b>\$ 28</b>	<b>\$ 55</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (104)	\$ (48)
Adjustments for:		
Net realized gain from investments	-	(49)
Net change in unrealized appreciation of investments	21	31
Proceeds from sale of investments	2	139
Amounts paid for purchase of investments	(123)	(52)
BCI cost recoveries payable	7	9
Other accounts payable	120	-
	(77)	30
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	77	59
Payments on redemption of redeemable units	-	(89)
	77	(30)
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1996**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 211	\$ 162	\$ 119	\$ 49
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>2</u>	<u>2</u>
<b>Total Investments</b>	<u>\$ 221</u>	<u>\$ 172</u>	<u>\$ 121</u>	<u>\$ 51</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1996**

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

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The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1996.

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

(in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 192	91.0 %	\$ 100	84.0 %
BCI Money Market Funds	19	9.0 %	19	16.0 %
	<u>\$ 211</u>	<u>100.0 %</u>	<u>\$ 119</u>	<u>100.0 %</u>

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

**Credit Risk**

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

**Liquidity Risk**

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

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

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

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**Interest Rate Risk**

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

**Currency Risk**

The Fund holds net financial assets denominated in U.S. currency totalling \$205,000 CAD which represents 732.1% of the net asset value of the Fund (2018 - \$225,000 CAD which represented 409.1% of the net asset value of the Fund).

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$2,000 (2018 - \$2,000), representing 7.1% of the Fund's net assets (2018 – 3.6%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$423,000 (2018 - \$446,000).

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$4,000 (2018 - \$4,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1996**

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

**Other Price Risk**

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

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$22,000 (2018 - \$12,000) or 78.6% (2018 – 21.8%) of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

**Fair Value Hierarchy**

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

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

2019				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 29	\$ -	\$ -	\$ 29
Unlisted Private Equity Investee Funds	-	-	192	192
Total Investments	\$ 29	\$ -	\$ 192	\$ 221

2018				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 21	\$ -	\$ -	\$ 21
Unlisted Private Equity Investee Funds	-	-	100	100
Total Investments	\$ 21	\$ -	\$ 100	\$ 121

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1996**

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

**Fair Value Hierarchy (continued)**

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

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

	2019
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 100
Total gains or (losses) recognized in profit or loss	92
Purchases	-
Sales	-
Balance, end of year	<u>\$ 192</u>

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

\$ 92

	2018
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 176
Total gains or (losses) recognized in profit or loss	18
Purchases	-
Sales	(94)
Balance, end of year	<u>\$ 100</u>

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

\$ 11

During 2019 and 2018, there were no significant transfers into or out of Level 3.

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

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

	2019	
Unlisted Private Equity Investee Funds	Fair Value (in 000s)	Valuation Technique
	\$ 192	Net Asset Value
		Unobservable Input
		Net Asset Value
	\$ 192	Amount / Range
		Sensitivity to Change in Significant Unobservable Input
		The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1996**

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

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

	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 210	Net Asset Value	Net Asset Value	\$ 210	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ (110)	Adjusted Net Asset Value	Adjusted Net Asset Value	\$ (110)	The estimated fair value would increase (decrease) if: - The net asset value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

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

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

(ii) Adjusted Net Asset Value:

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

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

**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

(in 000s)	2019	2018
Favourable	\$ 19	\$ 10
Unfavourable	\$ (19)	\$ (10)

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1996**

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

As at December 31, the Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity, approximately \$211,000 (2018 - \$119,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 28
Unlisted private equity investee funds administered by third party managers	2	\$ 3,686	\$ 192

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

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	\$ 21
Unlisted private equity investee funds administered by third party managers	2	\$ 3,992	\$ 100

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1997**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 2,516	\$ 2,829
<b>Liabilities</b>			
BCI cost recoveries payable	4	159	146
Other accounts payable		21	11
		<u>180</u>	<u>157</u>
<b>Net assets attributable to holders of redeemable units</b>		<u>\$ 2,336</u>	<u>\$ 2,672</u>
<i>Number of redeemable units outstanding</i>	5	0.760	0.761
<b>Net assets attributable to holders of redeemable units per unit</b>		<u>\$ 3,074</u>	<u>\$ 3,511</u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		\$ 81	\$ 1,164
Net change in unrealized appreciation		(274)	(1,130)
Total revenue		<u>(193)</u>	<u>34</u>
<b>Expenses:</b>			
BCI cost recoveries	4	92	107
Administrative fees		43	25
Total operating expenses		<u>135</u>	<u>132</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(328)</u>	<u>(98)</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		-	(919)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u>\$ (328)</u>	<u>\$ (1,017)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1997**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 2,672	\$ 4,497
Decrease in net assets attributable to holders of redeemable units	(328)	(1,017)
Redeemable unit transactions:		
Proceeds from units issued	126	115
Reinvestment of distributions	-	919
Amounts paid for units redeemed	(134)	(1,842)
Net decrease from redeemable unit transactions	(8)	(808)
<b>Balance, end of year</b>	<b>\$ 2,336</b>	<b>\$ 2,672</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (328)	\$ (1,017)
Adjustments for:		
Net realized gain from investments	(81)	(1,164)
Net change in unrealized appreciation of investments	274	1,130
Non cash distributions	-	919
Proceeds from sale of investments	134	1,947
Amounts paid for purchase of investments	(14)	(106)
BCI cost recoveries payable	13	18
Other accounts payable	10	-
	<u>8</u>	<u>1,727</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	126	115
Payments on redemption of redeemable units	(134)	(1,842)
	<u>(8)</u>	<u>(1,727)</u>
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1997**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 2,506	\$ 1,043	\$ 2,824	\$ 1,087
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 2,516</u>	<u>\$ 1,053</u>	<u>\$ 2,829</u>	<u>\$ 1,092</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1997**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1997.

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

(in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 2,483	99.1 %	\$ 2,667	94.4 %
BCI Money Market Funds	23	0.9 %	157	5.6 %
	<u>\$ 2,506</u>	<u>100.0 %</u>	<u>\$ 2,824</u>	<u>100.0 %</u>

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

**Credit Risk**

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

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

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1997

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Financial Risk Management Discussion (continued)  
as at December 31

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**Currency Risk**

The Fund holds net financial assets denominated in U.S. currency totalling \$2,497,000 CAD which represents 106.9% of the net asset value of the Fund (2018 - \$2,817,000 CAD which represented 105.4% of the net asset value of the Fund).

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$25,000 (2018 - \$28,000), 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.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$14,855,000 (2018 - \$15,646,000).

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$149,000 (2018 - \$157,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

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Financial Risk Management Discussion (continued)  
as at December 31

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**Other Price Risk**

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

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$252,000 (2018 - \$283,000) or 10.8% (2018 - 10.6%) of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1997**

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

**Fair Value Hierarchy**

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

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

	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 33	\$ -	\$ -	\$ 33
Unlisted Private Equity Investee Funds	-	-	2,483	2,483
Total Investments	\$ 33	\$ -	\$ 2,483	\$ 2,516

  

	2018			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 162	\$ -	\$ -	\$ 162
Unlisted Private Equity Investee Funds	-	-	2,667	2,667
Total Investments	\$ 162	\$ -	\$ 2,667	\$ 2,829

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

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

**Fair Value Hierarchy (continued)**

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

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

	2019
	Unlisted Private Equity Investee Funds
(in 000s)	
Balance, beginning of year	\$ 2,667
Total gains or (losses) recognized in profit or loss	(184)
Purchases	-
Sales	-
Balance, end of year	\$ 2,483
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (184)

  

	2018
	Unlisted Private Equity Investee Funds
(in 000s)	
Balance, beginning of year	\$ 3,146
Total gains or (losses) recognized in profit or loss	52
Purchases	-
Sales	(531)
Balance, end of year	\$ 2,667
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 162

During 2019 and 2018, there were no significant transfers into or out of Level 3.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1997**

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

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

2019					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 2,483	Net Asset Value	Net Asset Value	\$ 2,483	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 2,667	Net Asset Value	Net Asset Value	\$ 2,667	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

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

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

Significant unobservable inputs are developed as follows:

- (i) Net Asset Value:  
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.
- The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Fund's policy to categorize the investee as Level 3 within the fair value hierarchy.

**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

(in 000s)	2019	2018
Favourable	\$ 248	\$ 267
Unfavourable	\$ (248)	\$ (267)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1997**

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

As at December 31, the Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$2,506,000 (2018 - \$2,824,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 33
Unlisted private equity investee funds administered by third party managers	4	\$ 37,499	\$ 2,483

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

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	\$ 162
Unlisted private equity investee funds administered by third party managers	5	\$ 40,189	\$ 2,667

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1998**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 2,471	\$ 2,681
<b>Liabilities</b>			
BCI cost recoveries payable	4	111	100
Other accounts payable		21	12
		<u>132</u>	<u>112</u>
<b>Net assets attributable to holders of redeemable units</b>		<u>\$ 2,339</u>	<u>\$ 2,569</u>
<i>Number of redeemable units outstanding</i>	5	0.136	0.133
<b>Net assets attributable to holders of redeemable units per unit</b>		<u>\$ 17,199</u>	<u>\$ 19,316</u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		\$ 40	\$ -
Net change in unrealized appreciation		(218)	(483)
Total revenue		<u>(178)</u>	<u>(483)</u>
<b>Expenses:</b>			
BCI cost recoveries	4	62	70
Administrative fees		43	24
Total operating expenses		<u>105</u>	<u>94</u>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u>\$ (283)</u>	<u>\$ (577)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1998**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
	<u>          </u>	<u>          </u>
Balance, beginning of year	\$ 2,569	\$ 3,075
Decrease in net assets attributable to holders of redeemable units	(283)	(577)
Redeemable unit transactions:		
Proceeds from units issued	95	71
Amounts paid for units redeemed	<u>(42)</u>	<u>-</u>
Net increase from redeemable unit transactions	<u>53</u>	<u>71</u>
<b>Balance, end of year</b>	<b><u>\$ 2,339</u></b>	<b><u>\$ 2,569</u></b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
	<u>          </u>	<u>          </u>
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (283)	\$ (577)
Adjustments for:		
Net realized gain from investments	(40)	-
Net change in unrealized appreciation of investments	218	483
Proceeds from sale of investments	46	67
Amounts paid for purchase of investments	(14)	(63)
BCI cost recoveries payable	11	18
Other accounts payable	<u>9</u>	<u>1</u>
	<u>(53)</u>	<u>(71)</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	95	71
Payments on redemption of redeemable units	<u>(42)</u>	<u>-</u>
	<u>53</u>	<u>71</u>
<b>Cash, beginning and end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1998**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 2,462	\$ 170	\$ 2,681	\$ 171
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>-</u>	<u>-</u>
<b>Total Investments</b>	<u>\$ 2,472</u>	<u>\$ 180</u>	<u>\$ 2,681</u>	<u>\$ 171</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1998**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1998.

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

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 327	13.3 %	\$ 745	27.7 %
Unlisted Private Equity Investee Funds	2,118	86.0 %	1,921	71.7 %
BCI Money Market Funds	17	0.7 %	15	0.6 %
	<u>\$ 2,462</u>	<u>100.0 %</u>	<u>\$ 2,681</u>	<u>100.0 %</u>

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

**Credit Risk**

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

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

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

**Currency Risk**

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1998**

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

**Other Price Risk**

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

INDUSTRY SECTOR  
(in 000s)

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Energy	\$ 327	13.4 %	\$ 745	27.9 %
	327	13.4 %	745	27.9 %
Total Unlisted Private Equity Investee Funds in Energy and Telecommunication Services	2,118	86.6 %	1,921	72.1 %
	\$ 2,445	100.0 %	\$ 2,666	100.0 %

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

**Other Price Risk (continued)**

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$247,000 (2018 - \$268,000) or 10.6% (2018 - 10.4%) of net assets attributable to holders of redeemable units.

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1998**

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

**Fair Value Hierarchy**

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

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

	2019				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)		Total
(in 000s)					
BCI Money Market Funds	\$ 27	\$ -	\$ -	\$ -	\$ 27
Direct Private Equity Investments	-	-	327		327
Unlisted Private Equity Investee Funds	-	-	2,118		2,118
Total Investments	\$ 27	\$ -	\$ 2,445	\$ -	\$ 2,472

	2018				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)		Total
(in 000s)					
BCI Money Market Funds	\$ 15	\$ -	\$ -	\$ -	\$ 15
Direct Private Equity Investments	-	-	745		745
Unlisted Private Equity Investee Funds	-	-	1,921		1,921
Total Investments	\$ 15	\$ -	\$ 2,666	\$ -	\$ 2,681

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

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

**Fair Value Hierarchy (continued)**

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

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

	2019		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 745	\$ 1,921	\$ 2,666
Total losses recognized in profit or loss	(371)	197	(174)
Purchases	-	-	-
Sales	(47)	-	(47)
Balance, end of year	\$ 327	\$ 2,118	\$ 2,445
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (326)	\$ 197	\$ (129)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1998**

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

**Fair Value Hierarchy (continued)**

	2018			
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds		Total
(in 000s)				
Balance, beginning of year	\$ 1,219	\$ 1,928	\$	3,147
Total losses recognized in profit or loss	(474)	(7)		(481)
Purchases	-	-		-
Sales	-	-		-
Balance, end of year	\$ 745	\$ 1,921	\$	2,666
Total unrealized losses for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (474)	\$ (7)	\$	(481)

During 2019 and 2018, there were no significant transfers into or out of Level 3.

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

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

	2019					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Weighted Average	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 327	Market approach	EV / EBITDA	0.74x	0.74x	The estimated fair value would increase (decrease) if the revenue multiple was higher (lower) if revenue multiple is being used
Unlisted Private Equity Investee Funds	\$ 2,118	Adjusted Net Asset Value	Adjusted Net Asset Value	\$ 2,118	N/A	The estimated fair value would increase (decrease) if: - The net asset value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1998**

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

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

	2018						
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Weighted Average	Sensitivity to Change in Significant Unobservable Input	
Direct Private Equity Investments	\$ 745	Market approach	Revenue multiple	0.97x	0.97x	The estimated fair value would increase (decrease) if the revenue multiple was higher (lower).	
Unlisted Private Equity Investee Funds	\$ 1,921	Adjusted Net Asset Value	Adjusted Net Asset Value	\$ 1,921	N/A	The estimated fair value would increase (decrease) if:  - The net asset value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was higher (lower).	

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

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

Significant unobservable inputs are developed as follows:

(i) 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.

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

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

(iii) Adjusted Net Asset Value:

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1998**

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

**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

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

(in 000s)	2019	2018
Favourable	\$ 245	\$ 267
Unfavourable	\$ (245)	\$ (267)

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

As at December 31, the Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$2,462,000 (2018 - \$2,681,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 27
Unlisted private equity investee funds administered by third party managers	1	\$ 11,795	\$ 2,118

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1998**

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

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	\$ 15
Unlisted private equity investee funds administered by third party managers	1	\$ 16,062	\$ 1,921

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 4,048	\$ 5,627
<b>Liabilities</b>			
BCI cost recoveries payable	4	157	141
Other accounts payable		21	11
		<u>178</u>	<u>152</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 3,870</u></u>	<u><u>\$ 5,475</u></u>
<i>Number of redeemable units outstanding</i>	5	3,654	4,171
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 1,059</u></u>	<u><u>\$ 1,313</u></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Income (Loss)**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		\$ 123	\$ 1,657
Net change in unrealized appreciation		<u>(1,033)</u>	<u>174</u>
Total revenue		<u>(910)</u>	<u>1,831</u>
<b>Expenses:</b>			
BCI cost recoveries	4	117	119
Administrative fees		<u>43</u>	<u>25</u>
Total operating expenses		<u>160</u>	<u>144</u>
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(1,070)</u>	<u>1,687</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>-</u>	<u>(1,406)</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<u><u>\$ (1,070)</u></u>	<u><u>\$ 281</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 5,475	\$ 8,070
Increase (decrease) in net assets attributable to holders of redeemable units	(1,070)	281
Redeemable unit transactions:		
Proceeds from units issued	188	148
Reinvestment of distributions	-	1,406
Amounts paid for units redeemed	(723)	(4,430)
Net decrease from redeemable unit transactions	(535)	(2,876)
<b>Balance, end of year</b>	<b>\$ 3,870</b>	<b>\$ 5,475</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (1,070)	\$ 281
Adjustments for:		
Net realized gain from investments	(123)	(1,657)
Net change in unrealized appreciation of investments	1,033	(174)
Non cash distributions	-	1,406
Proceeds from sale of investments	723	4,543
Amounts paid for purchase of investments	(54)	(136)
BCI cost recoveries payable	16	19
Other accounts payable	10	-
	<u>535</u>	<u>4,282</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	188	148
Payments on redemption of redeemable units	(723)	(4,430)
	<u>(535)</u>	<u>(4,282)</u>
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 4,038	\$ 3,335	\$ 5,622	\$ 3,886
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 4,048</u>	<u>\$ 3,345</u>	<u>\$ 5,627</u>	<u>\$ 3,891</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999

Financial Risk Management Discussion  
as at December 31

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1999.

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

(in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 4,015	99.4 %	\$ 5,461	97.1 %
BCI Money Market Funds	23	0.6 %	161	2.9 %
	<u>\$ 4,038</u>	<u>100.0 %</u>	<u>\$ 5,622</u>	<u>100.0 %</u>

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

**Credit Risk**

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

Financial Risk Management Discussion (continued)  
as at December 31

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

**Currency Risk**

The Fund holds net financial assets denominated in U.S. currency totalling \$4,029,000 CAD, which represents 104.1% of the net asset value of the Fund (2018 - \$5,618,000 CAD, which represented 102.6% of the net asset value of the Fund).

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999

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Financial Risk Management Discussion (continued)  
as at December 31

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**Currency Risk (continued)**

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$40,000 (2018 - \$56,000), 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.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$2,304,000 (2018 - \$3,348,000). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$23,000 (2018 - \$33,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

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Financial Risk Management Discussion (continued)  
as at December 31

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**Other Price Risk**

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

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$405,000 (2018 - \$563,000) or 10.5% (2018 – 10.3%) of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999**

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

**Fair Value Hierarchy**

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

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

		2019			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds		\$ 33	\$ -	\$ -	\$ 33
Unlisted Private Equity Investee Funds		-	-	4,015	4,015
Total Investments		\$ 33	\$ -	\$ 4,015	\$ 4,048

  

		2018			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds		\$ 166	\$ -	\$ -	\$ 166
Unlisted Private Equity Investee Funds		-	-	5,461	5,461
Total Investments		\$ 166	\$ -	\$ 5,461	\$ 5,627

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

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

**Fair Value Hierarchy (continued)**

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

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

		Unlisted Private Equity Investee Funds	
		2019	2018
(in 000s)			
Balance, beginning of year		\$ 5,461	\$ 8,183
Total gains or (losses) recognized in profit or loss		(873)	1,867
Purchases		-	-
Sales		(573)	5,461
Balance, end of year		\$ 4,015	\$ 5,461

  

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date		\$ (837)	\$ 1,743
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During 2019 and 2018, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999**

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

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

2019					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 4,015	Net Asset Value	Net Asset Value	\$ 4,015	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 5,461	Net Asset Value	Net Asset Value	\$ 5,461	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

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

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

Significant unobservable inputs are developed as follows:

- (i) Net Asset Value:  
Represents the net asset value of the unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.
- The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Fund's policy to categorize the investee as Level 3 within the fair value hierarchy.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999**

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

**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

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

(in 000s)	2019	2018
Favourable	\$ 402	\$ 546
Unfavourable	\$ (402)	\$ (546)

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

As at December 31, the Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$4,038,000 (2018 - \$5,622,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 32
Unlisted private equity investee funds administered by third party managers	5	\$ 126,758	\$ 4,015

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999**

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

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	\$ 166
Unlisted private equity investee funds administered by third party managers	6	\$ 172,129	\$ 5,461

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999A**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 1,331	\$ 1,501
<b>Liabilities</b>			
BCI cost recoveries payable	4	78	69
Other accounts payable		21	12
		<u>99</u>	<u>81</u>
<b>Net assets attributable to holders of redeemable units</b>		<u>\$ 1,232</u>	<u>\$ 1,420</u>
<i>Number of redeemable units outstanding</i>	5	0.866	0.808
<b>Net assets attributable to holders of redeemable units per unit</b>		<u>\$ 1,423</u>	<u>\$ 1,757</u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		\$ -	\$ 84
Net change in unrealized appreciation of investments		(175)	(96)
Total revenue		<u>(175)</u>	<u>(12)</u>
<b>Expenses:</b>			
BCI cost recoveries	4	71	77
Administrative fees		43	25
Total operating expenses		<u>114</u>	<u>102</u>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u>\$ (289)</u>	<u>\$ (114)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999A**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 1,420	\$ 1,744
Decrease in net assets attributable to holders of redeemable units	(289)	(114)
Redeemable unit transactions:		
Proceeds from units issued	101	89
Amounts paid for units redeemed	-	(299)
Net increase (decrease) from redeemable unit transactions	101	(210)
<b>Balance, end of year</b>	<b>\$ 1,232</b>	<b>\$ 1,420</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (289)	\$ (114)
Adjustments for:		
Net realized gain from investments	-	(84)
Net change in unrealized appreciation of investments	175	96
Proceeds from sale of investments	-	379
Amounts paid for purchase of investments	(5)	(79)
BCI cost recoveries payable	9	11
Other accounts payable	9	1
	<u>(101)</u>	<u>210</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	101	89
Payments on redemption of redeemable units	-	(299)
	<u>101</u>	<u>(210)</u>
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999A**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 1,321	\$ 1,213	\$ 1,496	\$ 1,213
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 1,331</u>	<u>\$ 1,223</u>	<u>\$ 1,501</u>	<u>\$ 1,218</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999A**

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

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The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1999A.

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

(in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 1,309	99.1 %	\$ 1,481	99.0 %
BCI Money Market Funds	12	0.9 %	15	1.0 %
	<u>\$ 1,321</u>	<u>100.0 %</u>	<u>\$ 1,496</u>	<u>100.0 %</u>

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

**Credit Risk**

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

**Liquidity Risk**

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

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

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

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**Interest Rate Risk**

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

**Currency Risk**

The Fund holds net financial assets denominated in U.S. currency totalling \$217,000 CAD, which represents 17.6% of the net asset value of the Fund (2018 - \$485,000 CAD, which represented 34.2% of the net asset value of the Fund).

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$2,000 (2018 - \$5,000), representing 0.2% of the Fund's net assets (2018 - 0.4%). 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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999A**

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

**Currency Risk (continued)**

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$130,000 CAD (2018 - \$137,000 CAD). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$1,000 (2018 - \$1,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

**Other Price Risk**

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

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$133,000 (2018 - \$150,000) or 10.8% (2018 – 10.6%) of net assets attributable to holders of redeemable units.

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

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

**Fair Value Hierarchy**

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

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

	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 22	\$ -	\$ -	\$ 22
Unlisted Private Equity Investee Funds	-	-	1,309	1,309
Total Investments	\$ 22	\$ -	\$ 1,309	\$ 1,331

	2018			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 20	\$ -	\$ -	\$ 20
Unlisted Private Equity Investee Funds	-	-	1,481	1,481
Total Investments	\$ 20	\$ -	\$ 1,481	\$ 1,501

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999A**

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

**Fair Value Hierarchy (continued)**

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

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

	2019	2018
(in 000s)	Unlisted Private Equity Investee Funds	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 1,481	\$ 1,795
Total losses recognized in profit or loss	(172)	(16)
Purchases	-	-
Sales	-	(298)
Balance, end of year	<u>\$ 1,309</u>	<u>\$ 1,481</u>
Total unrealized losses for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (172)</u>	<u>\$ (11)</u>

During 2019 and 2018, there were no significant transfers into or out of Level 3.

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of unlisted private equity investee funds 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
Unlisted Private Equity Investee Funds	\$ 277	Net Asset Value	Net Asset Value	\$ 277	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 1,032	Adjusted Net Asset Value	Adjusted Net Asset Value	\$ 1,032	The estimated fair value would increase (decrease) if: - The net asset value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999A**

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

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

	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 478	Net Asset Value	Net Asset Value	\$ 478	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 1,003	Adjusted Net Asset Value	Adjusted Net Asset Value	\$ 1,003	The estimated fair value would increase (decrease) if: - The net asset value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

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

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

(ii) Adjusted Net Asset Value:

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

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

**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

(in 000s)	2019	2018
Favourable	\$ 131	\$ 148
Unfavourable	\$ (131)	\$ (148)

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**PRIVATE PLACEMENT FUND 1999A**

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

As at December 31, the Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$1,321,000 (2018 - \$1,496,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 22
Unlisted private equity investee funds administered by third party managers	3	\$ 24,429	\$ 1,309

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

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	\$ 20
Unlisted private equity investee funds administered by third party managers	3	\$ 54,738	\$ 1,481

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2000 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 5,571	\$ 7,788
<b>Liabilities</b>			
BCI cost recoveries payable	4	164	147
Other accounts payable		21	11
		<u>185</u>	<u>158</u>
<b>Net assets attributable to holders of redeemable units</b>		<u>\$ 5,386</u>	<u>\$ 7,630</u>
<i>Number of redeemable units outstanding</i>	5	1.399	1.764
<b>Net assets attributable to holders of redeemable units per unit</b>		<u>\$ 3,850</u>	<u>\$ 4,325</u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		\$ 1,434	\$ 2,678
Net change in unrealized appreciation		<u>(1,926)</u>	<u>(1,350)</u>
Total revenue		<u>(492)</u>	<u>1,328</u>
<b>Expenses:</b>			
BCI cost recoveries	4	159	188
Administrative fees		<u>43</u>	<u>25</u>
Total operating expenses		<u>202</u>	<u>213</u>
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(694)</u>	<u>1,115</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(1,231)</u>	<u>(2,357)</u>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u>\$ (1,925)</u>	<u>\$ (1,242)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2000 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 7,630	\$ 9,721
Decrease in net assets attributable to holders of redeemable units	(1,925)	(1,242)
Redeemable unit transactions:		
Proceeds from units issued	232	227
Reinvestment of distributions	1,231	2,357
Amounts paid for units redeemed	(1,782)	(3,433)
Net decrease from redeemable unit transactions	(319)	(849)
<b>Balance, end of year</b>	<b>\$ 5,386</b>	<b>\$ 7,630</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (1,925)	\$ (1,242)
Adjustments for:		
Net realized gain from investments	(1,434)	(2,678)
Net change in unrealized appreciation of investments	1,926	1,350
Non cash distributions	1,231	2,357
Proceeds from sale of investments	1,782	3,617
Amounts paid for purchase of investments	(57)	(212)
BCI cost recoveries payable	17	14
Other accounts payable	10	-
	<u>1,550</u>	<u>3,206</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	232	227
Payments on redemption of redeemable units	(1,782)	(3,433)
	<u>(1,550)</u>	<u>(3,206)</u>
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2000 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 5,561	\$ 1,193	\$ 7,783	\$ 1,489
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 5,571</u>	<u>\$ 1,203</u>	<u>\$ 7,788</u>	<u>\$ 1,494</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2000 PRIVATE PLACEMENT FUND**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2000 Private Placement Fund.

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

	2019		2018	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 990	17.8 %	\$ 7,186	92.4 %
BCI Money Market Funds	24	0.4 %	533	6.8 %
Cash and cash equivalents	4,547	81.8 %	64	0.8 %
	<u>\$ 5,561</u>	<u>100.0 %</u>	<u>\$ 7,783</u>	<u>100.0 %</u>

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

**Credit Risk**

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

**Liquidity Risk**

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

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

**Liquidity Risk (continued)**

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

**Interest Rate Risk**

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

**Currency Risk**

The Fund holds net financial assets denominated in U.S. currency totalling \$5,267,000 CAD, which represents 97.8% of the net asset value of the Fund (2018 - \$7,297,000 CAD, which represented 95.6% of the net asset value of the Fund).

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$53,000 (2018 - \$73,000), 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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2000 PRIVATE PLACEMENT FUND**

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

**Currency Risk (continued)**

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$891,000 CAD (2018 - \$1,350,000 CAD). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$9,000 (2018 - \$14,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

**Other Price Risk**

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

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$557,000 (2018 - \$779,000) or 10.3% (2018 – 10.2%) of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

**Fair Value Hierarchy**

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

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

		2019			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
Cash		\$ -	\$ 4,547	\$ -	\$ 4,547
BCI Money Market Funds		34	-	-	34
Unlisted Private Equity Investee Funds		-	-	990	990
Total Investments		\$ 34	\$ 4,547	\$ 990	\$ 5,571

  

		2018			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
Cash		\$ -	\$ 64	\$ -	\$ 64
BCI Money Market Funds		538	-	-	538
Unlisted Private Equity Investee Funds		-	-	7,186	7,186
Total Investments		\$ 538	\$ 64	\$ 7,186	\$ 7,788

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2000 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

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

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

	2019	2018
(in 000s)	Unlisted Private Equity Investee Funds	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 7,186	\$ 9,847
Total gains or (losses) recognized in profit or loss	(448)	1,297
Purchases	-	109
Sales	(5,748)	(4,067)
Balance, end of year	<u>\$ 990</u>	<u>\$ 7,186</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (547)</u>	<u>\$ 1,061</u>

During 2019 and 2018, there were no significant transfers into or out of Level 3.

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

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

	2019				Sensitivity to Change in Significant Unobservable Input
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	
Unlisted Private Equity Investee Fund	\$ 990	Net Asset Value	Net Asset Value	\$ 990	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

  

	2018				Sensitivity to Change in Significant Unobservable Input
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	
Unlisted Private Equity Investee Funds	\$ 7,186	Net Asset Value	Net Asset Value	\$ 7,186	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

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Fair Value Measurement Discussion (continued)  
as at December 31

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Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

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

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

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Fair Value Measurement Discussion (continued)  
as at December 31

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Effects of Unobservable Inputs on Fair Value Measurement

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

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

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

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

(in 000s)	2019	2018
Favourable	\$ 99	\$ 719
Unfavourable	\$ (99)	\$ (719)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2000 PRIVATE PLACEMENT FUND**

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

As at December 31, the Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$5,561,000 (2018 - \$7,783,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 34
Unlisted private equity investee funds administered by third party managers	5	\$ 85,247	\$ 990

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

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	\$ 538
Unlisted private equity investee funds administered by third party managers	6	\$ 422,269	\$ 7,186

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2001 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 567	\$ 675
<b>Liabilities</b>			
BCI cost recoveries payable	4	94	65
Other accounts payable		-	11
		<u>94</u>	<u>76</u>
<b>Net assets attributable to holders of redeemable units</b>		<u>\$ 473</u>	<u>\$ 599</u>
<i>Number of redeemable units outstanding</i>	5	0.173	0.152
<b>Net assets attributable to holders of redeemable units per unit</b>		<u>\$ 2,734</u>	<u>\$ 3,941</u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		\$ -	\$ 2,254
Net change in unrealized appreciation		(114)	(2,132)
Total revenue		<u>(114)</u>	<u>122</u>
<b>Expenses:</b>			
BCI cost recoveries	4	53	61
Administrative fees		<u>43</u>	<u>25</u>
Total operating expenses		<u>96</u>	<u>86</u>
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(210)</u>	<u>36</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		-	(2,117)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u>\$ (210)</u>	<u>\$ (2,081)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2001 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 599	\$ 3,381
Decrease in net assets attributable to holders of redeemable units	(210)	(2,081)
Redeemable unit transactions:		
Proceeds from units issued	84	76
Reinvestment of distributions	-	2,117
Amounts paid for units redeemed	-	(2,894)
Net increase (decrease) from redeemable unit transactions	84	(701)
<b>Balance, end of year</b>	<b>\$ 473</b>	<b>\$ 599</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (210)	\$ (2,081)
Adjustments for:		
Net realized gain from investments	-	(2,254)
Net change in unrealized appreciation of investments	114	2,132
Non cash distributions	-	2,117
Proceeds from sale of investments	5	2,966
Amounts paid for purchase of investments	(11)	(68)
BCI cost recoveries payable	29	6
Other accounts payable	(11)	-
	(84)	2,818
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	84	76
Payments on redemption of redeemable units	-	(2,894)
	84	(2,818)
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2001 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 562	\$ 136	\$ 675	\$ 135
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>5</u>	<u>5</u>	<u>-</u>	<u>-</u>
<b>Total Investments</b>	<u>\$ 567</u>	<u>\$ 141</u>	<u>\$ 675</u>	<u>\$ 135</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2001 PRIVATE PLACEMENT FUND**

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

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The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2001 Private Placement Fund.

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

(in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 543	96.6 %	\$ 653	96.7 %
BCI Money Market Funds	19	3.4 %	22	3.3 %
	<u>\$ 562</u>	<u>100.0 %</u>	<u>\$ 675</u>	<u>100.0 %</u>

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

**Credit Risk**

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

**Liquidity Risk**

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

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

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

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**Interest Rate Risk**

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

**Currency Risk**

The Fund holds net financial assets denominated in U.S. currency totalling \$556,000 CAD, which represents 117.5% of the net asset value of the Fund (2018 - \$667,000 CAD, which represented 111.4% of the net asset value of the Fund).

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$6,000 (2018 - \$7,000), representing 1.3% of the Fund's net assets (2018 - 1.2%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$422,000 CAD (2018 - \$444,000 CAD). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$4,000 (2018 - \$4,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2001 PRIVATE PLACEMENT FUND**

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

**Other Price Risk**

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

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$57,000 (2018 - \$68,000) or 12.1% (2018 – 11.4%) of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

**Fair Value Hierarchy**

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

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

		2019			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds		\$ 24	\$ -	\$ -	\$ 24
Unlisted Private Equity Investee Funds		-	-	543	543
Total Investments		\$ 24	\$ -	\$ 543	\$ 567

  

		2018			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds		\$ 22	\$ -	\$ -	\$ 22
Unlisted Private Equity Investee Funds		-	-	653	653
Total Investments		\$ 22	\$ -	\$ 653	\$ 675

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2001 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

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

	2019	2018
	Unlisted Private Equity Investee Funds	Unlisted Private Equity Investee Funds
(in 000s)		
Balance, beginning of year	\$ 653	\$ 3,205
Total gains or (losses) recognized in profit or loss	(110)	120
Purchases	-	-
Sales	-	(2,672)
Balance, end of year	<u>\$ 543</u>	<u>\$ 653</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (110)</u>	<u>\$ 98</u>

During 2019 and 2018, there were no significant transfers into or out of Level 3.

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of unlisted private equity investee funds 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
Unlisted Private Equity Investee Funds	\$ 543	Net Asset Value	Net Asset Value	\$ 543	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 653	Net Asset Value	Net Asset Value	\$ 653	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2001 PRIVATE PLACEMENT FUND**

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

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

Significant unobservable inputs are developed as follows:

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

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

**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

(in 000s)	2019	2018
Favourable	\$ 54	\$ 65
Unfavourable	\$ (54)	\$ (65)

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

As at December 31, the Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$562,000 (2018 - \$675,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 24
Unlisted private equity investee funds administered by third party managers	2	\$ 16,093	\$ 543

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2001 PRIVATE PLACEMENT FUND**

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

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	\$ 22
Unlisted private equity investee funds administered by third party managers	2	\$ 28,164	\$ 653

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2002 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 9,198	\$ 11,980
<b>Liabilities</b>			
BCI cost recoveries payable	4	108	96
Other accounts payable		21	11
		<u>129</u>	<u>107</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 9,069</u></u>	<u><u>\$ 11,873</u></u>
<i>Number of redeemable units outstanding</i>	5	2.758	3.600
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 3,288</u></u>	<u><u>\$ 3,298</u></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		\$ 1,777	\$ 4,621
Net change in unrealized appreciation		<u>(1,675)</u>	<u>(3,182)</u>
Total revenue		<u>102</u>	<u>1,439</u>
<b>Expenses:</b>			
BCI cost recoveries	4	89	99
Administrative fees		<u>43</u>	<u>25</u>
Total operating expenses		<u>132</u>	<u>124</u>
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(30)</u>	<u>1,315</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(1,645)</u>	<u>(4,426)</u>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u><u>\$ (1,675)</u></u>	<u><u>\$ (3,111)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2002 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 11,873	\$ 18,470
Decrease in net assets attributable to holders of redeemable units	(1,675)	(3,111)
Redeemable unit transactions:		
Proceeds from units issued	119	114
Reinvestment of distributions	1,645	4,426
Amounts paid for units redeemed	(2,893)	(8,026)
Net decrease from redeemable unit transactions	(1,129)	(3,486)
<b>Balance, end of year</b>	<b>\$ 9,069</b>	<b>\$ 11,873</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (1,675)	\$ (3,111)
Adjustments for:		
Net realized gain from investments	(1,777)	(4,621)
Net change in unrealized appreciation of investments	1,675	3,182
Non cash distributions	1,645	4,426
Proceeds from sale of investments	2,893	8,130
Amounts paid for purchase of investments	(9)	(104)
BCI cost recoveries payable	12	10
Other accounts payable	10	-
	<u>2,774</u>	<u>7,912</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	119	114
Payments on redemption of redeemable units	(2,893)	(8,026)
	<u>(2,774)</u>	<u>(7,912)</u>
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2002 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 9,188	\$ 3,517	\$ 11,975	\$ 4,629
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 9,198</u>	<u>\$ 3,527</u>	<u>\$ 11,980</u>	<u>\$ 4,634</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2002 PRIVATE PLACEMENT FUND**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2002 Private Placement Fund.

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

	2019		2018	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 8,666	94.3 %	\$ 11,316	94.5 %
BCI Money Market Funds	522	5.7 %	21	0.2 %
Cash	-	- %	638	5.3 %
	<u>\$ 9,188</u>	<u>100.0 %</u>	<u>\$ 11,975</u>	<u>100.0 %</u>

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

**Credit Risk**

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

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

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

**Currency Risk**

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

CURRENCY (CAD 000s)	2019		2018	
	Net Investments and Investment-Related Receivables	% of Total Net Assets	Net Investments and Investment-Related Receivables	% of Total Net Assets
Euro	\$ 251	2.8 %	\$ 270	2.3 %
United States Dollar	8,927	98.4 %	11,627	97.9 %
Net Exposure	<u>\$ 9,178</u>	<u>101.2 %</u>	<u>\$ 11,897</u>	<u>100.2 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2002 PRIVATE PLACEMENT FUND

Financial Risk Management Discussion (continued)  
as at December 31

Currency Risk (continued)

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$92,000 (2018 - \$119,000), representing 1.0% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, 2019 and 2018, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (CAD 000s)	2019	2018
Euro	\$ 536	\$ 575
United States Dollar	3,008	3,169
	<u>\$ 3,544</u>	<u>\$ 3,744</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$35,000 (2018 - \$37,000). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Financial Risk Management Discussion (continued)  
as at December 31

Other Price Risk

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

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$920,000 (2018 - \$1,198,000) or 10.1% (2018 - 10.1%) of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2002 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy**

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

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

	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 532	-	-	\$ 532
Unlisted Private Equity Investee Funds	-	-	8,666	8,666
Total Investments	\$ 532	\$ -	\$ 8,666	\$ 9,198

  

	2018			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Cash	\$ -	\$ 638	\$ -	\$ 638
BCI Money Market Funds	26	-	-	26
Unlisted Private Equity Investee Funds	-	-	11,316	11,316
Total Investments	\$ 26	\$ 638	\$ 11,316	\$ 11,980

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

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

**Fair Value Hierarchy (continued)**

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

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

	2019	2018
	Unlisted Private Equity Investee Funds	Unlisted Private Equity Investee Funds
(in 000s)		
Balance, beginning of year	\$ 11,316	\$ 17,377
Total gains recognized in profit or loss	120	1,437
Purchases	-	-
Sales	(2,770)	(7,498)
Balance, end of year	\$ 8,666	\$ 11,316

  

Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 89	\$ 874
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During 2019 and 2018, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2002 PRIVATE PLACEMENT FUND**

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of unlisted private equity investee funds 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
Unlisted Private Equity Investee Fund	\$ 8,666	Net Asset Value	Net Asset Value	\$ 8,666	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 11,316	Net Asset Value	Net Asset Value	\$ 11,316	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

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

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

Significant unobservable inputs are developed as follows:

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

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

**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

(in 000s)	2019	2018
Favourable	\$ 867	\$ 1,132
Unfavourable	\$ (867)	\$ (1,132)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2002 PRIVATE PLACEMENT FUND**

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

As at December 31, the Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$9,188,000 (2018 - \$11,975,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 532
Unlisted private equity investee funds administered by third party managers	3	\$ 97,725	\$ 8,666

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

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	\$ 26
Unlisted private equity investee funds administered by third party managers	4	\$ 135,158	\$ 11,316

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2003 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 3,068	\$ 30,883
<b>Liabilities</b>			
BCI cost recoveries payable	4	158	145
Other accounts payable		21	11
		<u>179</u>	<u>156</u>
<b>Net assets attributable to holders of redeemable units</b>		<u>\$ 2,889</u>	<u>\$ 30,727</u>
<i>Number of redeemable units outstanding</i>	5	3,105	16,473
<b>Net assets attributable to holders of redeemable units per unit</b>		<u>\$ 930</u>	<u>\$ 1,865</u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		\$ 15,282	\$ 1,113
Net change in unrealized appreciation		<u>(19,479)</u>	<u>(1,161)</u>
Total revenue		<u>(4,197)</u>	<u>(48)</u>
<b>Expenses:</b>			
BCI cost recoveries	4	107	149
Administrative fees		<u>48</u>	<u>25</u>
Total operating expenses		<u>155</u>	<u>174</u>
Decrease in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(4,352)</u>	<u>(222)</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(15,125)</u>	<u>(829)</u>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u>\$ (19,477)</u>	<u>\$ (1,051)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2003 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 30,727	\$ 32,418
Decrease in net assets attributable to holders of redeemable units	(19,477)	(1,051)
Redeemable unit transactions:		
Proceeds from units issued	137	178
Reinvestment of distributions	15,125	829
Amounts paid for units redeemed	(23,623)	(1,647)
Net decrease from redeemable unit transactions	(8,361)	(640)
<b>Balance, end of year</b>	<b>\$ 2,889</b>	<b>\$ 30,727</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (19,477)	\$ (1,051)
Adjustments for:		
Net realized gain from investments	(15,282)	(1,113)
Net change in unrealized appreciation of investments	19,479	1,161
Non cash distributions	15,125	829
Proceeds from sale of investments	23,623	1,798
Amounts paid for purchase of investments	(5)	(166)
BCI cost recoveries payable	13	11
Other accounts payable	10	-
	<u>23,486</u>	<u>1,469</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	137	178
Payments on redemption of redeemable units	(23,623)	(1,647)
	<u>(23,486)</u>	<u>(1,469)</u>
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2003 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 3,058	\$ 1,947	\$ 30,878	\$ 10,288
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 3,068</u>	<u>\$ 1,957</u>	<u>\$ 30,883</u>	<u>\$ 10,293</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

Financial Risk Management Discussion  
as at December 31

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2003 Private Placement Fund.

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

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 1,344	43.9 %	\$ 3,774	12.2 %
Unlisted Private Equity Investee Funds	1,691	55.3 %	27,081	87.7 %
BCI Money Market Funds	23	0.8 %	23	0.1 %
	<u>\$ 3,058</u>	<u>100.0 %</u>	<u>\$ 30,878</u>	<u>100.0 %</u>

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

**Credit Risk**

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

Financial Risk Management Discussion (continued)  
as at December 31

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

**Currency Risk**

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2003 PRIVATE PLACEMENT FUND**

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

**Other Price Risk**

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

INDUSTRY SECTOR (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Software & Services	\$ 1,344	44.3 %	\$ 3,774	12.2 %
Total Unlisted Private Equity Investee Funds in diversified industries	1,691	55.7 %	27,081	87.8 %
	<u>\$ 3,035</u>	<u>100.0 %</u>	<u>\$ 30,855</u>	<u>100.0 %</u>

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

**Other Price Risk (continued)**

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

GEOGRAPHIC REGION (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Canada	\$ 1,344	44.3 %	\$ 3,774	12.2 %
Total Unlisted Private Equity Investee Funds diversified globally	1,691	55.7 %	27,081	87.8 %
	<u>\$ 3,035</u>	<u>100.0 %</u>	<u>\$ 30,855</u>	<u>100.0 %</u>

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$307,000 (2018 - \$3,088,000) or 10.6% (2018 - 10.0%) of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2003 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy**

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

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

	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 33	\$ -	\$ -	\$ 33
Direct Private Equity Investments	-	-	1,344	1,344
Unlisted Private Equity Investee Funds	-	-	1,691	1,691
Total Investments	\$ 33	\$ -	\$ 3,035	\$ 3,068

  

	2018			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 28	\$ -	\$ -	\$ 28
Direct Private Equity Investments	-	-	3,774	3,774
Unlisted Private Equity Investee Funds	-	-	27,081	27,081
Total Investments	\$ 28	\$ -	\$ 30,855	\$ 30,883

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

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

**Fair Value Hierarchy (continued)**

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

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

	2019		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 3,774	\$ 27,081	\$ 30,855
Total losses recognized in profit or loss	(2,430)	(2,082)	(4,512)
Purchases	-	-	-
Sales	-	(23,308)	(23,308)
Balance, end of year	\$ 1,344	\$ 1,691	\$ 3,035

  

Total unrealized losses for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (2,430)	\$ (146)	\$ (2,576)
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*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2003 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

	2018		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 5,671	\$ 26,871	\$ 32,542
Total gains or (losses) recognized in profit or loss	(1,897)	1,927	30
Purchases	-	81	81
Sales	-	(1,798)	(1,798)
Balance, end of year	<u>\$ 3,774</u>	<u>\$ 27,081</u>	<u>\$ 30,855</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (1,897)</u>	<u>\$ 845</u>	<u>\$ (1,052)</u>

During 2019 and 2018, there were no significant transfers into or out of Level 3.

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds 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 Investments	\$ 1,344	Market approach	EV / EBITDA	17.2x	The estimated fair value would increase (decrease) if the EV / EBITDA multiple was higher (lower).
Unlisted Private Equity Investee Funds	\$ 1,691	Net Asset Value	Net Asset Value	\$ 1,691	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

  

	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 3,774	Market approach	Revenue Multiple	33x	The estimated fair value would increase (decrease) if the revenue multiples were higher (lower).
Unlisted Private Equity Investee Funds	\$ 27,081	Net Asset Value	Net Asset Value	\$ 27,081	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

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Fair Value Measurement Discussion (continued)  
as at December 31

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Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

(i) Revenue multiples:

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

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

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

(iii) Net Asset Value:

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

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

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Fair Value Measurement Discussion (continued)  
as at December 31

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Effects of Unobservable Inputs on Fair Value Measurement

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

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

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

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

(in 000s)	2019	2018
Favourable	\$ 303	\$ 3,085
Unfavourable	\$ (303)	\$ (3,085)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2003 PRIVATE PLACEMENT FUND**

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

As at December 31, the Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$3,058,000 (2018 - \$30,878,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 33
Unlisted private equity investee funds administered by third party managers	3	\$ 9,557	\$ 1,691

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

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	\$ 28
Unlisted private equity investee funds administered by third party managers	4	\$ 181,794	\$ 27,081

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2004 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 1,386	\$ 3,483
<b>Liabilities</b>			
BCI cost recoveries payable	4	171	153
Other accounts payable		21	11
		<u>192</u>	<u>164</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 1,194</u></u>	<u><u>\$ 3,319</u></u>
<i>Number of redeemable units outstanding</i>	5	2,246	3,542
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 532</u></u>	<u><u>\$ 937</u></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Income (Loss)**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		\$ 464	\$ 754
Net change in unrealized appreciation		(1,268)	712
Total revenue		<u>(804)</u>	<u>1,466</u>
<b>Expenses:</b>			
BCI cost recoveries	4	121	148
Administrative fees		<u>43</u>	<u>25</u>
Total operating expenses		<u>164</u>	<u>173</u>
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(968)</u>	<u>1,293</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(300)</u>	<u>(462)</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<u><u>\$ (1,268)</u></u>	<u><u>\$ 831</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2004 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 3,319	\$ 9,449
Increase (decrease) in net assets attributable to holders of redeemable units	(1,268)	831
Redeemable unit transactions:		
Proceeds from units issued	152	183
Reinvestment of distributions	300	462
Amounts paid for units redeemed	(1,309)	(7,606)
Net decrease from redeemable unit transactions	(857)	(6,961)
<b>Balance, end of year</b>	<b>\$ 1,194</b>	<b>\$ 3,319</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (1,268)	\$ 831
Adjustments for:		
Net realized gain from investments	(464)	(754)
Net change in unrealized appreciation of investments	1,268	(712)
Non cash distributions	300	462
Proceeds from sale of investments	1,309	7,757
Amounts paid for purchase of investments	(16)	(172)
BCI cost recoveries payable	18	11
Other accounts payable	10	-
	<u>1,157</u>	<u>7,423</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	152	183
Payments on redemption of redeemable units	(1,309)	(7,606)
	<u>(1,157)</u>	<u>(7,423)</u>
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2004 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 1,376	\$ 1,462	\$ 3,478	\$ 2,296
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 1,386</u>	<u>\$ 1,472</u>	<u>\$ 3,483</u>	<u>\$ 2,301</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2004 PRIVATE PLACEMENT FUND**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2004 Private Placement Fund.

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

(in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	1,335	97.0 %	3,445	99.1 %
BCI Money Market Funds	41	3.0 %	33	0.9 %
	<u>\$ 1,376</u>	<u>100.0 %</u>	<u>\$ 3,478</u>	<u>100.0 %</u>

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

**Credit Risk**

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

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

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

**Currency Risk**

The Fund holds net financial assets denominated in U.S. currency totalling \$859,000 CAD, which represents 71.9% of the net asset value of the Fund (2018 - \$2,363,000 CAD, which represented 71.2% of the net asset value of the Fund).

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$9,000 (2018 - \$24,000), representing 0.8% 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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2004 PRIVATE PLACEMENT FUND**

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

**Other Price Risk**

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

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$139,000 (2018 - \$348,000) or 11.6% (2018 – 10.5%) of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

**Fair Value Hierarchy**

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

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

2019				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 51	\$ -	\$ -	\$ 51
Unlisted Private Equity Investee Funds	-	-	1,335	1,335
Total Investments	\$ 51	\$ -	\$ 1,335	\$ 1,386

2018				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 38	\$ -	\$ -	\$ 38
Unlisted Private Equity Investee Funds	-	-	3,445	3,445
Total Investments	\$ 38	\$ -	\$ 3,445	\$ 3,483

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2004 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

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

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

	2019		
(in 000s)	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
Balance, beginning of year	\$ -	\$ 3,445	\$ 3,445
Total gains recognized in profit or loss	8	(813)	(805)
Purchases	-	29	29
Sales	(8)	(1,326)	(1,334)
Balance, end of year	<u>\$ -</u>	<u>\$ 1,335</u>	<u>\$ 1,335</u>

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

\$ -	\$ (321)	\$ (321)
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	2018		
(in 000s)	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
Balance, beginning of year	\$ 7	\$ 9,565	\$ 9,572
Total gains or (losses) recognized in profit or loss	(7)	1,580	1,573
Purchases	-	10	10
Sales	-	(7,710)	(7,710)
Balance, end of year	<u>\$ -</u>	<u>\$ 3,445</u>	<u>\$ 3,445</u>

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

\$ -	\$ 209	\$ 209
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During 2019 and 2018, there were no significant transfers into or out of Level 3.

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds 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
Unlisted Private Equity Investee Funds	\$ 1,335	Net Asset Value	Net Asset Value	\$ 1,335	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

  

	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 3,445	Net Asset Value	Net Asset Value	\$ 3,445	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

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Fair Value Measurement Discussion (continued)  
as at December 31

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Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

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

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

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Fair Value Measurement Discussion (continued)  
as at December 31

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Effects of Unobservable Inputs on Fair Value Measurement

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

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

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

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

(in 000s)	2019	2018
Favourable	\$ 134	\$ 345
Unfavourable	\$ (134)	\$ (345)

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2004 PRIVATE PLACEMENT FUND**

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

As at December 31, the Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$1,376,000 (2018 - \$3,478,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 51
Unlisted private equity investee funds administered by third party managers	4	\$ 14,613	\$ 1,335

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

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	\$ 38
Unlisted private equity investee funds administered by third party managers	5	\$ 36,760	\$ 3,445

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2005 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 34,284	\$ 41,191
<b>Liabilities</b>			
BCI cost recoveries payable	4	536	496
Other accounts payable		21	11
		<u>557</u>	<u>507</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 33,727</u></u>	<u><u>\$ 40,684</u></u>
<i>Number of redeemable units outstanding</i>	5	21.944	30.407
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 1,537</u></u>	<u><u>\$ 1,338</u></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		\$ 9,834	\$ 17,268
Net change in unrealized appreciation		<u>(4,519)</u>	<u>(17,076)</u>
Total revenue		<u>5,315</u>	<u>192</u>
<b>Expenses:</b>			
BCI cost recoveries	4	232	513
Administrative fees		<u>75</u>	<u>25</u>
Total operating expenses		<u>307</u>	<u>538</u>
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		<u>5,008</u>	<u>(346)</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(9,528)</u>	<u>(16,503)</u>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u><u>\$ (4,520)</u></u>	<u><u>\$ (16,849)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2005 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 40,684	\$ 64,641
Decrease in net assets attributable to holders of redeemable units	(4,520)	(16,849)
Redeemable unit transactions:		
Proceeds from units issued	379	417
Reinvestment of distributions	9,528	16,503
Amounts paid for units redeemed	(12,344)	(24,028)
Net decrease from redeemable unit transactions	(2,437)	(7,108)
<b>Balance, end of year</b>	<b>\$ 33,727</b>	<b>\$ 40,684</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (4,520)	\$ (16,849)
Adjustments for:		
Net realized gain from investments	(9,834)	(17,268)
Net change in unrealized appreciation of investments	4,519	17,076
Non cash distributions	9,528	16,503
Proceeds from sale of investments	12,343	24,337
Amounts paid for purchase of investments	(121)	(398)
BCI cost recoveries payable	40	210
Other accounts payable	10	-
	<u>11,965</u>	<u>23,611</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	379	417
Payments on redemption of redeemable units	(12,344)	(24,028)
	<u>(11,965)</u>	<u>(23,611)</u>
<b>Cash, beginning and end of year</b>	<u>\$ -</u>	<u>\$ -</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2005 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 34,271	\$ 7,563	\$ 41,182	\$ 9,955
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment Portfolio:				
Fund ST1	10	10	5	5
Fund ST3	3	3	4	4
	<u>13</u>	<u>13</u>	<u>9</u>	<u>9</u>
<b>Total Investments</b>	<u>\$ 34,284</u>	<u>\$ 7,576</u>	<u>\$ 41,191</u>	<u>\$ 9,964</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2005 PRIVATE PLACEMENT FUND**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2005 Private Placement Fund.

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

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 303	0.9 %	\$ 1,014	2.5 %
Unlisted Private Equity Investee Funds	33,929	99.0 %	36,211	87.9 %
BCI Money Market Funds	39	0.1 %	2,568	6.2 %
Cash	-	- %	1,389	3.4 %
	<u>\$ 34,271</u>	<u>100.0 %</u>	<u>\$ 41,182</u>	<u>100.0 %</u>

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

**Credit Risk**

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

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

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

**Currency Risk**

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

CURRENCY (000s)	2019		2018	
	Net Investments and Investment-Related Receivables	% of Total Net Assets	Net Investments and Investment-Related Receivables	% of Total Net Assets
Euro	\$ 369	1.1 %	\$ 1,081	2.7 %
United States Dollar	33,883	100.5 %	40,086	98.5 %
Net Exposure	<u>\$ 34,252</u>	<u>101.6 %</u>	<u>\$ 41,167</u>	<u>101.2 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2005 PRIVATE PLACEMENT FUND**

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

**Currency Risk (continued)**

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$343,000 (2018 - \$412,000), representing 1.0% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

CURRENCY (000s)	2019	2018
Euro	\$ 7,274	\$ 7,803
United States Dollar	13,452	14,203
	<u>\$ 20,726</u>	<u>\$ 22,006</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$207,000 (2018 - \$220,000). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

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

**Other Price Risk**

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

INDUSTRY SECTOR (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Consumer Discretionary	\$ 303	0.9 %	\$ 1,014	2.7 %
Unlisted Private Equity Investee Funds in diversified industries	33,929	99.1 %	36,211	97.3 %
	<u>\$ 34,232</u>	<u>100.0 %</u>	<u>\$ 37,225</u>	<u>100.0 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2005 PRIVATE PLACEMENT FUND**

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

**Other Price Risk (continued)**

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

GEOGRAPHIC REGION (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Europe	\$ 303	0.9 %	\$ 1,014	2.7 %
Total Unlisted Private Equity Investee Funds diversified globally	33,929	99.1 %	36,211	97.3 %
	<u>\$ 34,232</u>	<u>100.0 %</u>	<u>\$ 37,225</u>	<u>100.0 %</u>

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$3,428,000 (2018 - \$4,119,000) or 10.2% (2018 - 10.1%) of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

**Fair Value Hierarchy**

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

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

(in 000s)	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
BCI Money Market Funds	\$ 52	\$ -	\$ -	\$ 52
Direct Private Equity Investments	-	-	303	303
Unlisted Private Equity Investee Funds	-	-	33,929	33,929
Total Investments	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ 34,232</u>	<u>\$ 34,284</u>

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2005 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

	2018			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Cash	\$ -	\$ 1,389	\$ -	\$ 1,389
BCI Money Market Funds	2,577	-	-	2,577
Direct Private Equity Investments	-	-	1,014	1,014
Unlisted Private Equity Investee Funds	-	-	36,211	36,211
Total Investments	\$ 2,577	\$ 1,389	\$ 37,225	\$ 41,191

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

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

**Fair Value Hierarchy (continued)**

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

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

	2019		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 1,014	\$ 36,211	\$ 37,225
Total gains recognized in profit or loss	436	5,003	5,439
Purchases	-	34	34
Sales	(1,147)	(7,319)	(8,466)
Balance, end of year	\$ 303	\$ 33,929	\$ 34,232
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 91	\$ 3,882	\$ 3,973

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2005 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

	2018			
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)				
Balance, beginning of year	\$ 6,122	\$ -	\$ 51,923	\$ 58,045
Total gains or (losses) recognized in profit or loss	(4,693)	-	5,930	1,237
Purchases	-	-	-	-
Sales	(415)	-	(21,642)	(22,057)
Balance, end of year	<u>\$ 1,014</u>	<u>\$ -</u>	<u>\$ 36,211</u>	<u>\$ 37,225</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (3,657)</u>	<u>\$ -</u>	<u>\$ 3,950</u>	<u>\$ 293</u>

During 2019 and 2018, there were no significant transfers into or out of Level 3.

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

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

	2019			
	Fair Value (in 000s)	Valuation Technique	Unobservable Input / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 303	Net Asset Value	Net Asset Value	\$ 303 The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Funds	\$ 33,929	Net Asset Value	Net Asset Value	\$ 33,929 The estimated fair value would increase (decrease) if the net asset value of the unlisted private equity investee funds was higher (lower).

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2005 PRIVATE PLACEMENT FUND**

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

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

2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 1,014	Net Asset Value	Net Asset Value	\$ 1,014	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Direct Private Debt Investments	\$ 36,211	Net Asset Value	Net Asset Value	\$ 36,211	The estimated fair value would increase (decrease) if the net asset value of direct private debt investments was higher (lower).

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

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

Significant unobservable inputs are developed as follows:

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

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

**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2005 PRIVATE PLACEMENT FUND**

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

**Effects of Unobservable Inputs on Fair Value Measurement (continued)**

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

(in 000s)	2019	2018
Favourable	\$ 3,423	\$ 3,722
Unfavourable	\$ (3,423)	\$ (3,722)

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

As at December 31, the Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$34,271,000 (2018 - \$41,182,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 52
Unlisted private equity investee funds administered by third party managers	5	\$ 491,585	\$ 33,929

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2005 PRIVATE PLACEMENT FUND**

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

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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	\$	2,577
Unlisted private equity investee funds administered by third party managers	6	\$ 521,273	\$	36,211

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2006 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 91,818	\$ 121,471
<b>Liabilities</b>			
BCI cost recoveries payable	4	362	332
Other accounts payable		21	11
		<u>383</u>	<u>343</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 91,435</u></u>	<u><u>\$ 121,128</u></u>
<i>Number of redeemable units outstanding</i>	5	32.488	46.318
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 2,814</u></u>	<u><u>\$ 2,615</u></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		\$ 24,138	\$ 25,835
Net change in unrealized appreciation		(17,066)	(6,740)
Total revenue		<u>7,072</u>	<u>19,095</u>
<b>Expenses:</b>			
BCI cost recoveries	4	266	361
Administrative fees		46	26
Total operating expenses		<u>312</u>	<u>387</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>6,760</u>	<u>18,708</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		(23,826)	(25,193)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u><u>\$ (17,066)</u></u>	<u><u>\$ (6,485)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2006 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 121,128	\$ 144,507
Decrease in net assets attributable to holders of redeemable units	(17,066)	(6,485)
Redeemable unit transactions:		
Proceeds from units issued	277	390
Reinvestment of distributions	23,826	25,193
Amounts paid for units redeemed	(36,730)	(42,477)
Net decrease from redeemable unit transactions	(12,627)	(16,894)
<b>Balance, end of year</b>	<b>\$ 91,435</b>	<b>\$ 121,128</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (17,066)	\$ (6,485)
Adjustments for:		
Net realized gain from investments	(24,138)	(25,835)
Net change in unrealized appreciation of investments	17,066	6,740
Non cash distributions	23,826	25,193
Proceeds from sale of investments	36,729	42,827
Amounts paid for purchase of investments	(4)	(367)
BCI cost recoveries payable	30	14
Other accounts payable	10	-
	<u>36,453</u>	<u>42,087</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	277	390
Payments on redemption of redeemable units	(36,730)	(42,477)
	<u>(36,453)</u>	<u>(42,087)</u>
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2006 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 91,808	\$ 29,422	\$ 121,466	\$ 42,014
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 91,818</u>	<u>\$ 29,432</u>	<u>\$ 121,471</u>	<u>\$ 42,019</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2006 PRIVATE PLACEMENT FUND**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2006 Private Placement Fund.

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

	2019		2018	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 90,505	98.6 %	\$ 118,444	97.5 %
Foreign Currency Contracts	4	- %	-	- %
BCI Money Market Funds	23	- %	24	- %
Public Equities	629	0.7 %	-	- %
Cash and cash equivalents	647	0.7 %	2,998	2.5 %
	<u>\$ 91,808</u>	<u>100.0 %</u>	<u>\$ 121,466</u>	<u>100.0 %</u>

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

**Credit Risk**

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

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

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2006 PRIVATE PLACEMENT FUND**

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

**Currency Risk**

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

CURRENCY (CAD 000s)	2019		2018	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Euro	\$ 5,969	6.5 %	\$ 9,321	7.7 %
United States Dollar	85,178	93.2 %	102,770	84.8 %
Net Exposure	<u>\$ 91,147</u>	<u>99.7 %</u>	<u>\$ 112,091</u>	<u>92.5 %</u>

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$911,000 (2018 - \$1,121,000), representing 1.0% of the Fund's net assets (2018 - 0.9%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

CURRENCY (CAD 000s)	2019	2018
Euro	\$ 1,537	\$ 1,649
United States Dollar	6,837	7,201
	<u>\$ 8,374</u>	<u>\$ 8,850</u>

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

**Currency Risk (continued)**

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$84,000 (2018 - \$89,000). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

**Other Price Risk**

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

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

As at December 31, the Fund held public equity investments that were concentrated in the United States and within the information technology sector.

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$9,182,000 (2018 - \$12,147,000) or 10.0% (2018 - 10.0%) of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2006 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy**

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

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

2019					
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)		Total
(in 000s)					
Cash	\$ -	\$ 647	\$ -	\$ -	\$ 647
Public Equities	629	-	-	-	629
BCI Money Market Funds	33	-	-	-	33
Foreign Currency Contracts	-	4	-	-	4
Unlisted Private Equity Investee Funds	-	-	90,505	-	90,505
Total Investments	\$ 662	\$ 651	\$ 90,505	\$ -	\$ 91,818

2018					
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)		Total
(in 000s)					
Cash	\$ -	\$ 2,998	\$ -	\$ -	\$ 2,998
BCI Money Market Funds	29	-	-	-	29
Unlisted Private Equity Investee Funds	-	-	118,444	-	118,444
Total Investments	\$ 29	\$ 2,998	\$ 118,444	\$ -	\$ 121,471

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

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

**Fair Value Hierarchy (continued)**

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

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

	2019
	Unlisted Private Equity Investee Funds
(in 000s)	
Balance, beginning of year	\$ 118,444
Total gains recognized in profit or loss	6,919
Purchases	-
Sales	(34,858)
Balance, end of year	\$ 90,505
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 4,097

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
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**2006 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

	2018			
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds		Total
(in 000s)				
Balance, beginning of year	\$ -	\$ 139,743	\$	139,743
Total gains recognized in profit or loss	68	18,965		19,033
Purchases	-	59		59
Sales	(68)	(40,323)		(40,391)
Balance, end of year	\$ -	\$ 118,444	\$	118,444
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ -	\$ 13,591	\$	13,591

During 2019 and 2018, there were no significant transfers into or out of Level 3.

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of unlisted private equity investee funds 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
Unlisted Private Equity Investee Funds	\$ 90,505	Net Asset Value	Net Asset Value	\$ 90,505	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

  

	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 118,444	Net Asset Value	Net Asset Value	\$ 118,444	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2006 PRIVATE PLACEMENT FUND

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Fair Value Measurement Discussion (continued)  
as at December 31

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Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

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

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

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Fair Value Measurement Discussion (continued)  
as at December 31

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Effects of Unobservable Inputs on Fair Value Measurement

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

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

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

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

(in 000s)	2019	2018
Favourable	\$ 9,050	\$ 11,844
Unfavourable	\$ (9,050)	\$ (11,844)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2006 PRIVATE PLACEMENT FUND**

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

As at December 31, the Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$91,808,000 (2018 - \$121,466,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 33
Unlisted private equity investee funds administered by third party managers	6	\$ 2,628,951	\$ 90,505

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

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	\$ 29
Unlisted private equity investee funds administered by third party managers	7	\$ 2,911,943	\$ 118,444

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2007 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 136,069	\$ 226,444
<b>Liabilities</b>			
BCI cost recoveries payable	4	597	543
Other accounts payable		21	11
		<u>618</u>	<u>554</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 135,451</u></u>	<u><u>\$ 225,890</u></u>
<i>Number of redeemable units outstanding</i>	5	64.867	107.162
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 2,088</u></u>	<u><u>\$ 2,108</u></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		57,195	86,828
Net change in unrealized appreciation		<u>(57,814)</u>	<u>(77,415)</u>
Total revenue		<u>(619)</u>	<u>9,413</u>
<b>Expenses:</b>			
BCI cost recoveries	4	556	714
Administrative fees		<u>75</u>	<u>29</u>
Total operating expenses		<u>631</u>	<u>743</u>
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		<u>(1,250)</u>	<u>8,670</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(56,565)</u>	<u>(85,675)</u>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u><u>\$ (57,815)</u></u>	<u><u>\$ (77,005)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2007 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 225,890	\$ 364,605
Decrease in net assets attributable to holders of redeemable units	(57,815)	(77,005)
Redeemable unit transactions:		
Proceeds from units issued	657	1,098
Reinvestment of distributions	56,565	85,675
Amounts paid for units redeemed	(89,846)	(148,483)
Net decrease from redeemable unit transactions	(32,624)	(61,710)
<b>Balance, end of year</b>	<b>\$ 135,451</b>	<b>\$ 225,890</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (57,815)	\$ (77,005)
Adjustments for:		
Net realized gain from investments	(57,195)	(86,828)
Net change in unrealized appreciation of investments	57,814	77,415
Non cash distributions	56,565	85,675
Proceeds from sale of investments	89,847	149,165
Amounts paid for purchase of investments	(91)	(1,049)
BCI cost recoveries payable	54	12
Other accounts payable	10	-
	<u>89,189</u>	<u>147,385</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	657	1,098
Payments on redemption of redeemable units	(89,846)	(148,483)
	<u>(89,189)</u>	<u>(147,385)</u>
<b>Cash, beginning and end of year</b>	<u>\$ -</u>	<u>\$ -</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2007 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 136,059	\$ 52,782	\$ 226,439	\$ 85,348
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 136,069</u>	<u>\$ 52,792</u>	<u>\$ 226,444</u>	<u>\$ 85,353</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2007 PRIVATE PLACEMENT FUND**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2007 Private Placement Fund.

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

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 2,645	1.9 %	\$ 3,106	1.4 %
Unlisted Private Equity Investee Funds	133,322	98.0 %	195,328	86.3 %
BCI Money Market Funds	92	0.1 %	2,581	1.1 %
Public Equities	-	- %	24,731	10.9 %
Cash	-	- %	693	0.3 %
	<u>\$ 136,059</u>	<u>100.0 %</u>	<u>\$ 226,439</u>	<u>100.0 %</u>

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

**Credit Risk**

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

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

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

**Currency Risk**

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

CURRENCY (000s)	2019		2018	
	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets	Net Investments and Investment- Related Receivables/ (Payables)	% of Total Net Assets
Brazilian Real	\$ -	- %	\$ 24,731	10.9 %
Euro	2,645	2.0 %	3,106	1.4 %
United States Dollar	115,889	85.6 %	158,987	70.4 %
Net Exposure	<u>\$ 118,534</u>	<u>87.5 %</u>	<u>\$ 186,824</u>	<u>82.7 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2007 PRIVATE PLACEMENT FUND**

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

**Currency Risk (continued)**

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$1,185,000 (2018 - \$1,868,000), representing 0.9% of the Fund's net assets (2018 – 0.8%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$24,552,000 (2018 - \$26,524,000).

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$246,000 (2018 - \$265,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

**Other Price Risk**

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

INDUSTRY SECTOR (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Commercial & Professional Services	\$ 2,645	1.9 %	\$ 2,837	1.4 %
Food and Beverage	-	- %	269	0.1 %
	2,645	1.9 %	3,106	1.5 %
Unlisted Private Equity Investee Funds in diversified industries	133,322	98.1 %	195,328	98.4 %
	<u>\$ 135,967</u>	<u>100.0 %</u>	<u>\$ 198,434</u>	<u>99.9 %</u>

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2007 PRIVATE PLACEMENT FUND**

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

**Other Price Risk (continued)**

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

**GEOGRAPHIC REGION  
(in 000s)**

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Europe	\$ 2,645	1.9 %	\$ 3,106	1.6 %
	2,645	1.9 %	3,106	1.6 %
Unlisted Private Equity Investee Funds diversified globally	133,322	98.1 %	195,328	98.4 %
	\$ 135,967	100.0 %	\$ 198,434	100.0 %

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$13,607,000 (2018 - \$22,644,000) or 10.0% (2018 - 10.0%) of net assets attributable to holders of redeemable units.

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

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

**Fair Value Hierarchy**

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

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

	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 102	\$ -	\$ -	\$ 102
Direct Private Equity Investments	-	-	2,645	2,645
Unlisted Private Equity Investee Funds	-	-	133,322	133,322
Total Investments	\$ 102	\$ -	\$ 135,967	\$ 136,069

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2007 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

	2018			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Cash	\$ -	\$ 693	\$ -	\$ 693
BCI Money Market Funds	2,586	-	-	2,586
Direct Private Equity Investments	-	-	3,106	3,106
Public Equities	24,731	-	-	24,731
Unlisted Private Equity Investee Funds	-	-	195,328	195,328
Total Investments	<u>\$ 27,317</u>	<u>\$ 693</u>	<u>\$ 198,434</u>	<u>\$ 226,444</u>

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

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

**Fair Value Hierarchy (continued)**

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

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

	2019		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 3,106	\$ 195,328	\$ 201,540
Total losses recognized in profit or loss	(61)	(6,189)	(6,250)
Purchases	-	693	693
Sales	(400)	(56,510)	(56,910)
Balance, end of year	<u>\$ 2,645</u>	<u>\$ 133,322</u>	<u>\$ 135,967</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (50)</u>	<u>\$ (2,731)</u>	<u>\$ (2,831)</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2007 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

	2018		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 3,598	\$ 298,493	\$ 302,091
Total gains or (losses) recognized in profit or loss	(492)	9,786	9,294
Purchases	-	1,831	1,831
Sales	-	(114,782)	(114,782)
Balance, end of year	\$ 3,106	\$ 195,328	\$ 198,434
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (492)	\$ 8,311	\$ 7,327

During 2019 and 2018, there were no significant transfers into or out of Level 3.

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

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

	2019			
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range
Direct Private Equity Investments	\$ 2,645	Net Asset Value	Net Asset Value	\$ 2,645
				The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Funds	\$ 133,322	Net Asset Value	Net Asset Value	\$ 133,322
				The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2007 PRIVATE PLACEMENT FUND**

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

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

	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 3,106	Net Asset Value	Net Asset Value	\$ 3,106	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 195,328	Net Asset Value	Net Asset Value	\$ 195,328	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

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

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

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

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

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2007 PRIVATE PLACEMENT FUND**

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

**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

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

(in 000s)	2019	2018
Favourable	\$ 13,597	\$ 19,843
Unfavourable	\$ (13,597)	\$ (19,843)

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

As at December 31, the Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$136,059,000 (2018 - \$226,439,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 102
Unlisted private equity investee funds administered by third party managers	12	\$ 3,555,286	\$ 133,322

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2007 PRIVATE PLACEMENT FUND**

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

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	\$	2,586
Unlisted private equity investee funds administered by third party managers	13	\$ 4,265,249	\$	195,328

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2008 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 261,734	\$ 426,779
<b>Liabilities</b>			
BCI cost recoveries payable	4	496	445
Other accounts payable		21	11
		<u>517</u>	<u>456</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 261,217</u></u>	<u><u>\$ 426,323</u></u>
<i>Number of redeemable units outstanding</i>	5	59.857	99.323
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 4,364</u></u>	<u><u>\$ 4,292</u></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		133,140	140,172
Net change in unrealized appreciation		<u>(129,334)</u>	<u>(65,062)</u>
Total revenue		<u>3,806</u>	<u>75,110</u>
<b>Expenses:</b>			
BCI cost recoveries	4	603	686
Administrative fees		<u>88</u>	<u>26</u>
Total operating expenses		<u>691</u>	<u>712</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>3,115</u>	<u>74,398</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(132,449)</u>	<u>(139,135)</u>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u><u>\$ (129,334)</u></u>	<u><u>\$ (64,737)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2008 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 426,323	\$ 537,094
Decrease in net assets attributable to holders of redeemable units	(129,334)	(64,737)
Redeemable unit transactions:		
Proceeds from units issued	1,213	2,170
Reinvestment of distributions	132,449	139,135
Amounts paid for units redeemed	(169,434)	(187,339)
Net decrease from redeemable unit transactions	(35,772)	(46,034)
<b>Balance, end of year</b>	<b>\$ 261,217</b>	<b>\$ 426,323</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (129,334)	\$ (64,737)
Adjustments for:		
Net realized gain from investments	(133,140)	(140,172)
Net change in unrealized appreciation of investments	129,334	65,062
Non cash distributions	132,449	139,135
Proceeds from sale of investments	169,434	187,983
Amounts paid for purchase of investments	(583)	(2,119)
BCI cost recoveries payable	51	17
Other accounts payable	10	-
	<u>168,221</u>	<u>185,169</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	1,213	2,170
Payments on redemption of redeemable units	(169,434)	(187,339)
	<u>(168,221)</u>	<u>(185,169)</u>
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2008 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 261,724	\$ 57,317	\$ 426,774	\$ 93,033
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 261,734</u>	<u>\$ 57,327</u>	<u>\$ 426,779</u>	<u>\$ 93,038</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2008 PRIVATE PLACEMENT FUND**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2008 Private Placement Fund.

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

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 97,322	37.2 %	\$ 105,009	24.6 %
Unlisted Private Equity Investee Funds	163,393	62.4 %	302,249	70.8 %
Foreign Currency Contracts	1	- %	(2)	- %
BCI Money Market Funds	48	- %	8,568	2.0 %
Cash	962	0.4 %	10,950	2.6 %
Net Investment-Related Payables	(2)	- %	-	- %
	<u>\$ 261,724</u>	<u>100.0 %</u>	<u>\$ 426,774</u>	<u>100.0 %</u>

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

**Credit Risk**

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

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

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

**Currency Risk**

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

CURRENCY (CAD 000s)	2019		2018	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Euro	\$ 110,445	42.3 %	\$ 150,557	35.3 %
United States Dollar	144,603	55.4 %	203,429	47.7 %
Net Exposure	<u>\$ 255,048</u>	<u>97.6 %</u>	<u>\$ 353,986</u>	<u>83.0 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2008 PRIVATE PLACEMENT FUND**

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

**Currency Risk (continued)**

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$2,550,000 (2018 - \$3,540,000), representing 1.0% of the Fund's net assets (2018 - 0.8%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

CURRENCY (CAD 000s)	2019	2018
Euro	\$ 9,120	\$ 10,796
United States Dollar	50,811	54,808
	<u>\$ 59,931</u>	<u>\$ 65,604</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$599,000 (2018 - \$656,000). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

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

**Other Price Risk**

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

INDUSTRY SECTOR (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Health Care Equipment & Services	\$ 10,124	3.9 %	\$ 17,013	4.2 %
Pharmaceuticals, Biotechnology & Life Sciences	34,881	13.4 %	36,899	9.1 %
Software & Services	52,317	20.1 %	51,097	12.5 %
	<u>97,322</u>	<u>37.3 %</u>	<u>105,009</u>	<u>25.8 %</u>
Unlisted Private Equity Investee Funds in diversified industries	163,393	62.7 %	302,249	74.2 %
	<u>\$ 260,715</u>	<u>100.0 %</u>	<u>\$ 407,258</u>	<u>100.0 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2008 PRIVATE PLACEMENT FUND**

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

**Other Price Risk (continued)**

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

GEOGRAPHIC REGION  
(in 000s)

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Europe	\$ 45,005	17.2 %	\$ 51,097	12.6 %
United States	52,317	20.1 %	53,912	13.2 %
Total Direct Private Equity Investments	97,322	37.3 %	105,009	25.8 %
Total Unlisted Private Equity Investee Funds diversified globally	163,393	62.7 %	302,249	74.2 %
	<u>\$ 260,715</u>	<u>100.0 %</u>	<u>\$ 407,258</u>	<u>100.0 %</u>

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$26,173,000 (2018 - \$42,678,000) or 10.0% (2018 - 10.0%) of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

**Fair Value Hierarchy**

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

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

	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Cash	\$ -	\$ 962	\$ -	\$ 962
Net Investment-Related Payables	-	(2)	-	(2)
BCI Money Market Funds	58	-	-	58
Foreign Currency Contracts	-	1	-	1
Direct Private Equity Investments	-	-	97,322	97,322
Unlisted Private Equity Investee Funds	-	-	163,393	163,393
Total Investments	<u>\$ 58</u>	<u>\$ 961</u>	<u>\$ 260,715</u>	<u>\$ 261,734</u>

	2018			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Cash	\$ -	\$ 10,950	\$ -	\$ 10,950
BCI Money Market Funds	8,573	-	-	8,573
Foreign Currency Contracts	-	(2)	-	(2)
Direct Private Equity Investments	-	-	105,009	105,009
Unlisted Private Equity Investee Funds	-	-	302,249	302,249
Total Investments	<u>\$ 8,573</u>	<u>\$ 10,948</u>	<u>\$ 407,258</u>	<u>\$ 426,779</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2008 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

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

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		
	Direct Private	Unlisted	
	Equity	Private Equity	
(in 000s)	Investments	Investee	Total
Balance, beginning of year	\$ 105,009	\$ 302,249	\$ 407,258
Total gains or (losses) recognized in profit or loss	3,443	(2,113)	1,330
Purchases	-	2,192	2,192
Sales	(11,130)	(138,935)	(150,065)
Balance, end of year	\$ 97,322	\$ 163,393	\$ 260,715
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 1,222	\$ (3,788)	\$ (2,566)

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

**Fair Value Hierarchy (continued)**

	2018		
	Direct Private	Unlisted	
	Equity	Private Equity	
(in 000s)	Investments	Investee	Total
Balance, beginning of year	\$ 112,028	\$ 406,163	\$ 518,191
Total gains recognized in profit or loss	5,355	68,265	73,620
Purchases	499	3,850	4,349
Sales	(12,873)	(176,029)	(188,902)
Balance, end of year	\$ 105,009	\$ 302,249	\$ 407,258
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 2,743	\$ 43,507	\$ 46,250

During 2019 and 2018, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2008 PRIVATE PLACEMENT FUND**

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

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

	2019				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 97,322	Net Asset Value	Net Asset Value	\$ 97,322	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Funds	\$ 163,393	Net Asset Value	Net Asset Value	\$ 163,393	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

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

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

	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 105,009	Net Asset Value	Net Asset Value	\$ 105,009	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Funds	\$ 302,249	Net Asset Value	Net Asset Value	\$ 302,249	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

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

Significant unobservable inputs are developed as follows:

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

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2008 PRIVATE PLACEMENT FUND**

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

**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

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

(in 000s)	2019	2018
Favourable	\$ 26,071	\$ 40,726
Unfavourable	\$ (26,071)	\$ (40,726)

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

As at December 31, the Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$261,724,000 (2018 - \$426,774,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 58
Unlisted private equity investee funds administered by third party managers	12	\$ 11,197,077	\$ 163,393

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2008 PRIVATE PLACEMENT FUND**

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

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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	\$	8,573
Unlisted private equity investee funds administered by third party managers	13	\$ 20,274,548	\$	302,249

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2009 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 302,636	\$ 378,363
<b>Liabilities</b>			
BCI cost recoveries payable	4	805	744
Other accounts payable		49	11
		<u>854</u>	<u>755</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 301,782</u></u>	<u><u>\$ 377,608</u></u>
<i>Number of redeemable units outstanding</i>	5	212.231	291.122
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 1,422</u></u>	<u><u>\$ 1,297</u></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Income (Loss)**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		77,141	59,410
Net change in unrealized appreciation of investments		(50,064)	21,187
Total revenue		<u>27,077</u>	<u>80,597</u>
<b>Expenses:</b>			
BCI cost recoveries	4	348	903
Administrative fees		46	27
Transaction costs		28	-
Total operating expenses		<u>422</u>	<u>930</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>26,655</u>	<u>79,667</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(76,719)</u>	<u>(58,298)</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<u><u>\$ (50,064)</u></u>	<u><u>\$ 21,369</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2009 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 377,608	\$ 393,206
Increase (decrease) in net assets attributable to holders of redeemable units	(50,064)	21,369
Redeemable unit transactions:		
Proceeds from units issued	408	989
Reinvestment of distributions	76,719	58,298
Amounts paid for units redeemed	(102,889)	(96,254)
Net decrease from redeemable unit transactions	(25,762)	(36,967)
<b>Balance, end of year</b>	<b>\$ 301,782</b>	<b>\$ 377,608</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (50,064)	\$ 21,369
Adjustments for:		
Net realized gain from investments	(77,141)	(59,410)
Net change in unrealized appreciation of investments	50,064	(21,187)
Non cash distributions	76,719	58,298
Proceeds from sale of investments	102,889	96,670
Amounts paid for purchase of investments	(85)	(960)
BCI cost recoveries payable	61	485
Other accounts payable	38	-
	<u>102,481</u>	<u>95,265</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	408	989
Payments on redemption of redeemable units	(102,889)	(96,254)
	<u>(102,481)</u>	<u>(95,265)</u>
<b>Cash, beginning and end of year</b>	<u>\$ -</u>	<u>\$ -</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2009 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 302,626	\$ 82,841	\$ 378,358	\$ 108,509
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 302,636</u>	<u>\$ 82,851</u>	<u>\$ 378,363</u>	<u>\$ 108,514</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2009 PRIVATE PLACEMENT FUND**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2009 Private Placement Fund.

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

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 38,224	12.6 %	\$ 42,061	11.2 %
Unlisted Private Equity Investee Funds	264,362	87.4 %	332,663	87.9 %
BCI Money Market Funds	40	- %	1,943	0.5 %
Public Equities	-	- %	1,691	0.4 %
	<u>\$ 302,626</u>	<u>100.0 %</u>	<u>\$ 378,358</u>	<u>100.0 %</u>

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

**Credit Risk**

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

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

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

**Currency Risk**

The Fund holds net financial assets, including foreign currency contracts, denominated in U.S. currency totalling \$302,613,000 CAD, which represents 100.3% of the net asset value of the Fund (2018 - \$378,342,000 CAD, which represented 100.2% of the net asset value of the Fund).

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2009 PRIVATE PLACEMENT FUND**

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

**Currency Risk (continued)**

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$3,026,000 (2018 - \$3,783,000), 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.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$25,249,000 CAD (2018 - \$26,746,000 CAD). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$253,000 (2018 - \$267,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

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

**Other Price Risk**

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

INDUSTRY SECTOR (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Health Care Equipment & Services	\$ 38,224	12.6 %	\$ 42,061	11.2 %
Unlisted Private Equity Investee Funds in diversified industries	264,362	87.4 %	332,663	88.8 %
	<u>\$ 302,586</u>	<u>100.0 %</u>	<u>\$ 374,724</u>	<u>100.0 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2009 PRIVATE PLACEMENT FUND**

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

**Other Price Risk (continued)**

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

GEOGRAPHIC REGION  
(in 000s)

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
United States	\$ 38,224	12.6 %	\$ 42,061	11.2 %
Total Unlisted Private Equity Investee Funds diversified globally	264,362	87.4 %	332,663	88.8 %
	<u>\$ 302,586</u>	<u>100.0 %</u>	<u>\$ 374,724</u>	<u>100.0 %</u>

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$30,264,000 (2018 - \$37,836,000) or 10.0% (2018 - 10.0%) of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

**Fair Value Hierarchy**

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

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

	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 50	\$ -	\$ -	\$ 50
Direct Private Equity Investments	-	-	38,224	38,224
Unlisted Private Equity Investee Funds	-	-	264,362	264,362
Total Investments	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 302,586</u>	<u>\$ 302,636</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2009 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (Continued)**

	2018			Total
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	
(in 000s)				
BCI Money Market Funds	\$ 1,948	-	-	\$ 1,948
Public Equities	1,691	-	-	1,691
Direct Private Equity Investments	-	-	42,061	42,061
Unlisted Private Equity Investee Funds	-	-	332,663	332,663
Total Investments	\$ 3,639	\$ -	\$ 374,724	\$ 378,363

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

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

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			Total
	Direct Private Equity Investments	Private Equity Investee Funds	Unlisted	
(in 000s)				
Balance, beginning of year	\$ 42,061	\$ 332,663	\$	\$ 374,724
Total gains or (losses) recognized in profit or loss	(3,444)	22,856		19,412
Purchases	-	152		152
Sales	(393)	(91,309)		(91,702)
Balance, end of year	\$ 38,224	\$ 264,362	\$	\$ 302,586
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (3,409)	\$ 24,978	\$	\$ 21,569

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

**Fair Value Hierarchy (Continued)**

	2018		
	Direct Private Equity Investments	Private Equity Investee Funds	Unlisted Total
(in 000s)			
Balance, beginning of year	\$ 37,965	\$ 352,354	\$ 390,319
Total gains recognized in profit or loss	4,235	74,172	78,407
Purchases	-	1,135	1,135
Sales	(139)	(94,998)	(95,137)
Balance, end of year	\$ 42,061	\$ 332,663	\$ 374,724
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 4,221	\$ 58,928	\$ 63,149

During 2019 and 2018, there were no significant transfers into or out of Level 3.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2009 PRIVATE PLACEMENT FUND**

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

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

2019					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 38,224	Net Asset Value	Net Asset Value	\$ 38,224	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Funds	\$ 264,362	Net Asset Value	Net Asset Value	\$ 264,362	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 42,061	Net Asset Value	Net Asset Value	\$ 42,061	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Funds	\$ 332,663	Net Asset Value	Net Asset Value	\$ 332,663	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

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

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

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

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

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

**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2009 PRIVATE PLACEMENT FUND**

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

**Effects of Unobservable Inputs on Fair Value Measurement (continued)**

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

(in 000s)	2019	2018
Favourable	\$ 30,259	\$ 37,472
Unfavourable	\$ (30,259)	\$ (37,472)

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

As at December 31, the Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$302,626,000 (2018 - \$378,358,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 50
Unlisted private equity investee funds administered by third party managers	7	\$ 26,627,094	\$ 264,362

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2009 PRIVATE PLACEMENT FUND**

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

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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	\$ 1,948
Unlisted private equity investee funds administered by third party managers	7	\$ 13,963,471	\$ 332,663

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2010 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 263,158	\$ 302,739
<b>Liabilities</b>			
BCI cost recoveries payable	4	320	284
Other accounts payable		21	11
		<u>341</u>	<u>295</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 262,817</u></u>	<u><u>\$ 302,444</u></u>
<i>Number of redeemable units outstanding</i>	5	178.973	234.579
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 1,468</u></u>	<u><u>\$ 1,289</u></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Income (Loss)**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		\$ 41,351	\$ 30,087
Net change in unrealized appreciation		<u>(6,251)</u>	<u>29,253</u>
Total revenue		<u>35,100</u>	<u>59,340</u>
<b>Expenses:</b>			
BCI cost recoveries	4	316	383
Administrative fees		46	26
Transaction costs		<u>107</u>	<u>-</u>
Total operating expenses		<u>469</u>	<u>409</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>34,631</u>	<u>58,931</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(40,883)</u>	<u>(29,467)</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<u><u>\$ (6,252)</u></u>	<u><u>\$ 29,464</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2010 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 302,444	\$ 296,605
Increase (decrease) in net assets attributable to holders of redeemable units	(6,252)	29,464
Redeemable unit transactions:		
Proceeds from units issued	639	3,169
Reinvestment of distributions	40,883	29,467
Amounts paid for units redeemed	(74,897)	(56,261)
Net decrease from redeemable unit transactions	(33,375)	(23,625)
<b>Balance, end of year</b>	<b>\$ 262,817</b>	<b>\$ 302,444</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (6,252)	\$ 29,464
Adjustments for:		
Net realized gain from investments	(41,351)	(30,087)
Net change in unrealized appreciation of investments	6,251	(29,253)
Non cash distributions	40,883	29,467
Proceeds from sale of investments	74,898	56,629
Amounts paid for purchase of investments	(217)	(3,141)
BCI cost recoveries payable	36	13
Other accounts payable	10	-
	<u>74,258</u>	<u>53,092</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	639	3,169
Payments on redemption of redeemable units	(74,897)	(56,261)
	<u>(74,258)</u>	<u>(53,092)</u>
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2010 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 263,148	\$ 101,341	\$ 302,734	\$ 134,676
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 263,158</u>	<u>\$ 101,351</u>	<u>\$ 302,739</u>	<u>\$ 134,681</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2010 PRIVATE PLACEMENT FUND**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2010 Private Placement Fund.

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

(in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 261,915	99.5 %	\$ 296,714	98.0 %
Foreign Currency Contracts	7	- %	-	- %
BCI Money Market Funds	35	- %	6,020	2.0 %
Cash	1,191	0.5 %	-	- %
	<u>\$ 263,148</u>	<u>100.0 %</u>	<u>\$ 302,734</u>	<u>100.0 %</u>

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

**Credit Risk**

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

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

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2010 PRIVATE PLACEMENT FUND**

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

**Currency Risk**

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

CURRENCY (CAD 000s)	2019		2018	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Euro	\$ 49,436	18.8 %	\$ 53,944	17.8 %
United States Dollar	202,842	77.2 %	240,637	79.6 %
Net Exposure	<u>\$ 252,278</u>	<u>96.0 %</u>	<u>\$ 294,581</u>	<u>97.4 %</u>

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$2,523,000 (2018 - \$2,946,000), representing 1.0% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

**Currency Risk (continued)**

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

CURRENCY (CAD 000s)	2019	2018
Euro	\$ 19,153	\$ 20,544
United States Dollar	15,485	18,799
	<u>\$ 34,638</u>	<u>\$ 39,343</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$346,000 (2018 - \$393,000). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2010 PRIVATE PLACEMENT FUND**

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

**Other Price Risk**

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

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$26,316,000 (2018 - \$30,274,000) or 10.0% (2018 – 10.0%) of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

**Fair Value Hierarchy**

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

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

	2019				Total
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)		
(in 000s)					
Cash	\$ -	\$ 1,191	\$ -	\$ -	\$ 1,191
BCI Money Market Funds	45	-	-	-	45
Foreign Currency Contracts	-	7	-	-	7
Unlisted Private Equity Investee Funds	-	-	261,915	-	261,915
Total Investments	\$ 45	\$ 1,198	\$ 261,915	\$ -	\$ 263,158

	2018				Total
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)		
(in 000s)					
BCI Money Market Funds	\$ 6,025	\$ -	\$ -	\$ -	\$ 6,025
Unlisted Private Equity Investee Funds	-	-	296,714	-	296,714
Total Investments	\$ 6,025	\$ -	\$ 296,714	\$ -	\$ 302,739

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2010 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

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

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

	2019
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 296,714
Total gains recognized in profit or loss	32,509
Purchases	2,855
Sales	(70,163)
Balance, end of year	<u>\$ 261,915</u>
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 19,833</u>
	2018
(in 000s)	Unlisted Private Equity Investee Funds
Balance, beginning of year	\$ 292,659
Total gains recognized in profit or loss	57,914
Purchases	12,278
Sales	(66,137)
Balance, end of year	<u>\$ 296,714</u>
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 49,410</u>

During 2019 and 2018, there were no significant transfers into or out of Level 3.

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of unlisted private equity investee funds 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
Unlisted Private Equity Investee Funds	\$ 261,915	Net Asset Value	Net Asset Value	\$ 261,915	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 296,714	Net Asset Value	Net Asset Value	\$ 296,714	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

Significant unobservable inputs are developed as follows:

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

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2010 PRIVATE PLACEMENT FUND**

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

**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

(in 000s)	2019	2018
Favourable	\$ 26,192	\$ 29,671
Unfavourable	\$ (26,192)	\$ (29,671)

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

As at December 31, the Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$263,148,000 (2018 - \$302,734,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 45
Unlisted private equity investee funds administered by third party managers	7	\$ 7,146,071	\$ 261,915

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2010 PRIVATE PLACEMENT FUND**

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

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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	\$ 6,025
Unlisted private equity investee funds administered by third party managers	7	\$ 8,593,166	\$ 296,714

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2011 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands *except number of units*)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		<u>\$ 425,422</u>	<u>\$ 471,945</u>
<b>Liabilities</b>			
BCI cost recoveries payable	4	412	368
Other accounts payable		<u>21</u>	<u>11</u>
		<u>433</u>	<u>379</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 424,989</u></u>	<u><u>\$ 471,566</u></u>
<i>Number of redeemable units outstanding</i>	5	236.242	276.406
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 1,799</u></u>	<u><u>\$ 1,706</u></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		38,404	103,477
Net change in unrealized appreciation		<u>(16,985)</u>	<u>(22,797)</u>
Total revenue		<u>21,419</u>	<u>80,680</u>
<b>Expenses:</b>			
BCI cost recoveries	4	575	683
Administrative fees		<u>47</u>	<u>27</u>
Total operating expenses		<u>622</u>	<u>710</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>20,797</u>	<u>79,970</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(37,783)</u>	<u>(102,502)</u>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u><u>\$ (16,986)</u></u>	<u><u>\$ (22,532)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2011 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 471,566	\$ 590,674
Decrease in net assets attributable to holders of redeemable units	(16,986)	(22,532)
Redeemable unit transactions:		
Proceeds from units issued	6,437	12,297
Reinvestment of distributions	37,783	102,502
Amounts paid for units redeemed	(73,811)	(211,375)
Net decrease from redeemable unit transactions	(29,591)	(96,576)
<b>Balance, end of year</b>	<b>\$ 424,989</b>	<b>\$ 471,566</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (16,986)	\$ (22,532)
Adjustments for:		
Net realized gain from investments	(38,404)	(103,477)
Net change in unrealized appreciation of investments	16,985	22,797
Non cash distributions	37,783	102,502
Proceeds from sale of investments	73,812	212,040
Amounts paid for purchase of investments	(5,870)	(12,248)
BCI cost recoveries payable	44	(4)
Other accounts payable	10	-
	<u>67,374</u>	<u>199,078</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	6,437	12,297
Payments on redemption of redeemable units	(73,811)	(211,375)
	<u>(67,374)</u>	<u>(199,078)</u>
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2011 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 425,412	\$ 193,118	\$ 471,940	\$ 222,661
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u><u>\$ 425,422</u></u>	<u><u>\$ 193,128</u></u>	<u><u>\$ 471,945</u></u>	<u><u>\$ 222,666</u></u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2011 PRIVATE PLACEMENT FUND**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2011 Private Placement Fund.

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

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 1,103	0.3 %	\$ 2,521	0.5 %
Unlisted Private Equity Investee Funds	424,264	99.7 %	469,171	99.4 %
BCI Money Market Funds	45	- %	248	0.1 %
	<u>\$ 425,412</u>	<u>100.0 %</u>	<u>\$ 471,940</u>	<u>100.0 %</u>

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

**Credit Risk**

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

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

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

**Currency Risk**

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

CURRENCY (CAD 000s)	2019		2018	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Euro	\$ 100,068	23.5 %	\$ 131,029	27.8 %
United States Dollar	290,894	68.4 %	295,208	62.6 %
Net Exposure	<u>\$ 390,962</u>	<u>92.0 %</u>	<u>\$ 426,237</u>	<u>90.4 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2011 PRIVATE PLACEMENT FUND**

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

**Currency Risk (continued)**

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$3,910,000 (2018 - \$4,262,000), representing 0.9% of the Fund's net assets (2018 - 0.9%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

CURRENCY (CAD 000s)	2019	2018
Euro	17,875	19,173
United States Dollar	20,671	26,578
	<u>\$ 38,546</u>	<u>\$ 45,751</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$386,000 (2018 - \$458,000). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

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

**Other Price Risk**

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

INDUSTRY SECTOR (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Energy	\$ 1,103	0.3 %	\$ 2,521	0.5 %
Total Unlisted Private Equity Investee Funds in diversified industries	424,264	99.7 %	469,171	99.5 %
	<u>\$ 425,367</u>	<u>100.0 %</u>	<u>\$ 471,692</u>	<u>100.0 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2011 PRIVATE PLACEMENT FUND**

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

**Other Price Risk (continued)**

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$42,542,000 (2018 - \$47,195,000) or 10.0% (2018 – 10.0%) of net assets attributable to holders of redeemable units.

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

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

**Fair Value Hierarchy**

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

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

	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 55	\$ -	\$ -	\$ 55
Direct Private Equity Investments	-	-	1,103	1,103
Unlisted Private Equity Investee Funds	-	-	424,264	424,264
Total Investments	\$ 55	\$ -	\$ 425,367	\$ 425,422

  

	2018			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 253	\$ -	\$ -	\$ 253
Direct Private Equity Investments	-	-	2,521	2,521
Unlisted Private Equity Investee Funds	-	-	469,171	469,171
Total Investments	\$ 253	\$ -	\$ 471,692	\$ 471,945

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2011 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

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

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

	2019		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 2,521	\$ 469,171	\$ 471,692
Total gains recognized in profit or loss	(1,259)	15,678	14,419
Purchases	-	7,485	7,485
Sales	(159)	(68,070)	(68,229)
Balance, end of year	\$ 1,103	\$ 424,264	\$ 425,367
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (1,100)	\$ 10,261	\$ 9,161

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

**Fair Value Hierarchy (continued)**

	2018		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 4,115	\$ 585,735	\$ 589,850
Total gains or (losses) recognized in profit or loss	(1,594)	64,310	62,716
Purchases	-	20,898	20,898
Sales	-	(201,772)	(201,772)
Balance, end of year	\$ 2,521	\$ 469,171	\$ 471,692
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (1,594)	\$ 44,217	\$ 42,623

During 2019 and 2018, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2011 PRIVATE PLACEMENT FUND**

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

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

	2019					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Weighted Average	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 1,103	Market Approach	EV / EBITDA	0.74x	0.74x	The estimated fair value would increase (decrease) if the Revenue multiple was higher (lower).
Unlisted Private Equity Investee Funds	\$ 386,706	Net Asset Value	Net Asset Value	\$ 386,706		The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 37,558	Adjusted Net Asset Value	Adjusted Net Asset Value	\$ 37,558		The estimated fair value would increase (decrease) if: - The net asset value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).

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

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

	2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Weighted Average	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 2,521	Market Approach	Revenue multiple	0.97x	0.97x	The estimated fair value would increase (decrease) if the Revenue multiple was higher (lower).
Unlisted Private Equity Investee Funds	\$ 433,619	Net Asset Value	Net Asset Value	\$ 433,619	N/A	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 35,552	Adjusted Net Asset Value	Adjusted Net Asset Value	\$ 35,552	N/A	The estimated fair value would increase (decrease) if: - The net asset value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was higher (lower).

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

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

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

Significant unobservable inputs are developed as follows:

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

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

(ii) Net Asset Value:

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

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

(iii) Adjusted Net Asset Value:

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

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

**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

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

(in 000s)	2019	2018
Favourable	\$ 42,537	\$ 47,169
Unfavourable	\$ (42,537)	\$ (47,169)

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2011 PRIVATE PLACEMENT FUND**

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

As at December 31, the Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$425,412,000 (2018 - \$471,940,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 55
Unlisted private equity investee funds administered by third party managers	10	\$ 12,595,111	\$ 424,264

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

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	\$ 253
Unlisted private equity investee funds administered by third party managers	10	\$ 13,633,778	\$ 469,171

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2012 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 372,554	\$ 515,715
<b>Liabilities</b>			
BCI cost recoveries payable	4	648	599
Other accounts payable		21	11
		<u>669</u>	<u>610</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 371,885</u></u>	<u><u>\$ 515,105</u></u>
<i>Number of redeemable units outstanding</i>	5	1,090.235	1,659.821
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 341</u></u>	<u><u>\$ 310</u></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Loss**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		72,958	135,266
Net change in unrealized appreciation		<u>(40,747)</u>	<u>(69,696)</u>
Total revenue		<u>32,211</u>	<u>65,570</u>
<b>Expenses:</b>			
BCI cost recoveries	4	621	748
Administrative fees		<u>82</u>	<u>27</u>
Total operating expenses		<u>703</u>	<u>775</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>31,508</u>	<u>64,795</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(72,255)</u>	<u>(134,041)</u>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u><u>\$ (40,747)</u></u>	<u><u>\$ (69,246)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2012 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 515,105	\$ 770,257
Decrease in net assets attributable to holders of redeemable units	(40,747)	(69,246)
Redeemable unit transactions:		
Proceeds from units issued	6,230	24,189
Reinvestment of distributions	72,255	134,041
Amounts paid for units redeemed	<u>(180,958)</u>	<u>(344,136)</u>
Net decrease from redeemable unit transactions	<u>(102,473)</u>	<u>(185,906)</u>
<b>Balance, end of year</b>	<b><u>\$ 371,885</u></b>	<b><u>\$ 515,105</u></b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Decrease in net assets attributable to holders of redeemable units	\$ (40,747)	\$ (69,246)
Adjustments for:		
Net realized gain from investments	(72,958)	(135,266)
Net change in unrealized appreciation of investments	40,747	69,696
Non cash distributions	72,255	134,041
Proceeds from sale of investments	180,958	344,795
Amounts paid for purchase of investments	(5,586)	(24,132)
BCI cost recoveries payable	49	59
Other accounts payable	10	-
	<u>174,728</u>	<u>319,947</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	6,230	24,189
Payments on redemption of redeemable units	<u>(180,958)</u>	<u>(344,136)</u>
	<u>(174,728)</u>	<u>(319,947)</u>
<b>Cash, beginning and end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2012 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 372,544	\$ 158,937	\$ 515,710	\$ 261,356
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 372,554</u>	<u>\$ 158,947</u>	<u>\$ 515,715</u>	<u>\$ 261,361</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2012 PRIVATE PLACEMENT FUND**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2012 Private Placement Fund.

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

	2019		2018	
	Total	% of Total	Total	% of Total
Unlisted Private Equity Investee Funds	\$ 372,498	100.0 %	\$ 515,663	100.0 %
BCI Money Market Funds	46	- %	47	- %
	<u>\$ 372,544</u>	<u>100.0 %</u>	<u>\$ 515,710</u>	<u>100.0 %</u>

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

**Credit Risk**

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

**Liquidity Risk**

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

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

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

**Interest Rate Risk**

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

**Currency Risk**

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

CURRENCY (CAD 000s)	2019		2018	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Euro	\$ 202,317	54.4 %	\$ 246,440	47.8 %
United States Dollar	170,208	45.8 %	249,406	48.4 %
Net Exposure	<u>\$ 372,525</u>	<u>100.2 %</u>	<u>\$ 495,846</u>	<u>96.2 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2012 PRIVATE PLACEMENT FUND

Financial Risk Management Discussion (continued)  
as at December 31

Currency Risk (continued)

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$3,725,000 (2018 - \$4,958,000), representing 1.0% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

CURRENCY (CAD 000s)	2019	2018
Euro	\$ 16,645	\$ 17,853
United States Dollar	49,841	69,337
	<u>\$ 66,486</u>	<u>\$ 87,190</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$665,000 (2018 - \$872,000). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

Financial Risk Management Discussion (continued)  
as at December 31

Other Price Risk

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

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$37,255,000 (2018 - \$51,572,000) or 10.0% (2018 - 10.0%) of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2012 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy**

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

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

		2019			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds		\$ 56	\$ -	\$ -	\$ 56
Unlisted Private Equity Investee Funds		-	-	372,498	372,498
Total Investments		\$ 56	\$ -	\$ 372,498	\$ 372,554

  

		2018			
		Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)					
BCI Money Market Funds		\$ 52	\$ -	\$ -	\$ 52
Unlisted Private Equity Investee Funds		-	-	515,663	515,663
Total Investments		\$ 52	\$ -	\$ 515,663	\$ 515,715

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

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

**Fair Value Hierarchy (continued)**

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

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

		2019
		Unlisted Private Equity Investee Funds
(in 000s)		
Balance, beginning of year	\$	515,663
Total gains recognized in profit or loss		32,722
Purchases		6,783
Sales		(182,670)
Balance, end of year	\$	372,498

  

Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$	28,179
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BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2012 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

	2018
	Unlisted Private Equity Investee Funds
(in 000s)	
Balance, beginning of year	\$ 768,682
Total gains recognized in profit or loss	66,252
Purchases	35,794
Sales	(355,065)
Balance, end of year	<u>\$ 515,663</u>
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 29,433</u>

During 2019 and 2018, there were no significant transfers into or out of Level 3.

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds 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
Unlisted Private Equity Investee Funds	\$ 372,498	Net Asset Value	Net Asset Value	\$ 372,498	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Funds	\$ 515,663	Net Asset Value	Net Asset Value	\$ 515,663	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2012 PRIVATE PLACEMENT FUND

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

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

Significant unobservable inputs are developed as follows:

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

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

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

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**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

(in 000s)	2019	2018
Favourable	\$ 37,250	\$ 51,566
Unfavourable	\$ (37,250)	\$ (51,566)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2012 PRIVATE PLACEMENT FUND**

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

As at December 31, the Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$372,544,000 (2018 - \$515,710,000) is in the Schedule of Investments.

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

Entity	December 31, 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	\$ 1,830,990	\$ 56
Unlisted private equity investee funds administered by third party managers	6	\$ 7,344,695	\$ 372,498

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

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	\$ 52
Unlisted private equity investee funds administered by third party managers	8	\$ 8,473,264	\$ 515,663

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2013 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands *except number of units*)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		<u>\$ 1,019,124</u>	<u>\$ 995,495</u>
<b>Liabilities</b>			
BCI cost recoveries payable	4	469	406
Other accounts payable		<u>21</u>	<u>11</u>
		<u>490</u>	<u>417</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 1,018,634</u></u>	<u><u>\$ 995,078</u></u>
<i>Number of redeemable units outstanding</i>	5	231.902	277.245
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 4,393</u></u>	<u><u>\$ 3,589</u></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Income (Loss)**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments and derivatives:			
Net realized gain		103,885	170,766
Net change in unrealized appreciation		<u>90,681</u>	<u>(118,269)</u>
Total revenue		<u>194,566</u>	<u>52,497</u>
<b>Expenses:</b>			
BCI cost recoveries	4	863	876
Administrative fees		50	31
Transaction costs		<u>3</u>	<u>46</u>
Total operating expenses		<u>916</u>	<u>953</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>193,650</u>	<u>51,544</u>
Distributions to holders of redeemable units:			
From net realized gains on investments and derivatives		<u>(102,972)</u>	<u>(169,527)</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<u><u>\$ 90,678</u></u>	<u><u>\$ (117,983)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2013 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 995,078	\$ 1,202,518
Increase (decrease) in net assets attributable to holders of redeemable units	90,678	(117,983)
Redeemable unit transactions:		
Proceeds from units issued	44,460	98,701
Reinvestment of distributions	102,972	169,527
Amounts paid for units redeemed	(214,554)	(357,685)
Net decrease from redeemable unit transactions	(67,122)	(89,457)
<b>Balance, end of year</b>	<b>\$ 1,018,634</b>	<b>\$ 995,078</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 90,678	\$ (117,983)
Adjustments for:		
Net realized gain from investments and derivatives	(103,885)	(170,766)
Net change in unrealized appreciation of investments and derivatives	(90,681)	118,269
Non cash distributions	102,972	169,527
Proceeds from sale of investments	214,554	358,517
Amounts paid for purchase of investments	(43,617)	(98,590)
BCI cost recoveries payable	63	10
Other accounts payable	10	-
	<u>170,094</u>	<u>258,984</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	44,460	98,701
Payments on redemption of redeemable units	(214,554)	(357,685)
	<u>(170,094)</u>	<u>(258,984)</u>
<b>Cash, beginning and end of year</b>	<u>\$ -</u>	<u>\$ -</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2013 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 1,019,114	\$ 443,979	\$ 995,490	\$ 511,036
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u><u>\$ 1,019,124</u></u>	<u><u>\$ 443,989</u></u>	<u><u>\$ 995,495</u></u>	<u><u>\$ 511,041</u></u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2013 PRIVATE PLACEMENT FUND**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2013 Private Placement Fund.

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

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 44,290	4.4 %	\$ 105,436	10.6 %
Direct Private Debt Investments	-	- %	6,048	0.6 %
Unlisted Private Equity Investee Funds	796,754	78.2 %	758,621	76.2 %
Foreign Currency Contracts	33	- %	-	- %
Public Equity	165,222	16.2 %	88,158	8.9 %
BCI Money Market Funds	1,140	0.1 %	19,882	2.0 %
Cash	5,491	0.5 %	14,202	1.4 %
Net Investment-Related Receivables	6,184	0.6 %	3,143	0.3 %
	<u>\$ 1,019,114</u>	<u>100.0 %</u>	<u>\$ 995,490</u>	<u>100.0 %</u>

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

**Credit Risk**

The majority of the private debt investments are in closely held private companies. Due to the private nature of the debt, it is not subject to rating by a rating agency. The Fund's debt investments are not subject to credit risk as any decrease in fair value would result in an offsetting change in value of the related equity investment.

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

**Liquidity Risk**

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

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

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

DERIVATIVE LIABILITIES (in 000s)	2019				
	Carrying amount	Gross nominal in (out) flow	Less than 1 month	1 to 3 months	3 months to 1 year
Outflows	\$ -	\$ -	\$ -	\$ -	\$ -
Inflows	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Interest Rate Risk**

The value of the combined debt and equity investments is calculated based on enterprise values of the private companies and the value is then allocated to the debt and equity investments. Any change in market value of the debt investments due to fluctuations in interest rates would result in an offsetting change in value of the related equity investment. Accordingly, sensitivity analysis that would measure the impact of changes in interest rates would not be meaningful and has not been provided.

As at December 31, 2019 and 2018, the Fund had no other assets or liabilities which change in value as a result of changes in the interest rates.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2013 PRIVATE PLACEMENT FUND**

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

**Currency Risk**

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

**Currency Risk (continued)**

CURRENCY (000s)	2019		2018	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Australian Dollar	\$ 12,081	1.2 %	\$ 35,160	3.5 %
Euro	245,609	24.1 %	249,269	25.1 %
United States Dollar	749,951	73.6 %	695,329	69.9 %
Net Exposure	<u>\$ 1,007,641</u>	<u>99.0 %</u>	<u>\$ 979,758</u>	<u>98.5 %</u>

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$10,076,000 (2018 - \$9,798,000), representing 1.0% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

**Currency Risk (continued)**

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

CURRENCY (000s)	2019	2018
Euro	\$ 32,675	\$ 28,628
United States Dollar	84,571	110,806
	<u>\$ 117,246</u>	<u>\$ 139,434</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$1,173,000 (2018 - \$1,394,000). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

**Other Price Risk**

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
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**2013 PRIVATE PLACEMENT FUND**

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

**Other Price Risk (continued)**

INDUSTRY SECTOR (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity and Debt Investments:				
Consumer Services	\$ 20,026	2.0 %	\$ 51,799	5.4 %
Food and Beverage	12,081	1.2 %	35,160	3.7 %
Telecommunication Services	12,436	1.2 %	14,751	1.5 %
Transportation	(253)	- %	9,774	1.0 %
	44,290	4.4 %	111,484	11.6 %
Public Equity:				
Industrial	165,222	16.4 %	88,158	9.2 %
Unlisted Private Equity Investee Funds in diversified industries	796,754	79.2 %	758,621	79.2 %
	<u>\$ 1,006,266</u>	<u>100.0 %</u>	<u>\$ 958,263</u>	<u>100.0 %</u>

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

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

**Other Price Risk (continued)**

GEOGRAPHIC REGION (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity and Debt Investments:				
Canada	\$ (253)	- %	\$ 9,774	1.0 %
United States	32,462	3.2 %	66,550	6.9 %
Australia	12,081	1.2 %	35,160	3.7 %
	44,290	4.4 %	111,484	11.6 %
Public Equity diversified globally	165,222	16.4 %	88,158	9.2 %
Unlisted Private Equity Investee Funds diversified globally	796,754	79.2 %	758,621	79.2 %
	<u>\$ 1,006,266</u>	<u>100.0 %</u>	<u>\$ 958,263</u>	<u>100.0 %</u>

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$101,912,000 (2018 - \$99,549,000) or 10.0% (2018 - 10.0%) of net assets attributable to holders of redeemable units.

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

*See accompanying Notes to the Financial Statements.*

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

**Fair Value Hierarchy**

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments. The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

(in 000s)	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Cash	\$ -	\$ 5,491	\$ -	\$ 5,491
Net Investment-Related Receivables	-	6,184	-	6,184
BCI Money Market Funds	1,150	-	-	1,150
Foreign Currency Contracts	-	33	-	33
Direct Private Equity Investments	-	-	44,290	44,290
Public Equity	165,222	-	-	165,222
Unlisted Private Equity Investee Funds	-	-	796,754	796,754
Total Investments	\$ 166,372	\$ 11,708	\$ 841,044	\$ 1,019,124

(in 000s)	2018			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Cash	\$ -	\$ 14,202	\$ -	\$ 14,202
Net Investment-Related Receivables	-	3,143	-	3,143
BCI Money Market Funds	19,887	-	-	19,887
Direct Private Equity Investments	-	-	105,436	105,436
Public Equity	88,158	-	-	88,158
Direct Private Debt Investments	-	-	6,048	6,048
Unlisted Private Equity Investee Funds	-	-	758,621	758,621
Total Investments	\$ 108,045	\$ 17,345	\$ 870,105	\$ 995,495

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

**Fair Value Hierarchy (continued)**

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

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

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

(in 000s)	2019			
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Total
Balance, beginning of year	\$ 105,436	\$ 6,048	\$ 758,621	\$ 870,105
Total gains or (losses) recognized in profit or loss	(42,599)	(6,048)	156,665	108,018
Purchases	-	-	49,245	49,245
Sales	(18,547)	-	(167,777)	(186,324)
Balance, end of year	\$ 44,290	\$ -	\$ 796,754	\$ 841,044

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

\$ (39,878)	\$ (6,048)	\$ 129,573	\$ 83,647
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*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2013 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

	2018			
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)				
Balance, beginning of year	\$ 192,249	\$ 6,365	\$ 735,725	\$ 934,339
Total gains or (losses) recognized in profit or loss	(14,474)	(410)	151,014	136,130
Purchases	541	93	110,163	110,797
Sales	(72,880)	-	(238,281)	(311,161)
Balance, end of year	\$ 105,436	\$ 6,048	\$ 758,621	\$ 870,105
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (17,599)	\$ (411)	\$ 115,400	\$ 97,390

In 2018, one investment transferred out of Level 2 to Level 1 at a fair value of \$88,158,000 due to the expiry of the restriction.

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

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

	2019					
	Fair Value (in 000s)	Valuation Technique	Unobservab le Input	Amount / Range	Weighted Average	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 44,543	Net Asset Value	Net Asset Value	\$ 44,543	N/A	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Direct Private Equity Investments	\$ (253)	Market Approach	EV / EBITDA	6.5x	6.5x	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Unlisted Private Equity Investee Fund	\$ 796,754	Net Asset Value	Net Asset Value	\$ 796,754	N/A	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2013 PRIVATE PLACEMENT FUND**

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

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

	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Debt Investment	\$ 6,048	Net Asset Value	Net Asset Value	\$ 6,048	The estimated fair value would increase (decrease) if the net asset value of direct private debt investments was higher (lower).
Direct Private Equity Investments	\$ 105,436	Net Asset Value	Net Asset Value	\$ 105,436	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Fund	\$ 758,621	Net Asset Value	Net Asset Value	\$ 758,621	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

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

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

Significant unobservable inputs are developed as follows:

- (i) **Net Asset Value:**  
Represents the net asset value of direct private equity, direct private debt and unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.  
  
The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Fund's policy to categorize the investee as Level 3 within the fair value hierarchy.
- (ii) **Enterprise Value ("EV") and EBITDA multiples:**  
EV represent amounts that market participants would use when pricing the investments. EV may be based on arm's length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies and transactions in private companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2013 PRIVATE PLACEMENT FUND**

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

**Effects of Unobservable Inputs on Fair Value Measurement**

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

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

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

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

(in 000s)	2019	2018
Favourable	\$ 84,104	\$ 87,010
Unfavourable	\$ (84,104)	\$ (87,010)

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

As at December 31, the Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$1,019,114,000 (2018 - \$995,490,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 1,150
Unlisted private equity investee funds administered by third party managers	7	\$ 45,305,440	\$ 796,754

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2013 PRIVATE PLACEMENT FUND**

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

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	\$ 19,887
Unlisted private equity investee funds administered by third party managers	7	\$ 43,466,657	\$ 758,621

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2014 PRIVATE PLACEMENT FUND**

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 764,913	\$ 1,235,407
<b>Liabilities</b>			
BCI cost recoveries payable	4	510	444
Other accounts payable		21	11
		<u>531</u>	<u>455</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 764,382</u></u>	<u><u>\$ 1,234,952</u></u>
<i>Number of redeemable units outstanding</i>	5	10.797	20.878
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 70,796</u></u>	<u><u>\$ 59,151</u></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Income (Loss)**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		192,242	15,119
Net change in unrealized appreciation of investments		(53,148)	114,187
Total revenue		<u>139,094</u>	<u>129,306</u>
<b>Expenses:</b>			
BCI cost recoveries	4	997	977
Administrative fees		101	27
Transaction costs		82	-
Total operating expenses		<u>1,180</u>	<u>1,004</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>137,914</u>	<u>128,302</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		(191,062)	(13,396)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<u><u>\$ (53,148)</u></u>	<u><u>\$ 114,906</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2014 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 1,234,952	\$ 928,545
Increase (decrease) in net assets attributable to holders of redeemable units	(53,148)	114,906
Redeemable unit transactions:		
Proceeds from units issued	105,375	246,875
Reinvestment of distributions	191,062	13,396
Amounts paid for units redeemed	(713,859)	(68,770)
Net increase (decrease) from redeemable unit transactions	(417,422)	191,501
<b>Balance, end of year</b>	<b>\$ 764,382</b>	<b>\$ 1,234,952</b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (53,148)	\$ 114,906
Adjustments for:		
Net realized gain from investments	(192,242)	(15,119)
Net change in unrealized appreciation of investments	53,148	(114,187)
Non cash distributions	191,062	13,396
Proceeds from sale of investments	713,859	69,656
Amounts paid for purchase of investments	(104,271)	(246,792)
BCI cost recoveries payable	66	35
Other accounts payable	10	-
	<u>608,484</u>	<u>(178,105)</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	105,375	246,875
Payments on redemption of redeemable units	(713,859)	(68,770)
	<u>(608,484)</u>	<u>178,105</u>
<b>Cash, beginning and end of year</b>	<u>\$ -</u>	<u>\$ -</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2014 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 764,903	\$ 474,093	\$ 1,235,402	\$ 891,444
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 764,913</u>	<u>\$ 474,103</u>	<u>\$ 1,235,407</u>	<u>\$ 891,449</u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2014 PRIVATE PLACEMENT FUND**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2014 Private Placement Fund.

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

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 99,052	13.0 %	\$ 186,245	15.1 %
Unlisted Private Equity Investee Funds	665,805	87.0 %	1,041,267	84.3 %
BCI Money Market Funds	46	- %	7,890	0.6 %
	<u>\$ 764,903</u>	<u>100.0 %</u>	<u>\$ 1,235,402</u>	<u>100.0 %</u>

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

**Credit Risk**

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

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

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

**Currency Risk**

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

CURRENCY (CAD 000s)	2019		2018	
	Net Investments	% of Total Net Assets	Net Investments	% of Total Net Assets
Euro	\$ 687	0.1 %	\$ 201,237	16.3 %
United States Dollar	704,399	92.2 %	975,538	79.0 %
Net Exposure	<u>\$ 705,086</u>	<u>92.3 %</u>	<u>\$ 1,176,775</u>	<u>95.3 %</u>

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2014 PRIVATE PLACEMENT FUND**

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

**Currency Risk (continued)**

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$7,051,000 (2018 - \$11,768,000), representing 0.9% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

CURRENCY (000s)	2019	2018
Euro	\$ -	\$ 13,601
United States Dollar	71,416	236,148
	<u>\$ 71,416</u>	<u>\$ 249,749</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$714,000 (2018 - \$2,497,000). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

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

**Other Price Risk**

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

INDUSTRY SECTOR (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Industrials	\$ 687	0.1 %	\$ 60,202	4.9 %
Consumer Durables & Apparel	35,933	4.7 %	34,116	2.8 %
Health Care	43,533	5.7 %	82,287	6.7 %
Telecommunication Services	18,899	2.5 %	9,640	0.8 %
	<u>99,052</u>	<u>13.0 %</u>	<u>186,245</u>	<u>15.2 %</u>
Unlisted Private Equity Investee Funds in diversified industries	665,805	87.0 %	1,041,267	84.8 %
	<u>\$ 764,857</u>	<u>100.0 %</u>	<u>\$ 1,227,512</u>	<u>100.0%</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2014 PRIVATE PLACEMENT FUND**

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

**Other Price Risk (continued)**

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

GEOGRAPHIC REGION  
(in 000s)

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Europe	\$ 687	0.1 %	\$ 60,202	4.9 %
Asia	-	- %	47,726	3.9 %
Middle East	79,466	10.4 %	68,677	5.6 %
South America	18,899	2.5 %	9,640	0.8 %
	99,052	13.0 %	186,245	15.2 %
Unlisted Private Equity Investee Funds diversified globally	665,805	87.0 %	1,041,267	84.8 %
	<u>\$ 764,857</u>	<u>100.0 %</u>	<u>\$ 1,227,512</u>	<u>100.0 %</u>

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$76,491,000 (2018 - \$123,541,000) or 10.0% (2018 - 10.0%) of net assets attributable to holders of redeemable units.

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

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

**Fair Value Hierarchy**

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

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

	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 56	\$ -	\$ -	\$ 56
Direct Private Equity Investments	-	-	99,052	99,052
Unlisted Private Equity Investee Funds	-	-	665,805	665,805
Total Investments	<u>\$ 56</u>	<u>\$ -</u>	<u>\$ 764,857</u>	<u>\$ 764,913</u>

	2018			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 7,895	\$ -	\$ -	\$ 7,895
Direct Private Equity Investments	-	-	186,245	186,245
Unlisted Private Equity Investee Funds	-	-	1,041,267	1,041,267
Total Investments	<u>\$ 7,895</u>	<u>\$ -</u>	<u>\$ 1,227,512</u>	<u>\$ 1,235,407</u>

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2014 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

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

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

	2019		
	Direct Private	Unlisted	
	Equity	Private Equity	
(in 000s)	Investments	Investee	Total
Balance, beginning of year	\$ 186,245	\$ 1,041,267	\$ 1,227,512
Total gains recognized in profit or loss	34,280	90,790	125,070
Purchases	-	113,226	113,226
Sales	(121,473)	(579,478)	(700,951)
Balance, end of year	<u>\$ 99,052</u>	<u>\$ 665,805</u>	<u>\$ 764,857</u>
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 20,034</u>	<u>\$ 61,554</u>	<u>\$ 81,588</u>

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

**Fair Value Hierarchy (continued)**

	2018		
	Direct Private	Unlisted	
	Equity	Private Equity	
(in 000s)	Investments	Investee	Total
Balance, beginning of year	\$ 255,948	\$ 672,373	\$ 928,321
Total gains or (losses) recognized in profit or loss	(52,363)	178,479	126,116
Purchases	81	273,396	273,477
Sales	(17,421)	(82,981)	(100,402)
Balance, end of year	<u>\$ 186,245</u>	<u>\$ 1,041,267</u>	<u>\$ 1,227,512</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (29,280)</u>	<u>\$ 160,416</u>	<u>\$ 131,136</u>

During 2019 and 2018, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2014 PRIVATE PLACEMENT FUND**

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

**Significant Unobservable Inputs Used in Measuring Fair Value**

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

	2019					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Weighted Average	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 43,532	Adjusted Net Asset Value	Adjusted Net Asset Value	\$ 43,532	N/A	The estimated fair value would increase (decrease) if: - The net asset value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).
Direct Private Equity Investments	\$ 55,520	Net Asset Value	Net Asset Value	\$ 55,520	N/A	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Funds	\$ 665,805	Net Asset Value	Net Asset Value	\$ 665,805	N/A	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

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

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

	2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Weighted Average	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Fund	\$ 141,035	Adjusted Net Asset Value	Adjusted Net Asset Value	\$ 141,035	N/A	The estimated fair value would increase (decrease) if: - The net asset value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).
Direct Private Equity Investments	\$ 94,763	Market approach	EBITDA multiple	7.2x - 12.4x	9.8x	The estimated fair value would increase (decrease) if the EBITDA multiples were higher (lower).
Direct Private Equity Investments	\$ 91,482	Net Asset Value	Net Asset Value	\$ 91,482	N/A	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Funds	\$ 900,232	Net Asset Value	Net Asset Value	\$ 900,232	N/A	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

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Fair Value Measurement Discussion (continued)  
as at December 31

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Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

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

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

(ii) Net Asset Value:

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

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

(iii) Adjusted Net Asset Value:

BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

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Fair Value Measurement Discussion (continued)  
as at December 31

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Effects of Unobservable Inputs on Fair Value Measurement

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

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

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

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

(in 000s)	2019	2018
Favourable	\$ 76,486	\$ 122,751
Unfavourable	\$ (76,486)	\$ (122,751)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2014 PRIVATE PLACEMENT FUND**

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

As at December 31, the Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$764,903,000 (2018 - \$1,235,402,000) is included within Investments in the Statement of Financial Position.

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

Entity	December 31, 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	\$ 1,830,990	\$ 56
Unlisted private equity investee funds administered by third party managers	9	\$ 27,997,441	\$ 665,805

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

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	\$ 7,895
Unlisted private equity investee funds administered by third party managers	11	\$ 29,792,317	\$ 1,041,267

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		<u>\$ 1,611,023</u>	<u>\$ 1,512,117</u>
<b>Liabilities</b>			
BCI cost recoveries payable	4	730	633
Other accounts payable		<u>21</u>	<u>11</u>
		<u>751</u>	<u>644</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 1,610,272</u></u>	<u><u>\$ 1,511,473</u></u>
<i>Number of redeemable units outstanding</i>	5	822.470	959.420
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ 1,958</u></u>	<u><u>\$ 1,575</u></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Income**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Change in fair value of investments:			
Net realized gain		125,754	26,693
Net change in unrealized appreciation of investments		<u>204,647</u>	<u>223,013</u>
Total revenue		<u>330,401</u>	<u>249,706</u>
<b>Expenses:</b>			
BCI cost recoveries	4	1,178	1,088
Administrative fees		<u>57</u>	<u>28</u>
Total operating expenses		<u>1,235</u>	<u>1,116</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>329,166</u>	<u>248,590</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(124,521)</u>	<u>(25,093)</u>
<b>Increase in net assets attributable to holders of redeemable units</b>		<u><u>\$ 204,645</u></u>	<u><u>\$ 223,497</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2015 PRIVATE PLACEMENT FUND**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 1,511,473	\$ 1,057,041
Increase in net assets attributable to holders of redeemable units	204,645	223,497
Redeemable unit transactions:		
Proceeds from units issued	146,504	279,289
Reinvestment of distributions	124,521	25,093
Amounts paid for units redeemed	<u>(376,871)</u>	<u>(73,447)</u>
Net increase (decrease) from redeemable unit transactions	<u>(105,846)</u>	<u>230,935</u>
<b>Balance, end of year</b>	<b><u>\$ 1,610,272</u></b>	<b><u>\$ 1,511,473</u></b>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
	<u>2019</u>	<u>2018</u>
<b>Operating activities:</b>		
Increase in net assets attributable to holders of redeemable units	\$ 204,645	\$ 223,497
Adjustments for:		
Net realized gain from investments	(125,754)	(26,693)
Net change in unrealized appreciation of investments	(204,647)	(223,013)
Non cash distributions	124,521	25,093
Proceeds from sale of investments	376,872	96,753
Amounts paid for purchase of investments	(145,377)	(301,512)
BCI cost recoveries payable	97	33
Other accounts payable	<u>10</u>	<u>-</u>
	<u>230,367</u>	<u>(205,842)</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	146,504	279,289
Payments on redemption of redeemable units	<u>(376,871)</u>	<u>(73,447)</u>
	<u>(230,367)</u>	<u>205,842</u>
<b>Cash, beginning and end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2015 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 1,611,013	\$ 865,737	\$ 1,512,112	\$ 971,483
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u><u>\$ 1,611,023</u></u>	<u><u>\$ 865,747</u></u>	<u><u>\$ 1,512,117</u></u>	<u><u>\$ 971,488</u></u>

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

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2015 PRIVATE PLACEMENT FUND**

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

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2015 Private Placement Fund.

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

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 388,315	24.1 %	\$ 430,184	28.5 %
Unlisted Private Equity Investee Funds	1,213,407	75.3 %	1,079,161	71.4 %
BCI Money Market Funds	9,291	0.6 %	641	- %
Cash	-	- %	2,126	0.1 %
	<u>\$ 1,611,013</u>	<u>100.0 %</u>	<u>\$ 1,512,112</u>	<u>100.0 %</u>

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

**Credit Risk**

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

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

**Liquidity Risk**

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

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

**Interest Rate Risk**

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

**Currency Risk**

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

CURRENCY (CAD 000s)	2019		2018	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Euro	\$ 540,231	33.5 %	\$ 297,506	19.7 %
United States Dollar	1,042,542	64.7 %	1,173,945	77.7 %
Net Exposure	<u>\$ 1,582,773</u>	<u>98.3 %</u>	<u>\$ 1,471,451</u>	<u>97.4 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2015 PRIVATE PLACEMENT FUND**

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

**Currency Risk (continued)**

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

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$15,828,000 (2018 - \$14,715,000), representing 1.0% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

CURRENCY (CAD 000s)	2019	2018
Euro	\$ 26,577	\$ 82,964
United States Dollar	196,426	285,842
	<u>\$ 223,003</u>	<u>\$ 368,806</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$2,230,000 (2018 - \$3,688,000). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

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

**Other Price Risk**

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

INDUSTRY SECTOR (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Food, Beverage & Tobacco	\$ 81,149	5.1 %	\$ 71,645	4.7 %
Software & Services	279,289	17.4 %	336,116	22.3 %
Technology Hardware & Equipment	27,877	1.7 %	22,423	1.5 %
	<u>388,315</u>	<u>24.2 %</u>	<u>430,184</u>	<u>28.5 %</u>
Unlisted Private Equity Investee Funds in diversified industries	1,213,407	75.8 %	1,079,161	71.5 %
	<u>\$ 1,601,722</u>	<u>100.0 %</u>	<u>\$ 1,509,345</u>	<u>100.0 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2015 PRIVATE PLACEMENT FUND**

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

**Other Price Risk (continued)**

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

GEOGRAPHIC REGION  
(in 000s)

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Europe	\$ 81,149	5.1 %	\$ 71,645	4.7 %
United States	307,166	19.2 %	358,539	23.8 %
	388,315	24.3 %	430,184	28.5 %
Unlisted Private Equity Investee Funds diversified globally	1,213,407	75.8 %	1,079,161	71.5 %
	<u>\$ 1,601,722</u>	<u>100.1 %</u>	<u>\$ 1,509,345</u>	<u>100.0 %</u>

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

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$161,102,000 (2018 - \$151,212,000) or 10.0% (2018 - 10.0%) of net assets attributable to holders of redeemable units.

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

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

**Fair Value Hierarchy**

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

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

	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 9,301	\$ -	\$ -	\$ 9,301
Direct Private Debt Investments	-	-	388,315	388,315
Unlisted Private Equity Investee Funds	-	-	1,213,407	1,213,407
Total Investments	<u>\$ 9,301</u>	<u>\$ -</u>	<u>\$ 1,601,722</u>	<u>\$ 1,611,023</u>

	2018			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Cash	\$ -	\$ 2,126	\$ -	\$ 2,126
BCI Money Market Funds	646	-	-	646
Direct Private Equity Investments	-	-	430,184	430,184
Unlisted Private Equity Investee Funds	-	-	1,079,161	1,079,161
Total Investments	<u>\$ 646</u>	<u>\$ 2,126</u>	<u>\$ 1,509,345</u>	<u>\$ 1,512,117</u>

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2015 PRIVATE PLACEMENT FUND**

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

**Fair Value Hierarchy (continued)**

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

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

	2019		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 430,184	\$ 1,079,161	\$ 1,509,345
Total gains recognized in profit or loss	78,489	231,071	309,560
Purchases	-	159,134	159,134
Sales	(120,358)	(255,959)	(376,317)
Balance, end of year	<u>\$ 388,315</u>	<u>\$ 1,213,407</u>	<u>\$ 1,601,722</u>
Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 50,595</u>	<u>\$ 210,687</u>	<u>\$ 261,282</u>

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Fair Value Hierarchy (continued)**

	2018		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of period	\$ 336,289	\$ 712,910	\$ 1,049,199
Total gains recognized in profit or loss	93,895	98,868	192,763
Purchases	-	354,273	354,273
Sales	-	(86,890)	(86,890)
Balance, end of period	<u>\$ 430,184</u>	<u>\$ 1,079,161</u>	<u>\$ 1,509,345</u>
Total unrealized gains for the period included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 93,895</u>	<u>\$ 91,428</u>	<u>\$ 185,323</u>

During 2019 and 2018, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2015 PRIVATE PLACEMENT FUND**

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Significant Unobservable Inputs Used in Measuring Fair Value**

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

	2019				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 81,149	Market Approach	EV / EBITDA	12.75x	The estimated fair value would increase (decrease) if the EV / EBITDA multiple was higher (lower).
Direct Private Equity Investments	\$ 307,166	Net Asset Value	Net Asset Value	\$ 307,166	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Funds	\$1,213,407	Net Asset Value	Net Asset Value	\$1,213,407	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Significant Unobservable Inputs Used in Measuring Fair Value (continued)**

	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 430,184	Net Asset Value	Net Asset Value	\$ 430,184	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Funds	\$1,079,161	Net Asset Value	Net Asset Value	\$1,079,161	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

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Fair Value Measurement Discussion (continued)  
as at December 31

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Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

(i) Enterprise Value ("EV") and EBITDA multiples:

EV represent amounts that market participants would use when pricing the investments. EV may be based on arm's length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies and transactions in private companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

(ii) Net Asset Value:

Represents the net asset value of direct private equity investments and unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Fund's policy to categorize the investee as Level 3 within the fair value hierarchy.

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Fair Value Measurement Discussion (continued)  
as at December 31

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Effects of Unobservable Inputs on Fair Value Measurement

For certain direct private equity investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to holders of redeemable units.

The following table shows how net assets attributable to holders of redeemable units would change if the valuations of direct private equity investments and unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2019	2018
Favourable	\$ 160,172	\$ 150,934
Unfavourable	\$ (160,172)	\$ (150,934)

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2015 PRIVATE PLACEMENT FUND**

**Involvement with Structured Entities  
as at December 31**

As at December 31, the Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$1,611,013,000 (2018 - \$1,512,112,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 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	\$ 1,830,990	\$ 9,301
Unlisted private equity investee funds administered by third party managers	11	\$ 22,635,971	\$ 1,213,407

**Involvement with Structured Entities (continued)  
as at December 31**

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	\$ 646
Unlisted private equity investee funds administered by third party managers	11	\$ 24,886,029	\$ 1,079,161

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2016 PRIVATE PLACEMENT FUND

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Other accounts receivable		\$ 75	\$ -
Investments		<u>3,363,798</u>	<u>2,279,769</u>
		<u>3,363,873</u>	<u>2,279,769</u>
<b>Liabilities</b>			
BCI cost recoveries payable	4	1,131	983
Other accounts payable		<u>21</u>	<u>11</u>
		<u>1,152</u>	<u>994</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><b>\$ 3,362,721</b></u>	<u><b>\$ 2,278,775</b></u>
<i>Number of redeemable units outstanding</i>	5	6,163.793	4,635.416
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><b>\$ 546</b></u>	<u><b>\$ 492</b></u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Income**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Interest income		\$ 7	\$ 19
Other income		208	-
Foreign exchange gain		19	-
Change in fair value of investments:			
Net realized gain		16,715	66,087
Net change in unrealized appreciation		<u>317,749</u>	<u>225,775</u>
Total revenue		<u>334,698</u>	<u>291,881</u>
<b>Expenses:</b>			
BCI cost recoveries	4	1,441	682
Administrative fees		60	77
Pursuit costs		<u>-</u>	<u>(1,744)</u>
Total operating expenses		<u>1,501</u>	<u>(985)</u>
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		<u>333,197</u>	<u>292,866</u>
Distributions to holders of redeemable units:			
From net realized gains on investments		<u>(15,453)</u>	<u>(54,111)</u>
<b>Increase in net assets attributable to holders of redeemable units</b>		<u><b>\$ 317,744</b></u>	<u><b>\$ 238,755</b></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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2016 PRIVATE PLACEMENT FUND**

**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**  
(all amounts in thousands)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance, beginning of year	\$ 2,278,775	\$ 1,593,790
Increase in net assets attributable to holders of redeemable units	317,744	238,755
Redeemable unit transactions:		
Proceeds from units issued	839,744	681,396
Reinvestment of distributions	15,453	54,111
Amounts paid for units redeemed	<u>(88,995)</u>	<u>(289,277)</u>
Net increase from redeemable unit transactions	<u>766,202</u>	<u>446,230</u>
<b>Balance, end of year</b>	<b><u>\$ 3,362,721</u></b>	<b><u>\$ 2,278,775</u></b>

**Statement of Cash Flows**  
(all amounts in thousands)

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Increase in net assets attributable to holders of redeemable units	\$ 317,744	\$ 238,755
Adjustments for:		
Foreign exchange gain	(19)	-
Net realized gain from investments	(16,715)	(66,087)
Net change in unrealized appreciation of investments	(317,749)	(225,775)
Non cash distributions	15,453	54,111
Proceeds from sale of investments	90,156	292,619
Amounts paid for purchase of investments	(839,721)	(685,169)
Other accounts receivable	(75)	-
BCI cost recoveries	148	(573)
Other accounts payable	<u>10</u>	<u>-</u>
	<u>(750,768)</u>	<u>(392,119)</u>
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	839,744	681,396
Payments on redemption of redeemable units	<u>(88,995)</u>	<u>(289,277)</u>
	<u>750,749</u>	<u>392,119</u>
Net decrease in cash	(19)	-
Effect of exchange rate changes on cash	<u>19</u>	<u>-</u>
<b>Cash, beginning and end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2016 PRIVATE PLACEMENT FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 3,363,787	\$ 2,513,548	\$ 2,278,818	\$ 1,746,326
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment Portfolio:				
Fund ST1	10	10	951	953
Fund ST3	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
	<u>11</u>	<u>11</u>	<u>951</u>	<u>953</u>
<b>Total Investments</b>	<u>\$ 3,363,798</u>	<u>\$ 2,513,559</u>	<u>\$ 2,279,769</u>	<u>\$ 1,747,279</u>

<sup>1</sup> The private equity investments are held through private corporations and a limited partnership.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2016 PRIVATE PLACEMENT FUND**

**Financial Risk Management Discussion  
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2016 Private Placement Fund.

The Fund holds its private equity investments through corporations and a limited partnership. The corporations and limited partnership hold the following net assets:

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 597,302	17.8 %	\$ 575,507	25.3 %
Unlisted Private Equity Investee Funds	2,766,150	82.2 %	1,703,214	74.7 %
BCI Money Market Funds	107	- %	97	- %
Cash	228	- %	-	- %
	<u>\$ 3,363,787</u>	<u>100.0 %</u>	<u>\$ 2,278,818</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

**Credit Risk**

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

**Liquidity Risk**

The Fund's financial assets include unlisted equity investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements.

**Financial Risk Management Discussion (continued)  
as at December 31**

**Liquidity Risk (continued)**

The Fund's liabilities are due within three months of the year-end of the Fund.

**Interest Rate Risk**

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Currency Risk**

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

CURRENCY (000s)	2019		2018	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Euro	\$ 1,051,711	31.3 %	\$ 731,431	32.1 %
United States Dollar	2,312,112	68.8 %	1,547,348	67.9 %
Net Exposure	<u>\$ 3,363,823</u>	<u>100.1 %</u>	<u>\$ 2,278,779</u>	<u>100.0 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity, direct private debt and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2016 PRIVATE PLACEMENT FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

**Currency Risk (continued)**

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$33,638,000 (2018 - \$22,788,000), representing 1.0% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (000s)	2019	2018
Euro	\$ 174,851	\$ 398,810
United States Dollar	994,154	1,671,983
	<u>\$ 1,169,005</u>	<u>\$ 2,070,793</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$11,690,000 (2018 - \$20,708,000). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

**Financial Risk Management Discussion (continued)  
as at December 31**

**Other Price Risk**

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Diversified Financials	\$ 365,927	10.9 %	\$ 311,516	13.7 %
Capital Goods	184,656	5.5 %	210,104	9.2 %
Transportation	46,719	1.4 %	53,887	2.4 %
	<u>597,302</u>	<u>17.8 %</u>	<u>575,507</u>	<u>25.3 %</u>
Unlisted Private Equity Investee Funds in diversified industries	2,766,150	82.2 %	1,703,214	74.7 %
	<u>\$ 3,363,452</u>	<u>100.0 %</u>	<u>\$ 2,278,721</u>	<u>100.0 %</u>

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2016 PRIVATE PLACEMENT FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

**Other Price Risk (continued)**

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

**GEOGRAPHIC REGION  
(in 000s)**

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Europe	\$ 46,719	1.4 %	\$ 53,887	2.4 %
Asia	184,656	5.5 %	210,104	9.2 %
United Kingdom	365,927	10.9 %	311,516	13.7 %
	597,302	17.8 %	575,507	25.3 %
Unlisted Private Equity Investee Funds diversified globally	2,766,150	82.2 %	1,703,214	74.7 %
	<u>\$ 3,363,452</u>	<u>100.0 %</u>	<u>\$ 2,278,721</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$336,380,000 (2018 - \$227,977,000) or 10.0% (2018 - 10.0%) of net assets attributable to holders of redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Fair Value Measurement Discussion  
as at December 31**

**Fair Value Hierarchy**

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Cash	\$ -	\$ 228	\$ -	\$ 228
BCI Money Market Funds	118	-	-	118
Direct Private Equity Investments	-	-	597,302	597,302
Unlisted Private Equity Investee Funds	-	-	2,766,150	2,766,150
Total Investments	<u>\$ 118</u>	<u>\$ -</u>	<u>\$ 3,363,452</u>	<u>\$ 3,363,798</u>

	2018			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
BCI Money Market Funds	\$ 1,048	\$ -	\$ -	\$ 1,048
Direct Private Equity Investments	-	-	575,507	575,507
Unlisted Private Equity Investee Funds	-	-	1,703,214	1,703,214
Total Investments	<u>\$ 1,048</u>	<u>\$ -</u>	<u>\$ 2,278,721</u>	<u>\$ 2,279,769</u>

During 2019 and 2018, there were no significant transfers between Level 1 and Level 2.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2016 PRIVATE PLACEMENT FUND**

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Fair Value Hierarchy (continued)**

The carrying amount of the Fund's net assets attributable to holders of redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	2019		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 575,507	\$ 1,703,214	\$ 2,278,721
Total gains recognized in profit or loss	29,249	285,191	314,440
Purchases	-	856,938	856,938
Sales	(7,454)	(79,193)	(86,647)
Balance, end of year	<u>\$ 597,302</u>	<u>\$ 2,766,150</u>	<u>\$ 3,363,452</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 29,210</u>	<u>\$ 277,744</u>	<u>\$ 306,954</u>

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Fair Value Hierarchy (continued)**

	2018		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of year	\$ 744,039	\$ 851,052	\$ 1,595,091
Total gains or (losses) recognized in profit or loss	(100,785)	225,147	124,362
Purchases	-	730,105	730,105
Sales	(67,747)	(103,090)	(170,837)
Balance, end of year	<u>\$ 575,507</u>	<u>\$ 1,703,214</u>	<u>\$ 2,278,721</u>
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ (98,382)</u>	<u>\$ 213,988</u>	<u>\$ 115,606</u>

During 2019 and 2018, there were no significant transfers into or out of Level 3.

**Significant Unobservable Inputs Used in Measuring Fair Value**

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2016 PRIVATE PLACEMENT FUND**

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Significant Unobservable Inputs Used in Measuring Fair Value (continued)**

	2019				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 365,927	Discounted Cash Flow	Discount rate	13.5%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).
Direct Private Equity Investments	\$ 231,375	Net Asset Value	Net Asset Value	\$231,375	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Funds	\$2,438,824	Unadjusted Net Asset Value	Net Asset Value	\$2,438,824	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 327,326	Adjusted Net Asset Value	Net Asset Value	\$327,326	The estimated fair value would increase (decrease) if: - The net asset value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher)

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Significant Unobservable Inputs Used in Measuring Fair Value (continued)**

	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 311,516	Discounted Cash Flow	Discount Rate	13.5%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).
Direct Private Equity Investments	\$ 263,991	Net Asset Value	Net Asset Value	\$ 263,991	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Funds	\$1,569,602	Adjusted Net Asset Value	Adjusted Net Asset Value	\$ 1,569,602	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Funds	\$ 133,612	Adjusted Net Asset Value	Adjusted Net Asset Value	\$ 133,612	The estimated fair value would increase (decrease) if: -The net asset value of unlisted private equity investee funds was higher (lower). -The fair value adjustment was lower (higher).

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2016 PRIVATE PLACEMENT FUND

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**Fair Value Measurement Discussion (continued)**  
**as at December 31**

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**Significant Unobservable Inputs Used in Measuring Fair Value (continued)**

Significant unobservable inputs are developed as follows:

- (i) Discount rate:  
Represents the discount rate applied to the expected future cash flows. For the discount rates used, BCI management assesses both the risk premium and the appropriate risk-free rate based on the economic environment in which the investee entity operates. The discount rate is adjusted for such matters as liquidity differences, credit and market factors. The estimated future cash flows are then discounted using the discount rate determined. Cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the respective investee entity.
- (ii) Net Asset Value:  
Represents the net asset value of direct private equity investments and unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.
- The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Fund's policy to categorize the investee as Level 3 within the fair value hierarchy.
- (iii) Adjusted Net Asset Value:  
BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

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**Fair Value Measurement Discussion (continued)**  
**as at December 31**

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**Effects of Unobservable Inputs on Fair Value Measurement**

For certain direct private equity and direct private debt investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to holders of redeemable units.

The following table shows how net assets attributable to holders of redeemable units would change if the valuations of direct private equity investments and unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2019	2018
Favourable	\$ 336,345	\$ 227,872
Unfavourable	\$ (336,345)	\$ (227,872)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2016 PRIVATE PLACEMENT FUND**

**Involvement with Structured Entities  
as at December 31**

As at December 31, the Fund's investments are held primarily through 4 intermediary holding corporations and 1 limited partnership which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$3,363,787,000 (2018 - \$2,278,818,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 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	\$ 1,830,990	\$ 118
Unlisted private equity investee funds administered by third party managers	13	\$ 40,251,672	\$ 2,766,150

**Involvement with Structured Entities (continued)  
as at December 31**

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	\$ 1,048
Unlisted private equity investee funds administered by third party managers	12	\$ 21,087,156	\$ 1,703,214

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2016 PRIVATE PLACEMENT FUND**

**Involvement with Subsidiaries and Associates  
as at December 31**

The Fund also holds through intermediary holding corporations the following investments in which it has a controlling position or a position where it could otherwise exert significant influence on the operations of the investee. The Fund measures these investments at FVTPL. The tables below set out interests held by the Fund in these unconsolidated subsidiaries and associates:

December 31, 2019

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/Registration	Ownership Interest	Voting Rights
Hayfin Capital Partners	European credit platform specializing in sourcing, structuring, and managing European private debt instruments.	Common shares	Subsidiary	U.K.	England	66.35%	66.35%

December 31, 2018

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/Registration	Ownership Interest	Voting Rights
Hayfin Capital Partners	European credit platform specializing in sourcing, structuring, and managing European private debt instruments.	Common shares	Subsidiary	U.K.	England	66.51%	66.51%

During 2019 and 2018, the Fund did not provide financial support to subsidiaries or associates and has no intention of providing financial or other support. Furthermore, the subsidiaries and associates listed in the table above are not subject to any significant restrictions on their ability to transfer funds to the Fund.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2017 PRIVATE EQUITY FUND

**Statement of Financial Position**

(all amounts in thousands *except number of units*)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 2,067,785	\$ 1,162,369
<b>Liabilities</b>			
BCI cost recoveries payable	4	1,358	1,204
Other accounts payable		21	11
		<u>1,379</u>	<u>1,215</u>
<b>Net assets attributable to holders of redeemable units</b>		<u>\$ 2,066,406</u>	<u>\$ 1,161,154</u>
<i>Number of redeemable units outstanding</i>	5	14,469.885	9,963.829
<b>Net assets attributable to holders of redeemable units per unit</b>		<u>\$ 143</u>	<u>\$ 117</u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Income**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Revenue:</b>			
Net realized gain		\$ 199	\$ 4,875
Net change in unrealized appreciation		372,673	60,716
Total revenue		<u>372,872</u>	<u>65,591</u>
<b>Expenses:</b>			
BCI cost recoveries	4	1,006	4,954
Administrative fees		50	571
Pursuit costs		11	920
Total operating expenses		<u>1,067</u>	<u>6,445</u>
<b>Increase in net assets attributable to holders of redeemable units</b>		<u>\$ 371,805</u>	<u>\$ 59,146</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2017 PRIVATE 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	\$ 1,161,154	\$ 194,996
Increase in net assets attributable to holders of redeemable units	371,805	59,146
Redeemable unit transactions:		
Proceeds from units issued	537,921	1,109,964
Amounts paid for units redeemed	(4,474)	(202,952)
Net increase from redeemable unit transactions	533,447	907,012
<b>Balance, end of year</b>	<b>\$ 2,066,406</b>	<b>\$ 1,161,154</b>

**Statement of Cash Flows**  
(all amounts in thousands)

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating activities:</b>		
Increase in net assets attributable to holders of redeemable units	\$ 371,805	\$ 59,146
Adjustments for:		
Net realized gain from investments	(199)	(4,875)
Net change in unrealized appreciation of investments	(372,673)	(60,716)
Proceeds from sale of investments	4,472	210,529
Amounts paid for purchase of investments	(537,016)	(1,109,922)
BCI cost recoveries	154	(1,174)
Other accounts payable	10	-
	(533,447)	(907,012)
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	537,921	1,109,964
Payments on redemption of redeemable units	(4,474)	(202,952)
	533,447	907,012
<b>Cash, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2017 PRIVATE EQUITY FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 2,067,774	\$ 1,629,401	\$ 1,162,364	\$ 1,096,665
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment				
Portfolio:				
Fund ST1	<u>11</u>	<u>12</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u><u>\$ 2,067,785</u></u>	<u><u>\$ 1,629,413</u></u>	<u><u>\$ 1,162,369</u></u>	<u><u>\$ 1,096,670</u></u>

<sup>1</sup> The private equity investments are held through private corporations and limited partnerships.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2017 PRIVATE EQUITY FUND**

**Financial Risk Management Discussion  
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2017 Private Equity Fund.

The Fund holds its private equity investments through corporations and limited partnerships. The corporations and limited partnerships hold the following net assets:

	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 874,077	42.3 %	\$ 639,063	55.0 %
Unlisted Private Equity Investee Funds	1,193,622	57.7 %	523,229	45.0 %
BCI Money Market Funds	76	- %	73	- %
Net Investment-Related Payables	(1)	- %	(1)	- %
	<u>\$ 2,067,774</u>	<u>100.0 %</u>	<u>\$ 1,162,364</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

**Credit Risk**

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

**Financial Risk Management Discussion (continued)  
as at December 31**

**Liquidity Risk**

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements.

The Fund's liabilities are due within three months of the year-end of the Fund.

**Interest Rate Risk**

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2017 PRIVATE EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

**Currency Risk**

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

CURRENCY (000s)	2019		2018	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables	% of Total Net Assets
Euro	\$ 1,016,610	49.2 %	\$ 682,108	58.7 %
United States Dollar	1,051,128	50.9 %	480,228	41.4 %
Net Exposure	<u>\$ 2,067,738</u>	<u>100.1 %</u>	<u>\$ 1,162,336</u>	<u>100.1 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$20,677,000 (2018 - \$11,623,000), representing 1.0% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

**Financial Risk Management Discussion (continued)  
as at December 31**

**Currency Risk (continued)**

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (000s)	2019	2018
Euro	\$ 449,575	\$ 585,118
United States Dollar	967,347	1,343,364
	<u>\$ 1,416,922</u>	<u>\$ 1,928,482</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$14,169,000 (2018 - \$19,285,000). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2017 PRIVATE EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

**Other Price Risk**

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Pharmaceuticals, Biotechnology & Life Sciences	\$ 159,171	7.7 %	\$ 131,539	11.3 %
Financials	89,665	4.3 %	40,301	3.5 %
Food, Beverage & Tobacco	625,241	30.2 %	467,223	40.2 %
	874,077	42.2 %	639,063	55.0 %
Unlisted Private Equity Investee Funds in diversified industries	1,193,622	57.7 %	523,229	45.0 %
	<u>\$ 2,067,699</u>	<u>99.9 %</u>	<u>\$ 1,162,292</u>	<u>100.0 %</u>

**Financial Risk Management Discussion (continued)  
as at December 31**

**Other Price Risk (continued)**

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Europe	\$ 784,412	37.9 %	\$ 598,762	51.5 %
Europe, United Kingdom, United States	89,665	4.3 %	40,301	3.5 %
	874,077	42.2 %	639,063	55.0 %
Unlisted Private Equity Investee Funds diversified globally	1,193,622	57.7 %	523,229	45.0 %
	<u>\$ 2,067,699</u>	<u>99.9 %</u>	<u>\$ 1,162,292</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$206,779,000 (2018 - \$116,237,000) or 10.0% (2018 - 10.0%) of net assets attributable to holders of redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2017 PRIVATE EQUITY FUND**

**Fair Value Measurement Discussion  
as at December 31**

**Fair Value Hierarchy**

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2019			Total
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	
(in 000s)				
BCI Money Market Funds	86	-	-	86
Direct Private Equity Investments	-	-	874,077	874,077
Unlisted Private Equity Investee Funds	-	-	1,193,622	1,193,622
Total Investments	\$ 86	\$ -	\$ 2,067,699	\$ 2,067,785

  

	2018			Total
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	
(in 000s)				
Net Investment-Related Payables	\$ -	\$ (1)	\$ -	\$ (1)
BCI Money Market Funds	78	-	-	78
Direct Private Equity Investments	-	-	639,063	639,063
Unlisted Private Equity Investee Funds	-	-	523,229	523,229
Total Investments	\$ 78	\$ (1)	\$ 1,162,292	\$ 1,162,369

During 2019 there were no significant transfers between Level 1 and Level 2.

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Fair Value Hierarchy (continued)**

The carrying amount of the Fund's net assets attributable to holders of redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	2019		
	Direct Private Equity Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)			
Balance, beginning of period	\$ 639,063	\$ 523,229	\$ 1,162,292
Total gains recognized in profit or loss	187,968	181,775	369,743
Purchases	101,206	511,947	613,153
Sales	(54,160)	(23,329)	(77,489)
Balance, end of period	\$ 874,077	\$ 1,193,622	\$ 2,067,699

  

Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ 187,917	\$ 176,925	\$ 364,842
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*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2017 PRIVATE EQUITY FUND**

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Fair Value Hierarchy (continued)**

	2018			
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)				
Balance, beginning of period	\$ 89,768	\$ 2,187	\$ 107,601	\$ 199,556
Total gains recognized in profit or loss	32,736	133	24,472	57,341
Purchases	548,729	-	605,126	1,153,855
Sales	(32,170)	(2,320)	(213,970)	(248,460)
Balance, end of period	<u>\$ 639,063</u>	<u>\$ -</u>	<u>\$ 523,229</u>	<u>\$ 1,162,292</u>
Total unrealized gains for the period included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 32,197</u>	<u>\$ -</u>	<u>\$ 14,301</u>	<u>\$ 46,498</u>

During 2019, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Significant Unobservable Inputs Used in Measuring Fair Value**

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments, direct private debt investments, and unlisted private equity investee funds 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 Investments	\$ 874,077	Net Asset Value	Net Asset Value	\$ 874,077	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Funds	\$ 751,555	Net Asset Value	Net Asset Value	\$ 751,555	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).
Unlisted Private Equity Investee Fund	\$ 442,067	Adjusted Net Asset Value	Adjusted Net Asset Value	\$ 442,06	The estimated fair value would increase (decrease) if: - The net asset value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher).

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2017 PRIVATE EQUITY FUND

**Fair Value Measurement Discussion (continued)**  
**as at December 31**

**Significant Unobservable Inputs Used in Measuring Fair Value (continued)**

	2018				
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 639,063	Net Asset Value	Net Asset Value	\$ 639,063	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Unlisted Private Equity Investee Funds	\$ 523,229	Net Asset Value	Net Asset Value	\$ 523,229	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

**Fair Value Measurement Discussion (continued)**  
**as at December 31**

**Significant Unobservable Inputs Used in Measuring Fair Value (continued)**

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

Represents the net asset value of direct private equity investments and unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Fund's policy to categorize the investee as Level 3 within the fair value hierarchy

(ii) Adjusted Net Asset Value:

Represents total adjustments applied to the net asset value of the unlisted private equity investee funds. BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2017 PRIVATE EQUITY FUND

**Fair Value Measurement Discussion (continued)**  
**as at December 31**

**Effects of Unobservable Inputs on Fair Value Measurement**

For certain direct private equity and direct private debt investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to holders of redeemable units.

The following table shows how net assets attributable to holders of redeemable units would change if the valuations of direct private equity investments, direct private debt investments and unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2019	2018
Favourable	\$ 206,770	\$ 116,229
Unfavourable	\$ (206,770)	\$ (116,229)

**Involvement with Structured Entities**  
**as at December 31**

As at December 31, the Fund's investments are held primarily through 3 intermediary holding corporations and 2 limited partnerships which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$2,067,774,000 (2018 - \$1,162,364,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 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	\$ 1,830,990	\$ 86
Unlisted private equity investee funds administered by third party managers	13	\$ 29,560,150	\$ 1,193,622

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2017 PRIVATE EQUITY FUND**

**Involvement with Structured Entities (continued)**  
**as at December 31**

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 bcIMC	2	\$ 2,521,901	\$ 78
Unlisted private equity investee funds administered by third party managers	13	\$ 12,042,266	\$ 523,229

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2017 PRIVATE EQUITY FUND**

**Involvement with Subsidiaries and Associates  
as at December 31**

The Fund also holds through intermediary holding corporations the following investments in which it has a controlling position or a position where it could otherwise exert significant influence on the operations of the investee. The Fund measures these investments at FVTPL. The tables below set out interests held by the Fund in these unconsolidated subsidiaries and associates:

December 31, 2019

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/ Registration	Ownership Interest	Voting Rights
Refresco Group N.V.	Industrial Bottling	Limited partnership interest	Associate	Europe, UK, US	The Netherlands	29.93	29.93

December 31, 2018

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/ Registration	Ownership Interest	Voting Rights
Refresco Group N.V.	Industrial Bottling	Limited partnership interest	Associate	Europe, UK, US	The Netherlands	29.93	29.93

During 2019 and 2018, the Fund did not provide financial support to subsidiaries or associates and has no intention of providing financial or other support. Furthermore, the subsidiaries and associates listed in the table above are not subject to any significant restrictions on their ability to transfer funds to the Fund.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2018 PRIVATE EQUITY FUND

**Statement of Financial Position**

(all amounts in thousands except number of units)

	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments		\$ 1,470,150	\$ 934,686
<b>Liabilities</b>			
BCI cost recoveries payable	4	2,963	3,416
Other accounts payable		21	11
		<u>2,984</u>	<u>3,427</u>
<b>Net assets attributable to holders of redeemable units</b>		<u>\$ 1,467,166</u>	<u>\$ 931,259</u>
<i>Number of redeemable units outstanding</i>	5	4,240.379	2,970.748
<b>Net assets attributable to holders of redeemable units per unit</b>		<u>\$ 346</u>	<u>\$ 313</u>
<i>Unfunded committed capital</i>	6		
<i>Subsequent events</i>	10		

**Statement of Comprehensive Income**

(all amounts in thousands)

	Note	Year Ended December 31, 2019	Period Ended December 31, 2018
<b>Revenue:</b>			
Interest income		\$ 3	\$ -
Other income		2,375	-
Foreign exchange loss		(5)	-
Change in fair value of investments:	7		
Net realized gain		2,337	85
Net change in unrealized appreciation		<u>157,280</u>	<u>110,008</u>
Total revenue		<u>161,990</u>	<u>110,093</u>
<b>Expenses:</b>			
BCI cost recoveries	4	19,267	21,274
Administrative fees		56	4
Pursuit costs		389	1,374
Total operating expenses		<u>19,712</u>	<u>22,652</u>
<b>Increase in net assets attributable to holders of redeemable units</b>		<u>\$ 142,278</u>	<u>\$ 87,441</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2018 PRIVATE EQUITY FUND**

**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**  
(all amounts in thousands)

	Year Ended December 31, 2019	Period Ended December 31, 2018
Balance, beginning of period	\$ 931,259	\$ -
Increase in net assets attributable to holders of redeemable units	142,278	87,441
Redeemable unit transactions:		
Proceeds from units issued	417,638	853,361
Amounts paid for units redeemed	(24,009)	(9,543)
Net increase from redeemable unit transactions	393,629	843,818
<b>Balance, end of period</b>	<b>\$ 1,467,166</b>	<b>\$ 931,259</b>

**Statement of Cash Flows**  
(all amounts in thousands)

	Year Ended December 31, 2019	Period Ended December 31, 2018
<b>Operating activities:</b>		
Increase in net assets attributable to holders of redeemable units	\$ 142,278	\$ 87,441
Adjustments for:		
Effect of exchange rate changes on cash	5	-
Net realized gain from investments	(2,337)	(85)
Net change in unrealized appreciation of investments	(157,280)	(110,008)
Proceeds from sale of investments	24,328	26,172
Amounts paid for purchase of investments	(400,175)	(850,765)
BCI cost recoveries	(453)	3,416
Other accounts payable	10	11
	(393,624)	(843,818)
<b>Financing activities:</b>		
Proceeds from issuance of redeemable units	417,638	853,361
Payments on redemption of redeemable units	(24,009)	(9,543)
	393,629	843,818
Net increase in cash	5	-
Effect of exchange rate changes on cash	(5)	-
<b>Cash, beginning and end of period</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2018 PRIVATE EQUITY FUND**

**Schedule of Investments**  
as at December 31  
(all amounts in thousands)

	2019		2018	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments <sup>1</sup>:</b>	\$ 1,469,197	\$ 1,201,908	\$ 934,681	\$ 824,673
<b>Money Market Investments:</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	199	199	5	5
Fund ST3	754	755	-	-
	<u>953</u>	<u>954</u>	<u>5</u>	<u>5</u>
<b>Total Investments</b>	<u>\$ 1,470,150</u>	<u>\$ 1,202,862</u>	<u>\$ 934,686</u>	<u>\$ 824,678</u>

<sup>1</sup> The private equity investments are held through private corporations.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2018 PRIVATE EQUITY FUND**

**Financial Risk Management Discussion  
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2018 Private Equity Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

(in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments	\$ 1,080,685	73.6 %	\$ 865,945	92.6 %
Unlisted Private Equity Investee Funds	388,472	26.4 %	67,698	7.3 %
BCI Money Market Funds	40	- %	1,038	0.1 %
	<u>\$ 1,469,197</u>	<u>100.0 %</u>	<u>\$ 934,681</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and its investing activities have been considered.

**Credit Risk**

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

**Financial Risk Management Discussion (continued)  
as at December 31**

**Liquidity Risk**

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements.

The Fund's liabilities are due within three months of the year-end of the Fund.

**Interest Rate Risk**

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Currency Risk**

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

CURRENCY (CAD 000s)	2019		2018	
	Net Investments and Investment- Related Receivables	% of Total Net Assets	Net Investments and Investment- Related Receivables (Payables)	% of Total Net Assets
Australian Dollar	\$ (850)	(0.1)%	\$ (1,115)	(0.1)%
Euro	339,176	23.1 %	\$ 88,770	9.5 %
United States Dollar	1,110,179	75.7 %	835,857	89.8 %
Net Exposure	<u>\$ 1,448,505</u>	<u>98.7 %</u>	<u>\$ 923,512</u>	<u>99.2 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2018 PRIVATE EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

**Currency Risk (continued)**

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity, and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$14,485,000 (2018 - \$9,235,000 ), representing 1.0% of the Fund's net assets (2018 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (Cdn 000s)	2019	2018
Australian Dollar	\$ 53,690	\$ 58,088
Euro	561,500	\$ 763,369
United States Dollar	1,652,404	1,699,840
	<u>\$ 2,267,594</u>	<u>\$ 2,521,297</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$22,676,000 (2018 - \$25,213,000 ). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

**Financial Risk Management Discussion (continued)  
as at December 31**

**Other Price Risk**

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

INDUSTRY SECTOR (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Commercial & Professional Services	\$ 165,165	11.2 %	\$ 90,695	9.7 %
Software & Services	561,426	38.2 %	464,074	49.7 %
Technology hardware and equipment	122,991	8.4 %	165,605	17.7 %
Transportation	231,103	15.7 %	145,571	15.6 %
	<u>1,080,685</u>	<u>73.5 %</u>	<u>865,945</u>	<u>92.7 %</u>
Unlisted Private Equity Investee Funds in diversified industries	388,472	26.4 %	67,698	7.3 %
	<u>\$ 1,469,157</u>	<u>99.9 %</u>	<u>\$ 933,643</u>	<u>100.0 %</u>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2018 PRIVATE EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

**Other Price Risk (continued)**

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

GEOGRAPHIC REGION (in 000s)	2019		2018	
	Total	% of Total	Total	% of Total
Direct Private Equity Investments:				
Asia	\$ 92,806	6.3 %	\$ 25,960	2.8 %
North America	684,417	46.6 %	629,679	67.4 %
Western Europe	303,462	20.7 %	210,306	22.5 %
	<u>1,080,685</u>	<u>73.6 %</u>	<u>865,945</u>	<u>92.7 %</u>
Unlisted Private Equity Investee Funds diversified globally				
	388,472	26.4 %	67,698	7.3 %
	<u>\$ 1,469,157</u>	<u>100.0 %</u>	<u>\$ 933,643</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, 2019, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$ 147,015,000 (2018 - \$93,469,000) or 10.0% (2018 - 10.0%) of net assets attributable to holders of redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Fair Value Measurement Discussion  
as at December 31**

**Fair Value Hierarchy**

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

(in 000s)	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
BCI Money Market Funds	\$ 993	\$ -	\$ -	\$ 993
Direct Private Equity Investments	-	-	1,080,685	1,080,685
Unlisted Private Equity Investee Funds	-	-	388,472	388,472
Total Investments	<u>\$ 993</u>	<u>\$ -</u>	<u>\$ 1,469,157</u>	<u>\$ 1,470,150</u>

bclMC Money Market Funds	2018			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Direct Private Equity Investments	\$ 1,043	\$ -	\$ -	\$ 1,043
Unlisted Private Equity Investee Funds	-	-	865,945	865,945
	-	-	67,698	67,698
Total Investments	<u>\$ 1,043</u>	<u>\$ -</u>	<u>\$ 933,643</u>	<u>\$ 934,686</u>

During 2019 there were no significant transfers between Level 1 and Level 2.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2018 PRIVATE EQUITY FUND**

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Fair Value Hierarchy (continued)**

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	2019		
	Direct Private	Unlisted Private Equity	
(in 000s)	Equity	Investee	
	Investments	Funds	Total
Balance, beginning of period	\$ 865,945	\$ 67,698	\$ 933,643
Total gains recognized in profit or loss	145,079	11,923	157,002
Purchases	70,037	335,604	405,641
Sales	(376)	(26,753)	(27,129)
Balance, end of period	<u>\$ 1,080,685</u>	<u>\$ 388,472</u>	<u>\$ 1,469,157</u>

Total unrealized gains for the year included in profit or loss relating to financial assets and liabilities held at the reporting date

\$ 145,091	\$ 10,053	\$ 155,144
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During 2019, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Fair Value Hierarchy (continued)**

	2018		
	Direct Private	Unlisted Private Equity	
(in 000s)	Equity	Investee	
	Investments	Funds	Total
Balance, beginning of period	\$ -	\$ -	\$ -
Total gains or (losses) recognized in profit or loss	120,217	(9,948)	110,269
Purchases	745,728	88,695	834,423
Sales	-	(11,049)	(11,049)
Balance, end of period	<u>\$ 865,945</u>	<u>\$ 67,698</u>	<u>\$ 933,643</u>
Total unrealized gains or (losses) for the period included in profit or loss relating to financial assets and liabilities held at the reporting date	<u>\$ 120,217</u>	<u>\$ (8,644)</u>	<u>\$ 111,573</u>

During 2018, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2018 PRIVATE EQUITY FUND**

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Significant unobservable inputs used in measuring fair value**

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

	2019					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Weighted Average	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 987,879	Net Asset Value	Net Asset Value	\$ 987,879	N/A	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Direct Private Equity Investments	\$ 92,806	Discounted Cash Flow	Discount rate	9.6%	9.6%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).
Unlisted Private Equity Investee Funds	\$ 388,472	Net Asset Value	Net Asset Value	\$388,472	N/A	The estimated fair value would increase (decrease) if the net asset value of the unlisted private equity investee funds was higher (lower).

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Significant unobservable inputs used in measuring fair value (continued)**

	2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Weighted Average	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 839,985	Net Asset Value	Net Asset Value	\$ 839,985	N/A	The estimated fair value would increase (decrease) if the net asset value of direct private equity investments was higher (lower).
Direct Private Equity Investments	\$ 25,960	Discounted Cash Flow	Discount Rate	9.63%	9.63%	The estimated fair value would increase (decrease) if the discount rate was lower (higher).
Unlisted Private Equity Investee Funds	\$ 56,546	Net Asset Value	Net Asset Value	\$ 56,546	N/A	The estimated fair value would increase (decrease) if the net asset value of the unlisted private equity investee funds was higher (lower).

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2018 PRIVATE EQUITY FUND

**Fair Value Measurement Discussion (continued)**  
**as at December 31**

**Significant unobservable inputs used in measuring fair value (continued)**

	2018					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Weighted Average	Sensitivity to Change in Significant Unobservable Input
Unlisted Private Equity Investee Fund	\$ 11,152	Adjusted net asset value	Adjusted net asset value	\$11,152	N/A	The estimated fair value would increase (decrease) if: - The net asset value of the unlisted private equity investee funds was higher (lower) - The fair value adjustment was lower (higher)

**Fair Value Measurement Discussion (continued)**  
**as at December 31**

**Significant unobservable inputs used in measuring fair value (continued)**

Significant unobservable inputs are developed as follows:

(i) Net Asset Value:

Represents the net asset value of direct private equity investments and unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

(ii) Discount rate:

Represents the discount rate applied to the expected future cash flows. For the discount rates used, BCI management assesses both the risk premium and the appropriate risk-free rate based on the economic environment in which the investee entity operates. The discount rate is adjusted for such matters as liquidity differences, credit and market factors. The estimated future cash flows are then discounted using the discount rate determined. Cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the respective investee entity.

(iii) Adjusted Net Asset Value:

BCI management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2018 PRIVATE EQUITY FUND**

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Effects of unobservable inputs on fair value measurement**

For certain direct private equity investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of direct private equity investments and unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2019	2018
Favourable	\$ 146,916	\$ 93,364
Unfavourable	\$ (146,916)	\$ (93,364)

**Involvement with Structured Entities  
as at December 31**

As at December 31, the Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$1,469,197,000 (2018 - \$934,681,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

Entity	December 31, 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	\$ 1,830,990	\$ 993
Unlisted private equity investee funds administered by third party managers	15	\$ 5,209,226	\$ 388,472

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2018 PRIVATE EQUITY FUND**

**Involvement with Structured Entities (continued)**  
**as at December 31**

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 bclMC	2	\$ 2,521,901	\$ 1,043
Unlisted private equity investee funds administered by third party managers	11	\$ 543,769	\$ 67,698

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019 and 2018, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2018 PRIVATE EQUITY FUND**

**Involvement with Subsidiaries and Associates  
as at December 31**

The Fund also holds through intermediary holding corporations the following investments in which it has a controlling position or a position where it could otherwise exert significant influence on the operations of the investee. The Fund measures these investments at FVTPL. The tables below set out interests held by the Fund in these unconsolidated subsidiaries and associates:

December 31, 2019

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/Registration	Ownership Interest	Voting Rights
Verifone Systems Inc.	Financial Services	Common shares	Associate	U.S.	U.S.	20.93%	20.93%
Greenheart Gas LLC	Shipping	Common shares	Associate	U.S.	U.S.	46.17%	46.17%

December 31, 2018

Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/Registration	Ownership Interest	Voting Rights
Verifone Systems Inc.	Financial Services	Common shares	Associate	U.S.	U.S.	22.54%	22.54%

During 2019, the Fund did not provide financial support to subsidiaries or associates and has no intention of providing financial or other support. Furthermore, the subsidiaries and associates listed in the table above are not subject to any significant restrictions on their ability to transfer funds to the Fund.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2019 PRIVATE EQUITY FUND**

**Statement of Financial Position**  
(all amounts in thousands *except number of units*)

	Note	December 31, 2019 (note 1)
<b>Assets</b>		
Investments		<u>\$ 1,145,060</u> <u>1,145,060</u>
<b>Liabilities</b>		
BCI cost recoveries payable	4	2,836
Other accounts payable		<u>350</u>
		<u>3,186</u>
<b>Net assets attributable to holders of redeemable units</b>		<u><u>\$ 1,141,874</u></u>
<i>Number of redeemable units outstanding</i>		
	5	328,067,655.426
<b>Net assets attributable to holders of redeemable units per unit</b>		<u><u>\$ -</u></u>
<i>Unfunded committed capital</i>	6	
<i>Subsequent events</i>	10	

**Statement of Comprehensive Loss**  
(all amounts in thousands)

	Note	Period Ended December 31, 2019 (note 1)
<b>Revenue:</b>		
Other income		\$ 887
Foreign exchange gain		55
Change in fair value of investments:	7	
Net realized loss		(16)
Net change in unrealized appreciation		<u>11,898</u>
Total revenue		<u>12,824</u>
<b>Expenses:</b>		
BCI cost recoveries	4	11,159
Administrative fees		37
Pursuit costs		<u>2,309</u>
Total operating expenses		<u>13,505</u>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<u><u>\$ (681)</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  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2019 PRIVATE 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	\$ -
Decrease in net assets attributable to holders of redeemable units	(681)
Redeemable unit transactions:	
Proceeds from units issued	1,147,682
Amounts paid for units redeemed	<u>(5,127)</u>
Net increase from redeemable unit transactions	<u>1,142,555</u>
<b>Balance, end of period</b>	<b><u>\$ 1,141,874</u></b>

**Statement of Cash Flows**  
(all amounts in thousands)

	Period Ended December 31, 2019 <i>(note 1)</i>
<b>Operating activities:</b>	
Decrease in net assets attributable to holders of redeemable units	\$ (681)
Adjustments for:	
Foreign exchange gain	(55)
Net realized loss from investments	16
Net change in unrealized appreciation of investments	(11,898)
Proceeds from sale of investments	5,133
Amounts paid for purchase of investments	(1,138,311)
BCI cost recoveries	2,836
Other accounts payable	<u>350</u>
	<u>(1,142,610)</u>
<b>Financing activities:</b>	
Proceeds from issuance of redeemable units	1,147,682
Payments on redemption of redeemable units	<u>(5,127)</u>
	<u>1,142,555</u>
Net decrease in cash	(55)
Effect of exchange rate changes on cash	<u>55</u>
<b>Cash, beginning and end of period</b>	<b><u>\$ -</u></b>

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2019 PRIVATE EQUITY FUND**

**Schedule of Investments**

as at December 31

(all amounts in thousands)

	2019	
	<u>Fair Value</u>	<u>Cost</u>
<b>Private Equity Investments<sup>1</sup>:</b>	\$ 1,145,050	\$ 1,133,153
<b>Money Market Investments:</b>		
Units in BCI Pooled Investment Portfolio:		
Fund ST1	<u>10</u>	<u>10</u>
<b>Total Investments</b>	<u>\$ 1,145,060</u>	<u>\$ 1,133,163</u>

<sup>1</sup> The private equity investments are held through private corporations.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2019 PRIVATE EQUITY FUND**

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**Financial Risk Management Discussion  
as at December 31**

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The investment objectives, eligible investments and general information on the financial risks related to the Private Equity Program are described in note 7 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2019 Private Equity Fund.

The Fund holds its private equity and private debt investments through corporations. The corporations hold the following net assets:

	2019	
	Total	% of Total
Direct Private Equity Investments	\$ 549,242	48.0 %
Direct Private Debt Investments	339,097	29.6 %
Unlisted Private Equity Investee Funds	248,398	21.7 %
BCI Money Market Funds	36	- %
Net Investment-Related Receivables	8,277	0.7 %
	<u>\$ 1,145,050</u>	<u>100.0 %</u>

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

**Credit Risk**

The majority of the private debt investments are in closely held private companies where the Fund has a significant ownership percentage. Due to the private nature of the debt, it is not subject to rating by a rating agency. The Fund's debt investments are not subject to credit risk as any decrease in fair value would result in an offsetting change in value of the related equity investment.

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**Financial Risk Management Discussion (continued)  
as at December 31**

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**Liquidity Risk**

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements.

The Fund's liabilities are due within three months of the year-end of the Fund.

**Interest Rate Risk**

The value of the combined debt and equity investments is calculated based on enterprise values of the private companies and the value is then allocated to the debt and equity investments. Any change in market value of the debt investments due to fluctuations in interest rates would result in an offsetting change in value of the related equity investment. Accordingly, sensitivity analysis that would measure the impact of changes in interest rates would not be meaningful and has not been provided.

As at December 31, 2019, the Fund had no other assets or liabilities which change in value as a result of changes in interest rates.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2019 PRIVATE EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

**Currency Risk**

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

CURRENCY (000s)	2019	
	Net Investments and Investment- Related Receivables	% of Total Net Assets
Australian Dollar	\$ 145,848	12.8 %
British Pound Sterling	472,079	41.3 %
Euro	\$ 33,898	3.0 %
United States Dollar	493,214	43.2 %
Net Exposure	<u>\$ 1,145,039</u>	<u>100.3 %</u>

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity, direct private debt and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$11,450,000, representing 1.0% of the Fund's net assets. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

**Financial Risk Management Discussion (continued)  
as at December 31**

**Currency Risk (continued)**

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

CURRENCY (000s)	2019
British Pound Sterling	\$ 7,146
Euro	922,510
United States Dollar	2,105,288
	<u>\$ 3,034,944</u>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$30,349,000. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 6 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2019 PRIVATE EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

**Other Price Risk**

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments, direct private debt investments and unlisted private equity investee funds are concentrated in the following industries:

**INDUSTRY SECTOR  
(in 000s)**

2019	
Total	% of Total
Direct Private Equity and Debt Investments:	
Health Care	\$ 384,914 33.9 %
Consumer Discretionary	145,848 12.8 %
Information Technology	56,950 5.0 %
Financials	300,627 26.4 %
	<u>888,339 78.1 %</u>

**Unlisted Private Equity Investee  
Funds in diversified industries**

248,398	21.9 %
<u>\$ 1,136,737</u>	<u>100.0 %</u>

**Financial Risk Management Discussion (continued)  
as at December 31**

**Other Price Risk (continued)**

The Fund's direct private equity investments, direct private debt investments and unlisted private equity investee funds are concentrated in the following geographic regions:

**GEOGRAPHIC REGION  
(in 000s)**

2019	
Total	% of Total
Direct Private Equity and Debt Investments:	
Asia	\$ 51,763 4.6 %
Western Europe	303,221 26.7 %
United Kingdom	2,593 0.2 %
North America	530,762 46.7 %
	<u>888,339 78.1 %</u>

**Unlisted Private Equity  
Investee Funds diversified  
globally**

248,398	21.9 %
<u>\$ 1,136,737</u>	<u>100.0 %</u>

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as BCI does not believe this information would be meaningful.

As at December 31, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$114,506,000 or 10.0% of net assets attributable to holders of redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2019 PRIVATE EQUITY FUND**

**Fair Value Measurement Discussion  
as at December 31**

**Fair Value Hierarchy**

As described in note 8 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

	2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
(in 000s)				
Net Investment-Related Receivables	\$ -	\$ 8,277	\$ -	\$ 8,277
BCI Money Market Funds	46	-	-	46
Direct Private Equity Investments	-	-	549,242	549,242
Direct Private Debt Investments	-	-	339,097	339,097
Unlisted Private Equity Investee Funds	-	-	248,398	248,398
Total Investments	\$ 46	\$ 8,277	\$ 1,136,737	\$ 1,145,060

During 2019 there were no significant transfers between Level 1 and Level 2.

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Fair Value Hierarchy (continued)**

The carrying amount of the Fund's net assets attributable to holders of redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	2019			
	Direct Private Equity Investments	Direct Private Debt Investments	Unlisted Private Equity Investee Funds	Total
(in 000s)				
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -
Total gains or (losses) recognized in profit or loss	(721)	13,735	(9,014)	4,000
Purchases	549,963	325,362	257,412	1,132,737
Sales	-	-	-	-
Balance, end of period	\$ 549,242	\$ 339,097	\$ 248,398	\$ 1,136,737
Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (721)	\$ 13,735	\$ (9,014)	\$ 4,000

During 2019, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2019 PRIVATE EQUITY FUND**

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Significant unobservable inputs used in measuring fair value**

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments, direct private debt investments, and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

	2019					
	Fair Value (in 000s)	Valuation Technique	Unobservable Input	Amount / Range	Weighted Average	Sensitivity to Change in Significant Unobservable Input
Direct Private Equity Investments	\$ 497,479	Market approach	EV/EBITDA	14.3x - 17.5x	16.8x	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Equity Investments	\$ 51,763	Unadjusted Net Asset Value	Net Asset Value	\$ 51,763	N/A	The estimated fair value would increase (decrease) if the net asset value of direct private equity investment was higher (lower).
Direct Private Debt Investments	\$ 333,910	Market approach	EV/EBITDA	14.3x	14.3x	The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower).
Direct Private Debt Investments	\$ 5,187	Discounted Cash Flow	Discount rate	9%	9%	The estimated fair value would increase (decrease) if the discount rate was higher (lower).
Unlisted Private Equity Investee Fund	\$ 248,398	Unadjusted Net Asset Value	Net Asset Value	\$ 248,398	N/A	The estimated fair value would increase (decrease) if the net asset value of unlisted private equity investee funds was higher (lower).

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Significant unobservable inputs used in measuring fair value (continued)**

Significant unobservable inputs are developed as follows:

(i) Enterprise Value ("EV") and EBITDA multiples:

EV represent amounts that market participants would use when pricing the investments. EV may be based on arm's length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies and transactions in private companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

(ii) Discount rate:

Represents the discount rate applied to the expected future cash flows. For the discount rates used, BCI management assesses both the risk premium and the appropriate risk-free rate based on the economic environment in which the investee entity operates. The discount rate is adjusted for such matters as liquidity differences, credit and market factors. The estimated future cash flows are then discounted using the discount rate determined. Cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the respective investee entity.

(iii) Net Asset Value:

Represents the net asset value of direct private equity investments and unlisted private equity investee funds. BCI management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as Level 3 within the fair value hierarchy

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

**2019 PRIVATE EQUITY FUND**

**Fair Value Measurement Discussion (continued)  
as at December 31**

**Effects of unobservable inputs on fair value measurement**

For certain direct private equity and direct private debt investments, BCI management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to holders of redeemable units.

The following table shows how net assets attributable to holders of redeemable units would change if the valuations of direct private equity investments, direct private debt investments and unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

(in 000s)	2019
Favourable	\$ 113,674
Unfavourable	\$ (113,674)

**Involvement with Structured Entities  
as at December 31**

As at December 31, the Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by BCI to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$1,145,050,000 is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The table below sets out the direct and indirect interests held by the Fund in these other 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	\$ 1,830,990	\$ 46
Unlisted private equity investee funds administered by third party managers	10	\$ 1,493,273	\$ 248,398

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2019, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS

2019 PRIVATE EQUITY FUND

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**Involvement with Subsidiaries and Associates  
as at December 31**

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The Fund also holds through intermediary holding corporations the following investments in which it has a controlling position or a position where it could otherwise exert significant influence on the operations of the investee. The Fund measures these investments at FVTPL. The tables below set out interests held by the Fund in these unconsolidated subsidiaries and associates:

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December 31, 2019

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Entity	Nature and Purpose of Entity	Interests Held	Relationship	Principal Place of Business	Country of Incorporation/ Registration	Ownership Interest	Voting Rights
Blackwood TopCo Limited	Insurance Distribution	Common Shares	Subsidiary	Western Europe	UK	53%	53%

During 2019, the Fund did not provide financial support to subsidiaries or associates and has no intention of providing financial or other support. Furthermore, the subsidiaries and associates listed in the table above are not subject to any significant restrictions on their ability to transfer funds to the Fund.

*See accompanying Notes to the Financial Statements.*

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
PRIVATE EQUITY - POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
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**1. The Portfolios**

British Columbia Investment Management Corporation ("BCI") was established under the *Public Sector Pension Plans Act* as a trust company authorized to carry on trust business and investment management services. The address of BCI's registered office is at 750 Pandora Avenue, Victoria, British Columbia, Canada. These financial statements have been prepared by BCI and are the responsibility of BCI management.

Under the *Public Sector Pension Plans Act* and the *Pooled Investment Portfolios Regulation*, B.C. Reg. 447/99 (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 ("CIO") of BCI.

The Funds were established on the following dates:

Pooled Investment Portfolios	Dates Established
Private Placement Fund 1996	March 20, 1996
Private Placement Fund 1997	March 12, 1997
Private Placement Fund 1998	March 12, 1998
Private Placement Fund 1999	March 17, 1999
Private Placement Fund 1999A	March 17, 1999
2000 Private Placement Fund	January 1, 2004
2001 Private Placement Fund	January 1, 2004
2002 Private Placement Fund	January 1, 2004
2003 Private Placement Fund	January 1, 2004
2004 Private Placement Fund	January 1, 2004
2005 Private Placement Fund	January 1, 2005
2006 Private Placement Fund	January 27, 2006

Pooled Investment Portfolios	Dates Established
2007 Private Placement Fund	January 11, 2007
2008 Private Placement Fund	January 9, 2008
2009 Private Placement Fund	January 13, 2009
2010 Private Placement Fund	January 29, 2010
2011 Private Placement Fund	February 11, 2011
2012 Private Placement Fund	March 1, 2012
2013 Private Placement Fund	March 4, 2013
2014 Private Placement Fund	February 14, 2014
2015 Private Placement Fund	February 5, 2015
2016 Private Placement Fund	January 11, 2016
2017 Private Equity Fund	February 9, 2017
2018 Private Equity Fund	February 5, 2018

Pooled Investment Portfolios	Dates Established
2019 Private Equity Fund*	January 14, 2019

\*As this Fund was established in 2019, no comparative figures have been presented in the respective financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
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**2. Basis of preparation**

(a) Statement of compliance

The financial statements of the Funds have been prepared in compliance with International Financial Reporting Standards ("IFRS"). These financial statements were authorized for issue by the Chief Executive Officer / Chief Investment Officer on June 24, 2020.

(b) Accounting for investments

The Funds qualify as investment entities as they meet the following definition of an investment entity outlined in IFRS 10, *Consolidated Financial Statements*:

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services.
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

No significant judgments or assumptions were made in determining that the Funds meet the definition of an investment entity as defined in IFRS 10.

(c) Basis of measurement

These financial statements have been prepared on a historical cost basis except for investments and derivative financial instruments, which are measured at fair value.

(d) Functional and presentation currency

These financial statements are presented in Canadian dollars which is the Funds' functional currency.

(e) Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. In determining the fair value of some of its investments, BCI reviews and assesses external managers' estimates and assumptions regarding investment industry performance and prospects, as well as general business and economic conditions that prevail or are expected to prevail. By nature, these asset valuations are subjective and do not necessarily result in precise determinations. Financial results as determined by actual events could differ from those estimates and assumptions, and the difference could be material.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next fiscal year is included in note 8. This information relates to the determination of fair value of investments with significant unobservable inputs.

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**3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

(i) Recognition and measurement

Financial instruments are required to be classified into one of the following categories: 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 intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and sell financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Funds may irrevocably elect to measure financial assets that otherwise meet the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

Financial assets are not reclassified subsequent to their initial recognition, unless the Funds change their business models for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Funds have not classified any of its financial assets as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivative financial liabilities. On initial recognition, the Funds irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

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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 and redeemable units are classified as FVTPL.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Funds' policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative financial instruments, is determined using valuation techniques. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of BCI, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

(iii) Amortized cost

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Funds' classify cash, interest receivable, other receivables, accounts payable, other accounts 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.

(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 comprehensive income when they are authorized and no longer at the discretion of BCI.

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**3. Significant accounting policies (continued)**

(c) Issue and redemption of units

Participation in each Fund is expressed in units. The initial value of a unit on inception is \$1 million. For each subsequent unit issuance and redemption, the unit value is determined by dividing the fair value of the net assets of the portfolio by the total number of units outstanding. Where one Fund invests in another Fund, the unit issuances and redemptions are transacted on the same basis as client transactions. All unit transactions are recorded on a trade date basis. 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

The financial statements are denominated in Canadian dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the Statement of Comprehensive Income.

(e) Revenue recognition

Interest income is recognized on an accrual basis using the effective interest method. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined using the average cost basis of the respective investments. Pursuit costs are charged to net income of the respective Funds in the period incurred.

(f) Income taxes

The Funds qualify as inter-vivos trusts under section 108(1) of the *Income Tax Act (Canada)*. All of a Fund's net income for tax purposes and net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Funds do not record income taxes. Income taxes associated with any of the Funds' underlying investments are accounted for in determining the fair value of the respective investments.

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**3. Significant accounting policies (continued)**

(g) 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, 2023:

- IFRS 17 Insurance Contracts

**4. Related party transactions**

Third party costs that are attributable to a specific Fund are charged to that Fund. Other costs initially borne by BCI are recovered from the various Funds on a cost recovery basis. BCI cost recoveries and corresponding payable are disclosed in each Fund's Statement of Comprehensive Income and Statement of Financial Position, respectively.

Where one Fund invests in another Fund, the unit issuances and redemptions are transacted on a basis equivalent to those in an arm's length transaction.

The 2016 Private Placement Fund has limited partnership investments in Hayfin Sapphire LP and Hayfin Special Opportunities Fund II, which are managed by Hayfin Capital Holdings Limited as the general partner. The 2016 Private Placement Fund has a 66.51% ownership interest in Hayfin Capital Holdings Limited.

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**5. Redeemable units**

The Funds are authorized to issue an unlimited number of units. Units issued and outstanding represent the capital of each Fund. The Funds are not subject to any internally or externally imposed restrictions on their capital. BCI manages the capital of each Fund in accordance with the respective Fund's investment objectives, including managing the redeemable units to ensure a stable base to maximize returns to all investors, and managing liquidity in order to meet redemptions. The following is a summary of the changes in redeemable units outstanding during the year ended:

	PRIVATE PLACEMENT FUND 1996		PRIVATE PLACEMENT FUND 1997		PRIVATE PLACEMENT FUND 1998	
	2019	2018	2019	2018	2019	2018
Outstanding, beginning of period	0.015	0.019	0.761	1.196	0.133	0.130
Issued for cash	0.021	0.008	0.038	0.030	0.005	0.003
Issued on reinvestment of distributions	-	-	-	0.265	-	-
Consolidation of units	-	-	-	(0.265)	-	-
Redeemed	-	(0.012)	(0.039)	(0.465)	(0.002)	-
Outstanding, end of period	0.035	0.015	0.760	0.761	0.136	0.133

  

	PRIVATE PLACEMENT FUND 1999		PRIVATE PLACEMENT FUND 1999A		2000 PRIVATE PLACEMENT FUND	
	2019	2018	2019	2018	2019	2018
Outstanding, beginning of period	4.171	6.972	0.808	0.899	1.764	2.598
Issued for cash	0.151	0.137	0.058	0.046	0.054	0.059
Issued on reinvestment of distributions	-	1.086	-	-	0.314	0.598
Consolidation of units	-	(1.086)	-	-	(0.314)	(0.598)
Redeemed	(0.668)	(2.938)	-	(0.137)	(0.419)	(0.893)
Outstanding, end of period	3.654	4.171	0.866	0.808	1.399	1.764

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**5. Redeemable units (continued)**

	<b>2001 PRIVATE PLACEMENT FUND</b>		<b>2002 PRIVATE PLACEMENT FUND</b>		<b>2003 PRIVATE PLACEMENT FUND</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Outstanding, beginning of period	0.152	0.843	3.600	6.212	16.473	17.230
Issued for cash	0.021	0.017	0.036	0.038	0.077	0.100
Issued on reinvestment of distributions	-	0.515	0.529	1.297	15.819	0.450
Consolidation of units	-	(0.515)	(0.529)	(1.297)	(15.819)	(0.450)
Redeemed	-	(0.708)	(0.878)	(2.650)	(13.445)	(0.857)
Outstanding, end of period	0.173	0.152	2.758	3.600	3.105	16.473

  

	<b>2004 PRIVATE PLACEMENT FUND</b>		<b>2005 PRIVATE PLACEMENT FUND</b>		<b>2006 PRIVATE PLACEMENT FUND</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Outstanding, beginning of period	3.542	14.741	30.407	50.167	46.318	64.510
Issued for cash	0.177	0.263	0.278	0.332	0.104	0.168
Issued on reinvestment of distributions	0.306	0.523	6.441	12.656	8.512	9.674
Consolidation of units	(0.306)	(0.523)	(6.441)	(12.656)	(8.512)	(9.674)
Redeemed	(1.473)	(11.462)	(8.741)	(20.092)	(13.934)	(18.360)
Outstanding, end of period	2.246	3.542	21.944	30.407	32.488	46.318

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**5. Redeemable units (continued)**

	<b>2007 PRIVATE PLACEMENT FUND</b>		<b>2008 PRIVATE PLACEMENT FUND</b>		<b>2009 PRIVATE PLACEMENT FUND</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Outstanding, beginning of period	107.162	183.642	99.323	147.890	291.122	393.878
Issued for cash	0.312	0.564	0.283	0.585	0.317	0.981
Issued on reinvestment of distributions	27.620	41.626	30.539	32.469	54.001	44.834
Consolidation of units	(27.620)	(41.626)	(30.539)	(32.469)	(54.001)	(44.834)
Redeemed	<u>(42.607)</u>	<u>(77.044)</u>	<u>(39.749)</u>	<u>(49.152)</u>	<u>(79.208)</u>	<u>(103.737)</u>
Outstanding, end of period	<u>64.867</u>	<u>107.162</u>	<u>59.857</u>	<u>99.323</u>	<u>212.231</u>	<u>291.122</u>
	<b>2010 PRIVATE PLACEMENT FUND</b>		<b>2011 PRIVATE PLACEMENT FUND</b>		<b>2012 PRIVATE PLACEMENT FUND</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Outstanding, beginning of period	234.579	284.836	276.406	410.672	1,659.821	2,670.569
Issued for cash	0.510	2.973	3.824	7.979	18.808	89.181
Issued on reinvestment of distributions	28.446	24.463	20.839	59.533	211.827	431.878
Consolidation of units	(28.446)	(24.463)	(20.839)	(59.533)	(211.827)	(431.878)
Redeemed	<u>(56.116)</u>	<u>(53.230)</u>	<u>(43.988)</u>	<u>(142.245)</u>	<u>(588.394)</u>	<u>(1,099.929)</u>
Outstanding, end of period	<u>178.973</u>	<u>234.579</u>	<u>236.242</u>	<u>276.406</u>	<u>1,090.235</u>	<u>1,659.821</u>

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**5. Redeemable units (continued)**

	<b>2013 PRIVATE PLACEMENT FUND</b>		<b>2014 PRIVATE PLACEMENT FUND</b>		<b>2015 PRIVATE PLACEMENT FUND</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Outstanding, beginning of period	277.245	355.050	20.878	17.361	959.420	804.916
Issued for cash	12.220	27.820	1.826	4.802	93.528	209.912
Issued on reinvestment of distributions	23.418	47.320	2.697	0.227	63.640	15.902
Consolidation of units	(23.418)	(47.320)	(2.697)	(0.227)	(63.640)	(15.902)
Redeemed	(57.563)	(105.625)	(11.907)	(1.285)	(230.478)	(55.408)
Outstanding, end of period	<u>231.902</u>	<u>277.245</u>	<u>10.797</u>	<u>20.878</u>	<u>822.470</u>	<u>959.420</u>
	<b>2016 PRIVATE PLACEMENT FUND</b>		<b>2017 PRIVATE EQUITY FUND</b>		<b>2018 PRIVATE EQUITY FUND</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Outstanding, beginning of period	4,635.416	3,699.173	9,963.829	1,817.138	2,970.748	-
Issued for cash	1,713.434	1,595.890	4,544.329	10,005.362	1,346.131	3,004.587
Issued on reinvestment of distributions	28.552	110.645	-	-	-	-
Consolidation of units	(28.552)	(110.645)	-	-	-	-
Redeemed	(185.057)	(659.647)	(38.273)	(1,858.671)	(76.500)	(33.839)
Outstanding, end of period	<u>6,163.793</u>	<u>4,635.416</u>	<u>14,469.885</u>	<u>9,963.829</u>	<u>4,240.379</u>	<u>2,970.748</u>

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**5. Redeemable units (continued)**

	<b>2019 PRIVATE PLACEMENT FUND</b>
	<b>2019</b>
	<i>(note 1)</i>
Outstanding, beginning of period	-
Issued for cash	329,543,534.142
Issued on reinvestment of distributions	-
Consolidation of units	-
Redeemed	<u>(1,475,878.716)</u>
Outstanding, end of period	<u><u>328,067,655.426</u></u>

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**6. Unfunded committed capital**

Unfunded capital commitments represent total commitments minus net contributions outstanding as of the reporting date. Net contributions equals contributions less any recallable capital distributions. Recallable capital are distributions or previously contributed capital that has been returned, that may be recalled at some future date. Thus, due to changes in recallable capital, unfunded commitments may change at different reporting dates.

Furthermore, commitments to unlisted private equity investee funds and direct private equity investments are typically made in foreign denominated currencies, but reported in Canadian dollars. Unfunded commitments are translated at the spot rate and net contributions are translated at historical exchange rates. Therefore, due to foreign exchange movements, unfunded commitments will vary on the reporting date.

The amounts in the table represent the contractual undiscounted cash commitments that can be called on demand.

Pooled Investment Portfolios (in \$000s)	Unfunded committed capital	
	As of December 31, 2019	As of December 31, 2018
Private Placement Fund 1996	428	450
Private Placement Fund 1997	14,855	15,646
Private Placement Fund 1998	-	-
Private Placement Fund 1999	2,304	3,348
Private Placement Fund 1999A	130	137
2000 Private Placement Fund	4,649	5,108
2001 Private Placement Fund	422	444
2002 Private Placement Fund	6,591	6,823
2003 Private Placement Fund	1,139	24,637
2004 Private Placement Fund	9,893	9,980
2005 Private Placement Fund	20,727	22,006
2006 Private Placement Fund	8,374	9,475
2007 Private Placement Fund	42,420	45,694
2008 Private Placement Fund	59,931	71,532
2009 Private Placement Fund	25,249	26,746
2010 Private Placement Fund	36,219	41,366
2011 Private Placement Fund	50,970	56,989
2012 Private Placement Fund	76,373	114,620
2013 Private Placement Fund	117,246	139,434
2014 Private Placement Fund	80,273	260,885
2015 Private Placement Fund	268,086	413,889
2016 Private Placement Fund	1,169,005	2,070,793
2017 Private Equity Fund	1,416,922	1,928,482
2018 Private Equity Fund	2,333,304	2,795,141
2019 Private Equity Fund	3,034,944	-
<b>Total</b>	<b>8,780,454</b>	<b>8,063,625</b>

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**7. Financial risk management**

(a) Risk management framework

The Private Equity Funds invest in privately negotiated transactions involving private and, on occasion, public companies. Investments consist primarily of debt, equity or hybrid securities of investee companies. BCI typically invests in private placements through limited partnerships managed by external fund managers. On occasion, BCI invests directly in companies alongside investments made by its external managers (known as co-investments) or independently. The partnerships invest in domestic and international companies at various stages of development, and are related to early-stage or late-stage venture capital, buy-outs, strategic opportunities, or senior or subordinated debt financing.

The investment objectives of the Private Equity Funds are as follows:

	Benchmark	Performance Objectives
Private equity fund investments	Morgan Stanley Capital International (MSCI) All Country World Net Index plus 200 basis points ("bps")	To exceed the benchmark return by 113 bps per annum, net of all investment expenses incurred.
Direct/Co-investments	Cost of capital of at least 8.5%	To exceed the benchmark return by 115 bps per annum, net of all investment expenses incurred.
Mezzanine	Cost of capital of at least 6.8%	To exceed the benchmark return by 77 bps per annum, net of all investment expenses incurred.
Strategic Opportunities	Cost of capital of at least 7.7%	To exceed the benchmark return by 96 bps per annum, net of all investment expenses incurred.

The Private Equity Program has the following long-term diversification targets based on geographic region and investment purpose (venture capital, growth expansion, buyouts, strategic opportunities and other).

Geographic Targets	Range
Canada	0% to 20%
United States	40% to 70%
Europe	10% to 35%
Asia	5% to 30%
Emerging Markets	0% to 15%

Investment Purpose Targets	Range
Venture Capital/Growth Expansion	0% to 10%
Buyouts	55% to 90%
Strategic Opportunities	0% to 15%
Mezzanine	0% to 15%
Other	0% to 15%

The geographic ranges relate to the investment focus rather than the locations of the fund managers. The composition of the investments within individual Private Placement Vintage Funds may deviate significantly from these targets, so unitholders may need to invest in successive vintage years to achieve the above long-term diversification targets.

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**7. Financial risk management (continued)**

**(a) Risk management framework (continued)**

The Funds may hold the following securities:

- privately negotiated investment securities, including, but not limited to, trust units, partnership interests, shares, debt instruments, convertible securities, rights, warrants, and units in externally managed pooled investment portfolios;
- publicly traded common stock or fixed income securities;
- derivative instruments, for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management, with Chief Investment Officer (CIO) approval;
- units of BCI's Canadian Money Market Fund ST1, Canadian Money Market Fund ST2 and U.S. Dollar Money Market Fund ST3 money market funds; and
- units in BCI's Floating Rate Funds.

The following restriction applies to the Funds' investing activities:

- Direct investments in one particular company may not exceed 30% of the Private Placement Program's allocation to direct investments (calculated based on commitment values);
- The Funds may not sell short, borrow securities, or purchase securities using a margin account; and
- 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.

**(b) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds, resulting in a financial loss to the Funds. It arises principally from debt securities held, and also from derivative financial assets, cash, and other receivables due to the Funds. The carrying value of these financial instruments as recorded in the Statements of Financial Position reflects the Funds' maximum exposure to credit risk.

To avoid undue credit risk, the Funds have established specific investment criteria, such as minimum credit ratings for investees and counterparties. Counterparty risk represents the credit risk from current and potential future exposure related to transactions involving derivative contracts and securities lending. In order to minimize counterparty risk, counterparties are required to provide adequate collateral and meet minimum credit rating requirements. BCI management frequently monitors the credit rating of its counterparties as determined by recognized credit rating agencies.

The Funds' activities may also give rise to settlement risk. Settlement risk is the risk of loss due to failure of an entity to honour its obligations to deliver cash, securities, or other assets prior to the settlement of the transaction as contractually agreed. All investment transactions are settled or paid upon delivery with approved brokers. The risk of default is mitigated since the delivery of securities sold is made simultaneously with the broker receiving payment. Payment is made on a purchase once the securities have been received by the broker. The trade fails if either party fails to meet its obligations.

See additional discussion of credit risk in the Financial Risk Management Discussion following each Fund's financial statements.

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7. **Financial risk management (continued)**

(c) Liquidity risk

Liquidity risk is the risk that the Funds 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 helps to ensure that sufficient cash reserves are available to meet forecasted cash outflows.

See additional discussion of liquidity risk in the Financial Risk Management Discussion following each Fund's financial statements.

(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.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market interest rates.

See additional discussion of interest rate risk in the Financial Risk Management Discussion following each Fund's financial statements.

(ii) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the Funds will fluctuate due to changes in foreign exchange rates.

Some Funds are exposed to currency risk through holding of investments, investment receivables and investment liabilities in various currencies. The Funds may use foreign currency contracts to hedge some foreign currency exposure on investment-related receivables and liabilities and engage in the buying and selling of currencies through the spot market, forward contracts, futures contracts, and/or options in order to achieve the desired currency exposure.

See additional discussion of currency risk in the Financial Risk Management Discussion following each Fund's financial statements.

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**7. Financial risk management (continued)**

(d) Market risk (continued)

(iii) Other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

All financial instruments are subject to other price risk and a potential loss of capital. The maximum risk is determined by the market value of the financial instruments. The Funds may not sell short, borrow securities, or purchase securities on margin, which limits the potential loss of capital. There are established investment criteria for each Fund related to diversification of investments and investment mandates for external managers to avoid undue market risk.

Other market price risk arises from the Funds' investments in direct private equity, in direct private debt, and in unlisted private equity investee funds, whose valuation is based on the valuation of the underlying companies of those investee funds. The Funds invests in such financial assets in order to take advantage of their long-term growth opportunity. All investments present a risk of loss of capital. BCI management moderates this risk through careful selection of the investee funds within specified limits. All of the investee funds and their underlying investments are subject to the risks inherent in their industries. Moreover, established markets do not exist for these holdings, and they are therefore considered illiquid.

The Funds makes commitments to a diversified portfolio of private equity funds managed by managers with a strong track record. The Funds diversify their portfolio of investee funds across managers, underlying industries, countries and investment stages.

BCI management follows a rigorous investment due diligence process prior to making an investment decision. BCI management considers both qualitative and quantitative criteria in the areas of financial performance, business strategy, tax and legal compliance, such as financial information obtained through the underlying manager of the investee funds through on-site visits, interviews and questionnaires together with information gathered from external sources. Prior to entering into an investment agreement, gathered information is confirmed through reference checks or through BCI's standing data and experience.

See additional discussion of other price risk in the Financial Risk Management Discussion following each Fund's financial statements.

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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 following each Fund's financial statements.

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**8. Fair value of financial instruments (continued)**

(b) Valuation models

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Funds use widely recognized valuation methods for determining the fair value of common and more simple financial instruments such as foreign currency contracts and money market instruments that use only observable market data which requires little management judgment and estimation. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exists and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other factors used in estimating discount rates, money market prices, and foreign currency exchange rates in estimating valuations of foreign currency contracts.

Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, such as private equity and debt, the Funds use proprietary valuation models, which are usually developed from recognized valuation methods. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates, or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Funds believe that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Funds and the counterparties where appropriate.

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**8. Fair value of financial instruments (continued)**

(c) Valuation framework

The Funds have an established framework with respect to the measurement of fair values. Where possible, for direct private equity and debt investments held by the Funds, external, independent valuation specialists are engaged annually to assist in the determination of fair value. In those circumstances where the Funds are reliant on a third party manager for the determination of fair value, BCI reviews the appropriateness of such valuations using audited financial statements of the underlying investments, and other information from the underlying third party manager or other sources.

In addition, BCI applies the following specific controls in relation to the determination of fair values:

- verification of observable pricing inputs;
- analysis and investigation of significant valuation movements; and
- review of unobservable inputs and valuation adjustments.

(d) Financial instruments not measured at fair value

The carrying value of cash, interest receivable, other receivables, accounts payable, other accounts payable, and BCI cost recoveries payable approximates their fair value given their short-term nature. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments.

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**9. Taxes**

Net cumulative capital losses and non-capital losses for each Fund are as follows:

Pooled Investment Portfolios (in \$000s)	As of December 31, 2019	
	Net Capital Losses	Non-capital Losses
Private Placement Fund 1996	170	208
Private Placement Fund 1997	185	55
Private Placement Fund 1998	94	235
Private Placement Fund 1999	35	37
Private Placement Fund 1999A	30	274
2000 Private Placement Fund	1,559	-
2001 Private Placement Fund	6	96
2002 Private Placement Fund	7	-
2003 Private Placement Fund	9	-
2004 Private Placement Fund	-	-
2005 Private Placement Fund	8	-
2006 Private Placement Fund	3,405	-
2007 Private Placement Fund	-	-
2008 Private Placement Fund	3,161	-
2009 Private Placement Fund	3	-
2010 Private Placement Fund	-	-
2011 Private Placement Fund	-	-
2012 Private Placement Fund	-	-
2013 Private Placement Fund	-	-
2014 Private Placement Fund	-	-
2015 Private Placement Fund	-	-
2016 Private Placement Fund	8	-
2017 Private Equity Fund	-	16,779
2018 Private Equity Fund	-	37,286
2019 Private Equity Fund	-	12,562

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**9. Taxes (continued)**

Net capital losses are available to be carried forward indefinitely and applied against future net realized capital gains. Non-capital losses may be carried forward up to 20 years to reduce future taxable income. The Funds' non-capital losses expire as follows:

Pooled Investment Portfolios (in \$000s)	Year of Expiry			
	2037	2038	2039	Total
Private Placement Fund 1996	67	59	82	208
Private Placement Fund 1997	-	-	55	55
Private Placement Fund 1998	-	170	65	235
Private Placement Fund 1999	-	-	37	37
Private Placement Fund 1999A	91	69	114	274
2000 Private Placement Fund	-	-	-	-
2001 Private Placement Fund	-	-	96	96
2002 Private Placement Fund	-	-	-	-
2003 Private Placement Fund	-	-	-	-
2004 Private Placement Fund	-	-	-	-
2005 Private Placement Fund	-	-	-	-
2006 Private Placement Fund	-	-	-	-
2007 Private Placement Fund	-	-	-	-
2008 Private Placement Fund	-	-	-	-
2009 Private Placement Fund	-	-	-	-
2010 Private Placement Fund	-	-	-	-
2011 Private Placement Fund	-	-	-	-
2012 Private Placement Fund	-	-	-	-
2013 Private Placement Fund	-	-	-	-
2014 Private Placement Fund	-	-	-	-
2015 Private Placement Fund	-	-	-	-
2016 Private Placement Fund	-	-	-	-
2017 Private Equity Fund	14,754	1,156	869	16,779
2018 Private Equity Fund	-	22,568	14,718	37,286
2019 Private Equity Fund	-	-	12,562	12,562

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**10. Subsequent events**

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 Funds.

Subsequent to December 31, 2019, 2007 Private Placement Fund received a distribution from an underlying investment of \$15.1 million (\$11.1 million USD) to the Fund. The distribution paid relates to a tax assessment refund which was granted to the investment subsequent to December 31, 2019. As at December 31, 2019, no amount was recognized in the Fund related to the distribution.



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