



PUBLIC EQUITY

# Pooled Fund Financial Statements

DECEMBER 2020

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**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION**

**PUBLIC EQUITY - POOLED INVESTMENT PORTFOLIOS**

**GROUP OF FUNDS**

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

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**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

British Columbia Investment Management Corporation (BCI) manages Pooled Investment Portfolios ("PIPs") on behalf of governing fiduciaries such as pension fund trustees and other public sector clients. This report contains the financial statements for the following PIPs for the year ended December 31, 2020:

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

The financial statements of the PIPs 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 PIPs, 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 PIPs. 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 PIP 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 PIPs' financial statements and related findings with respect to such audits. Each of the PIP 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 PIP financial statements.

**[S] Gordon J. Fyfe**

Gordon J. Fyfe

Chief Executive Officer / Chief Investment Officer

**[S] Umar Malik**

Umar Malik

Senior Vice President, Finance & CFO



KPMG LLP  
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Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

## INDEPENDENT AUDITORS' REPORT

To the unitholders of the following Public Equity - Pooled Investment Portfolios:

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

(collectively, the "Funds")

### ***Opinion***

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

- the statements of financial position as at December 31, 2020
- the statements of comprehensive income (loss) for the year then ended
- the statements of changes in net assets attributable to holders of redeemable units for the year then ended
- the statements of cash flows for the year then ended
- 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, 2020, and their financial performance and their cash flows for the year then ended 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 Manager's 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' abilities to continue as going concerns. 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 going concerns.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Vancouver, Canada

April 12, 2021

## ACTIVE CANADIAN EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

Assets	NOTES	2020	2019
Cash		\$ 33,648	\$ 40,525
Receivable from sale of investments		18,095	—
Receivable from issuance of units		—	65
Dividends receivable		10,479	8,343
Security lending revenue receivable		—	29
Investments		5,853,963	4,981,052
Total assets		5,916,185	5,030,014
<b>Liabilities</b>			
Payable for purchase of investments		75,263	2,552
BCI cost recoveries payable	4	7,105	6,712
External management fees payable		2,097	2,009
Other accounts payable		21	24
Total liabilities		84,486	11,297
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 5,831,699</b>	<b>\$ 5,018,717</b>
Number of redeemable units outstanding	5	388.276	361.177
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 15,019</b>	<b>\$ 13,895</b>

Uncertainties related to COVID-19

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Subsequent events

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**[S] Gordon J. Fyfe**

Gordon J. Fyfe

Chief Executive Officer

Chief Investment Officer

## ACTIVE CANADIAN EQUITY FUND

### Statement of Comprehensive Income

((Expressed in thousands of dollars))

Year ended December 31, 2020, with comparative information for 2019

Revenue	NOTES	2020	2019
Interest income		\$ 382	\$ 1,960
Dividend income		131,808	129,112
Securities lending income		277	423
Other income		353	—
Foreign exchange loss		(43)	(50)
Change in fair value of investments:			
Net realized gain (loss)		220,765	(1,791)
Net change in unrealized appreciation		81,197	832,886
Total revenue		434,739	962,540
<b>Expenses</b>			
BCI cost recoveries	4	5,090	4,792
External management fees		7,713	7,721
Administrative fees		—	89
Commissions and stock exchange fees		3,549	2,510
Total operating expenses		16,352	15,112
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		418,387	947,428
Distributions to holders of redeemable units:			
From net investment income		(103,615)	(118,844)
From net realized gains on investments		(216,968)	—
		(320,583)	(118,844)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 97,804</b>	<b>\$ 828,584</b>

See accompanying Notes to the Financial Statements



**ACTIVE CANADIAN EQUITY FUND****Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 5,018,717	\$ 4,224,667
Increase in net assets attributable to holders of redeemable units	97,804	828,584
Redeemable unit transactions:		
Proceeds from units issued	734,095	1,612,123
Reinvestment of distributions	320,583	118,844
Amounts paid for units redeemed	(339,500)	(1,765,501)
Net increase (decrease) from redeemable unit transactions	715,178	(34,534)
<b>Balance, end of year</b>	<b>\$ 5,831,699</b>	<b>\$ 5,018,717</b>

## ACTIVE CANADIAN EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

Operating activities	2020	2019
Increase in net assets attributable to holders of redeemable units	\$ 97,804	\$ 828,584
Adjustments for:		
Foreign exchange loss	43	50
Interest income	(382)	(1,960)
Dividend income	(131,808)	(129,112)
Net realized (gain) loss from investments	(220,765)	1,791
Net change in unrealized appreciation of investments	(81,197)	(832,886)
Amortization of premiums and discounts	(39)	—
Non cash distributions	320,583	118,844
Proceeds from sale of investments	4,750,979	1,929,505
Amounts paid for purchase of investments	(5,267,273)	(1,944,094)
Security lending revenue receivable	29	(1)
BCI cost recoveries payable	393	980
Other accounts payable	(3)	7
Interest received	382	1,960
Dividends received	129,672	129,073
External management fees payable	88	343
	(401,494)	103,084
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	734,160	1,612,058
Payments on redemption of redeemable units	(339,500)	(1,765,501)
	394,660	(153,443)
Net decrease in cash	(6,834)	(50,359)
Effect of exchange rate changes on cash	(43)	(50)
Cash, beginning of year	40,525	90,934
<b>Cash, end of year</b>	<b>\$ 33,648</b>	<b>\$ 40,525</b>

## ACTIVE CANADIAN EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Publicly Traded	\$ 5,789,239	\$ 4,480,427	\$ 4,952,468	\$ 3,724,819
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	64,724	64,725	28,584	28,619
<b>Total Investments</b>	<b>\$ 5,853,963</b>	<b>\$ 4,545,152</b>	<b>\$ 4,981,052</b>	<b>\$ 3,753,438</b>

## ACTIVE CANADIAN EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

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

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

## ACTIVE CANADIAN EQUITY FUND

### **Credit Risk**

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

### **Liquidity Risk**

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

### **Interest Rate Risk**

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

### **Currency Risk**

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

## ACTIVE CANADIAN EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 216,797	3.7 %	\$ 133,300	2.7 %
Consumer Staples	184,491	3.2	303,198	6.1
Energy	419,279	7.2	773,248	15.6
Financials	1,853,743	32.0	1,574,224	31.8
Health Care	—	—	75,736	1.5
Industrials	836,619	14.5	466,325	9.4
Information Technology	739,454	12.8	450,856	9.1
Materials	663,951	11.5	511,673	10.3
Real Estate	141,833	2.4	131,581	2.7
Telecommunication Services	311,409	5.4	345,245	7.0
Utilities	420,522	7.3	187,082	3.8
Other	1,141	—	—	—
<b>Total</b>	<b>\$ 5,789,239</b>	<b>100.0 %</b>	<b>\$ 4,952,468</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$513,493 (2019 - \$413,770) or 8.8% (2019 - 8.2%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Equity by Geographic Region

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

## ACTIVE CANADIAN EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020			2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Public equities	\$ 5,789,239	\$ —	\$ 5,789,239	\$ 4,952,468	\$ —	\$ 4,952,468
Money market funds	64,724	—	64,724	28,584	—	28,584
Total investments	5,853,963	—	5,853,963	4,981,052	—	4,981,052
<b>Total</b>	<b>\$ 5,853,963</b>	<b>\$ —</b>	<b>\$ 5,853,963</b>	<b>\$ 4,981,052</b>	<b>\$ —</b>	<b>\$ 4,981,052</b>

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

During 2020 and 2019 there were no significant transfers between the three levels in the hierarchy.

## ACTIVE CANADIAN EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,909,999	\$ 64,724	1	\$ 1,126,577	\$ 28,584



## ACTIVE CANADIAN SMALL CAP EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

Assets	NOTES	2020	2019
Cash		\$ —	\$ 171
Receivable from sale of investments		—	301
Receivable from issuance of units		—	80
Dividends receivable		3,140	3,576
Security lending revenue receivable		—	26
Investments		1,679,620	1,673,156
Total assets		1,682,760	1,677,310
<b>Liabilities</b>			
Payable for purchase of investments		2,555	2,775
BCI cost recoveries payable	4	3,111	2,894
External management fees payable		—	536
Other accounts payable		16	15
Total liabilities		5,682	6,220
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 1,677,078</b>	<b>\$ 1,671,090</b>
Number of redeemable units outstanding	5	706.958	784.090
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 2,372</b>	<b>\$ 2,131</b>

Uncertainties related to COVID-19

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Subsequent events

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**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## ACTIVE CANADIAN SMALL CAP EQUITY FUND

### Statement of Comprehensive Income

((Expressed in thousands of dollars))

Year ended December 31, 2020, with comparative information for 2019

Revenue	NOTES	2020	2019
Interest income		\$ 341	\$ 1,220
Dividend income		31,920	31,500
Securities lending income		173	538
Foreign exchange gain (loss)		36	(10)
Change in fair value of investments:			
Net realized loss		(78,415)	(28,268)
Net change in unrealized appreciation		211,309	194,940
Total revenue		165,364	199,920
<b>Expenses</b>			
BCI cost recoveries	4	3,790	2,841
External management fees		716	2,114
Administrative fees		—	39
Commissions and stock exchange fees		1,970	1,312
Total operating expenses		6,476	6,306
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		158,888	193,614
Distributions to holders of redeemable units:			
From net investment income		(23,260)	(28,254)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 135,628</b>	<b>\$ 165,360</b>

**ACTIVE CANADIAN SMALL CAP EQUITY FUND****Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 1,671,090	\$ 1,076,436
Increase in net assets attributable to holders of redeemable units	135,628	165,360
Redeemable unit transactions:		
Proceeds from units issued	150,636	491,740
Reinvestment of distributions	23,260	28,254
Amounts paid for units redeemed	(303,536)	(90,700)
Net increase (decrease) from redeemable unit transactions	(129,640)	429,294
<b>Balance, end of year</b>	<b>\$ 1,677,078</b>	<b>\$ 1,671,090</b>

## ACTIVE CANADIAN SMALL CAP EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

Operating activities	2020	2019
Increase in net assets attributable to holders of redeemable units	\$ 135,628	\$ 165,360
Adjustments for:		
Foreign exchange (gain) loss	(36)	10
Interest income	(341)	(1,220)
Dividend income	(31,920)	(31,500)
Net realized loss from investments	78,415	28,268
Net change in unrealized appreciation of investments	(211,309)	(194,940)
Amortization of premiums and discounts	(157)	(432)
Non cash distributions	23,260	28,254
Proceeds from sale of investments	2,249,590	1,140,469
Amounts paid for purchase of investments	(2,122,922)	(1,567,836)
Security lending revenue receivable	26	51
BCI cost recoveries payable	217	458
Other accounts payable	1	4
Interest received	341	1,220
Dividends received	32,356	30,729
External management fees payable	(536)	23
	152,613	(401,082)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	150,716	491,745
Payments on redemption of redeemable units	(303,536)	(90,700)
	(152,820)	401,045
Net decrease in cash	(207)	(37)
Effect of exchange rate changes on cash	36	(10)
Cash, beginning of year	171	218
<b>Cash, end of year</b>	<b>\$ —</b>	<b>\$ 171</b>

## ACTIVE CANADIAN SMALL CAP EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Publicly Traded	\$ 1,619,735	\$ 1,188,794	\$ 1,612,034	\$ 1,389,827
Exchange Traded Funds	27,309	24,760	—	—
	1,647,044	1,213,554	1,612,034	1,389,827
<b>Money Market Investments</b>				
Corporate	—	—	27,979	27,979
Units in BCI Pooled Investment Portfolio				
Fund ST1	32,576	32,576	33,143	33,169
	32,576	32,576	61,122	61,148
<b>Total Investments</b>	<b>\$ 1,679,620</b>	<b>\$ 1,246,130</b>	<b>\$ 1,673,156</b>	<b>\$ 1,450,975</b>

See accompanying Notes to the Financial Statements

## ACTIVE CANADIAN SMALL CAP EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

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

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

## ACTIVE CANADIAN SMALL CAP EQUITY FUND

### Credit Risk

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

### Liquidity Risk

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

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

### Interest Rate Risk

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

### Currency Risk

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

### Other Price Risk

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

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 203,591	12.6 %	\$ 229,875	14.4 %
Consumer Staples	183,469	11.3	167,350	10.4
Energy	136,837	8.4	203,135	12.6
Financials	150,384	9.3	169,189	10.5
Health Care	36,703	2.3	32,606	2.0
Industrials	457,616	28.3	424,021	26.2
Information Technology	120,409	7.4	75,389	4.7
Materials	91,260	5.6	151,826	9.4
Real Estate	227,375	14.0	158,643	9.8
Other	12,091	0.8	—	—
<b>Total</b>	<b>\$ 1,619,735</b>	<b>100.0 %</b>	<b>\$ 1,612,034</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$95,828 (2019 - \$84,367) or 5.7% (2019 - 5.0%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Equity by Geographic Region

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

## ACTIVE CANADIAN SMALL CAP EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020			2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Public equities	\$ 1,619,735	\$ —	\$ 1,619,735	\$ 1,612,034	\$ —	\$ 1,612,034
Exchange traded funds	27,309	—	27,309	—	—	—
Money market funds	32,576	—	32,576	33,143	—	33,143
Money market investments	—	—	—	—	27,979	27,979
<b>Total</b>	<b>\$ 1,679,620</b>	<b>\$ —</b>	<b>\$ 1,679,620</b>	<b>\$ 1,645,177</b>	<b>\$ 27,979</b>	<b>\$ 1,673,156</b>

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

During 2020 and 2019 there were no significant transfers between the three levels in the hierarchy.



## ACTIVE CANADIAN SMALL CAP EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	1,909,999	32,576	1	1,126,577	33,143

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

Assets	NOTES	2020	2019
Cash		\$ 5	\$ 150
Dividends receivable		2,104	2,977
Security lending revenue receivable		—	7
Investments		949,654	920,378
Total assets		951,763	923,512
<b>Liabilities</b>			
BCI cost recoveries payable	4	5,310	5,130
Other accounts payable		15	15
Derivative liabilities			
Swaps		40	—
Total liabilities		5,365	5,145
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 946,398</b>	<b>\$ 918,367</b>
Number of redeemable units outstanding	5	214,128	214,128
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 4,420</b>	<b>\$ 4,289</b>
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent events</i>	12		

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Statement of Comprehensive Income

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

Revenue	NOTES	2020	2019
Interest income		\$ 34	\$ 100
Investment fund distribution		—	108,004
Dividend income		26,866	56,224
Securities lending income		90	230
Foreign exchange gain (loss)		5	(7)
Change in fair value of investments and derivatives:			
Net realized gain (loss)		(13,512)	95,413
Net change in unrealized appreciation		16,782	155,199
Total revenue		30,265	415,163
<b>Expenses</b>			
BCI cost recoveries	4	1,885	3,126
Administrative fees		27	42
Commissions and stock exchange fees		322	117
Total operating expenses		2,234	3,285
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		28,031	411,878
Distributions to holders of redeemable units:			
From net investment income		(22,215)	(160,165)
From net realized gains on investments and derivatives		—	(123,740)
		(22,215)	(283,905)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 5,816</b>	<b>\$ 127,973</b>

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Balance, beginning of year	\$ 918,367	\$ 2,906,412
Increase in net assets attributable to holders of redeemable units	5,816	127,973
Redeemable unit transactions:		
Proceeds from units issued	—	363,500
Reinvestment of distributions	22,215	283,905
Amounts paid for units redeemed	—	(2,763,423)
Net increase (decrease) from redeemable unit transactions	22,215	(2,116,018)
<b>Balance, end of year</b>	<b>\$ 946,398</b>	<b>\$ 918,367</b>

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

Operating activities	2020	2019
Increase in net assets attributable to holders of redeemable units	\$ 5,816	\$ 127,973
Adjustments for:		
Foreign exchange (gain) loss	(5)	7
Interest income	(34)	—
Dividend income	(26,866)	(56,224)
Net realized (gain) loss from investments and derivatives	13,512	(95,413)
Net change in unrealized appreciation of investments and derivatives	(16,782)	(155,199)
Non cash distributions	22,215	283,905
Proceeds from sale of investments	539,505	3,146,471
Amounts paid for purchase of investments	(565,471)	(906,849)
Security lending revenue receivable	7	—
BCI cost recoveries payable	180	320
Other accounts payable	—	4
Interest received	34	—
Dividends received	27,739	55,006
	(150)	2,400,001
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	—	363,500
Payments on redemption of redeemable units	—	(2,763,423)
	—	(2,399,923)
Net increase (decrease) in cash	(150)	78
Effect of exchange rate changes on cash	5	(7)
Cash, beginning of year	150	79
<b>Cash, end of year</b>	<b>\$ 5</b>	<b>\$ 150</b>

See accompanying Notes to the Financial Statements

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Publicly Traded	\$ 938,526	\$ 818,545	\$ 912,541	\$ 809,447
Investee Fund Investment	2,836	5,149	2,898	5,149
	941,362	823,694	915,439	814,596
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio Fund ST1	5,487	5,496	4,939	4,952
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio CDOR 1 Floating Rate Fund	2,805	2,812	—	—
<b>Total Investments</b>	<b>\$ 949,654</b>	<b>\$ 832,002</b>	<b>\$ 920,378</b>	<b>\$ 819,548</b>

See accompanying Notes to the Financial Statements

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020			2019		
	Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>		Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>OTC</b>						
Swaps	2,805	\$ —	\$ (40)	—	—	—
<b>Total</b>	<b>\$ 2,805</b>	<b>\$ —</b>	<b>\$ (40)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

The terms of maturity based on notional value for the derivatives were as follows at December 31:

	2020	2019
Less than 1 year	\$ 2,805	\$ —
<b>Total</b>	<b>\$ 2,805</b>	<b>\$ —</b>

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

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

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested, long or short, in the securities of a single company;
- the Fund may maintain short positions on Canadian and international common stock or common stock equivalents with a market value of up to 35% of the net asset value of the Fund;
- at inception, all counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

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



## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Credit Risk

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

DERIVATIVES BY CREDIT RATING	2020			2019		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
A	2,805	\$ —	\$ (40)	—	—	—
<b>Total Derivatives</b>	<b>\$ 2,805</b>	<b>\$ —</b>	<b>\$ (40)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

### Liquidity Risk

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

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

	2020				
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ —	\$ —	\$ —	\$ —	—
Derivative liabilities	(40)	(40)	—	—	(40)
	<b>\$ (40)</b>	<b>\$ (40)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>(40)</b>

### Interest Rate Risk

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

### Currency Risk

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

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 39,731	4.2 %	\$ 40,029	4.4 %
Consumer Staples	34,877	3.7	35,979	3.9
Energy	108,729	11.6	159,616	17.5
Financials	285,755	30.4	290,247	31.8
Health Care	9,751	1.0	16,306	1.8
Industrials	121,406	12.9	105,244	11.5
Information Technology	95,663	10.2	55,230	6.1
Materials	126,293	13.4	100,061	11.0
Real Estate	25,123	2.7	25,883	2.8
Telecommunication Services	50,764	5.4	45,099	4.9
Utilities	43,073	4.5	38,847	4.3
Other	122	—	—	—
<b>Total</b>	<b>\$ 941,287</b>	<b>100.0 %</b>	<b>\$ 912,541</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$88,322 (2019 - \$81,884) or 9.3% (2019 - 8.9%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

The Fund is also subject to other price risk through its investment in the Investee Fund. The external manager utilizes risk parity and asset diversification to moderate this risk. The expected impact on the net assets of the Fund of a 10% increase/decrease in the value of the investment fund over the next year, would be an increase/decrease, respectively of \$284 (2019 - \$290) or 0% (2019 - 0%) of net assets.

### Equity by Geographic Region

All of the Fund's equity investments and equity derivative financial instruments are exposed to the Canadian market. The Fund has indirect exposure to other regions through the underlying investments of the Investee Fund.

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020			2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Public equities	\$ 938,526	\$ —	\$ 938,526	\$ 912,541	\$ —	\$ 912,541
Money market funds	5,487	—	5,487	4,939	—	4,939
Floating rate funds	2,805	—	2,805	—	—	—
Investee fund investment	—	2,836	2,836	—	2,898	2,898
Total investments	946,818	2,836	949,654	917,480	2,898	920,378
Swaps, net	—	(40)	(40)	—	—	—
<b>Total</b>	<b>\$ 946,818</b>	<b>\$ 2,796</b>	<b>\$ 949,614</b>	<b>\$ 917,480</b>	<b>\$ 2,898</b>	<b>\$ 920,378</b>

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

During 2020 and 2019 there were no significant transfers between the three levels in the hierarchy.

## CANADIAN QUANTITATIVE ACTIVE EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,909,999	\$ 5,487	1	\$ 1,126,577	\$ 4,939
Investee floating rate funds administered by BCI	1	14,553,478	2,805	—	—	—
Investee funds administered by external manager	1	2,836	2,836	1	2,898	2,898

## INDEXED CANADIAN EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

Assets	NOTES	2020	2019
Cash		\$ 11,328	\$ 1,973
Receivable from sale of investments		3	—
Receivable from issuance of units		—	86,900
Dividends receivable		8,842	7,758
Security lending revenue receivable		—	138
Derivative assets			
Swaps		19,528	4,497
Investments		3,879,797	4,662,209
Total assets		3,919,498	4,763,475
<b>Liabilities</b>			
Payable for purchase of investments		3,855	2,399
Payable for redemption of units		—	86,900
BCI cost recoveries payable	4	3,685	3,553
Other accounts payable		131	60
Derivative liabilities			
Swaps		2,545	4,490
Total liabilities		10,216	97,402
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 3,909,282</b>	<b>\$ 4,666,073</b>
Number of redeemable units outstanding	5	397,914	502,268
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 9,824</b>	<b>\$ 9,290</b>

Uncertainties related to COVID-19

11

Subsequent events

12

**[S] Gordon J. Fyfe**

Gordon J. Fyfe

Chief Executive Officer

Chief Investment Officer

## INDEXED CANADIAN EQUITY FUND

### Statement of Comprehensive Income

((Expressed in thousands of dollars))

Year ended December 31, 2020, with comparative information for 2019

Revenue	NOTES	2020	2019
Interest income		\$ 27,353	\$ 23,668
Dividend income		84,527	72,129
Securities lending income		2,618	3,091
Other income		18	—
Foreign exchange gain (loss)		1,223	(42)
Change in fair value of investments and derivatives:			
Net realized gain (loss)		(68,029)	678,509
Net change in unrealized appreciation		238,282	7,537
Total revenue		285,992	784,892
<b>Expenses</b>			
BCI cost recoveries	4	3,822	4,118
Administrative fees		58	123
Commissions and stock exchange fees		150	148
Other expenses		2	—
Total operating expenses		4,032	4,389
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		281,960	780,503
Distributions to holders of redeemable units:			
From net investment income		(100,525)	(96,809)
From net realized gains on investments and derivatives		—	(679,792)
		(100,525)	(776,601)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 181,435</b>	<b>\$ 3,902</b>

## INDEXED CANADIAN EQUITY FUND

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Balance, beginning of year	\$ 4,666,073	\$ 3,557,151
Increase in net assets attributable to holders of redeemable units	181,435	3,902
Redeemable unit transactions:		
Proceeds from units issued	1,029,457	5,063,506
Reinvestment of distributions	100,525	776,601
Amounts paid for units redeemed	(2,068,208)	(4,735,087)
Net increase (decrease) from redeemable unit transactions	(938,226)	1,105,020
<b>Balance, end of year</b>	<b>\$ 3,909,282</b>	<b>\$ 4,666,073</b>

## INDEXED CANADIAN EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

<b>Operating activities</b>	<b>2020</b>	<b>2019</b>
Increase in net assets attributable to holders of redeemable units	\$ 181,435	\$ 3,902
Adjustments for:		
Foreign exchange (gain) loss	(1,223)	42
Interest income	(27,353)	(23,668)
Dividend income	(84,527)	(72,129)
Net realized (gain) loss from investments and derivatives	68,029	(678,509)
Net change in unrealized appreciation of investments and derivatives	(238,282)	(7,537)
Amortization of premiums and discounts	(3,296)	—
Non cash distributions	100,525	776,601
Proceeds from sale of investments	7,237,128	12,311,429
Amounts paid for purchase of investments	(6,296,690)	(12,556,244)
Net payable for variation on futures	—	88
Security lending revenue receivable	138	(30)
BCI cost recoveries payable	132	401
Other accounts payable	71	9
Interest received	27,353	23,668
Dividends received	83,443	73,340
	1,046,883	(148,637)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	1,116,357	5,277,606
Payments on redemption of redeemable units	(2,155,108)	(5,129,187)
	(1,038,751)	148,419
Net increase (decrease) in cash	8,132	(218)
Effect of exchange rate changes on cash	1,223	(42)
Cash, beginning of year	1,973	2,233
<b>Cash, end of year</b>	<b>\$ 11,328</b>	<b>\$ 1,973</b>



## INDEXED CANADIAN EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Publicly Traded	\$ 3,592,542	\$ 3,260,245	\$ 2,839,693	\$ 2,726,720
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio Fund ST1	—	—	7,437	7,442
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 1 Floating Rate Fund	25,919	25,968	1,815,079	1,816,826
CDOR 2 Floating Rate Fund	261,336	261,057	—	—
	287,255	287,025	1,815,079	1,816,826
<b>Total Investments</b>	<b>\$ 3,879,797</b>	<b>\$ 3,547,270</b>	<b>\$ 4,662,209</b>	<b>\$ 4,550,988</b>

See accompanying Notes to the Financial Statements

## INDEXED CANADIAN EQUITY FUND

### Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020			2019		
	Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>		Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>Listed</b>						
Futures	\$ 15	\$ —	\$ —	\$ 13,006	\$ —	\$ —
<b>OTC</b>						
Swaps	1,099,281	19,528	(2,545)	2,717,921	4,497	(4,490)
<b>Currency derivatives</b>						
<b>OTC</b>						
Forwards	5	—	—	—	—	—
<b>Total</b>	<b>\$ 1,099,301</b>	<b>\$ 19,528</b>	<b>\$ (2,545)</b>	<b>\$ 2,730,927</b>	<b>\$ 4,497</b>	<b>\$ (4,490)</b>

The terms of maturity based on notional value for the derivatives were as follows at December 31:

	2020	2019
Less than 1 year	\$ 1,099,301	\$ 2,730,927
<b>Total</b>	<b>\$ 1,099,301</b>	<b>\$ 2,730,927</b>

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

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

## INDEXED CANADIAN EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

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

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

## INDEXED CANADIAN EQUITY FUND

### Credit Risk

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

DERIVATIVES BY CREDIT RATING	2020						2019					
				Fair Value						Fair Value		
	Notional Value			Derivative Assets	Derivative Liabilities		Notional Value			Derivative Assets	Derivative Liabilities	
AAA/AA	\$	687,525	\$	16,289	\$	(2,466)	\$	1,494,018	\$	1,048	\$	(3,623)
A		411,761		3,239		(79)		1,223,903		3,449		(867)
<b>Total Derivatives</b>	<b>\$</b>	<b>1,099,286</b>	<b>\$</b>	<b>19,528</b>	<b>\$</b>	<b>(2,545)</b>	<b>\$</b>	<b>2,717,921</b>	<b>\$</b>	<b>4,497</b>	<b>\$</b>	<b>(4,490)</b>

### Liquidity Risk

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

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

2020						
	Carrying value		Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$	19,528	\$	19,528	\$	19,528
Derivative liabilities		(2,545)		(2,545)		(2,545)
	<b>\$</b>	<b>16,983</b>	<b>\$</b>	<b>16,983</b>	<b>\$</b>	<b>16,983</b>

  

2019						
	Carrying value		Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$	4,497	\$	4,497	\$	4,497
Derivative liabilities		(4,490)		(4,490)		(4,490)
	<b>\$</b>	<b>7</b>	<b>\$</b>	<b>7</b>	<b>\$</b>	<b>7</b>

### Interest Rate Risk

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

## INDEXED CANADIAN EQUITY FUND

### Currency Risk

The Fund holds net assets denominated in U.S. currency, totalling \$2,036 CAD which represents 0.1% of the net asset value of the Fund. In 2019 the Fund held net assets in U.S. currency, which amounted to \$1,013 CAD, respectively, which in total represented 0% of the net asset value of the Fund).

As at December 31, 2020, if the Canadian dollar had strengthened/weakened by 1% in relation to the U.S and Japanese currencies, holding all other variables constant, net assets would have decreased/increased, by \$20 (2019 - \$2,020), representing 0% of the Fund's net assets (2019 - 0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Other Price Risk

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

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 152,128	3.9 %	\$ 192,533	4.1 %
Consumer Staples	149,429	3.8	179,137	3.8
Energy	435,979	11.2	791,464	17.0
Financials	1,177,845	30.3	1,492,682	32.1
Health Care	44,696	1.1	59,945	1.3
Industrials	487,587	12.5	510,434	11.0
Information Technology	401,877	10.3	262,899	5.6
Materials	535,009	13.7	528,719	11.4
Real Estate	120,932	3.1	161,095	3.5
Telecommunication Services	191,351	4.9	254,100	5.4
Utilities	199,573	5.1	221,274	4.8
Other	254	0.1	—	—
<b>Total</b>	<b>\$ 3,896,660</b>	<b>100.0 %</b>	<b>\$ 4,654,282</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$368,014 (2019 - \$407,118) or 9.4% (2019 - 8.7%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Equity by Geographic Region

The Fund's equity investments and equity derivative financial instruments are concentrated in the following geographic regions:

GEOGRAPHIC REGION	2020		2019	
	Total	% of Total	Total	% of Total
Brazil	\$ 3,672	0.1 %	\$ 16,676	0.4 %
Canada	3,880,021	99.6	4,700,601	101.0
France	—	—	(112,309)	(2.4)
United States	12,967	0.3 %	49,314	1.0
<b>Total</b>	<b>\$ 3,896,660</b>	<b>100.0 %</b>	<b>\$ 4,654,282</b>	<b>100.0 %</b>

## INDEXED CANADIAN EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020			2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Public equities	\$ 3,592,542	\$ —	\$ 3,592,542	\$ 2,839,693	\$ —	\$ 2,839,693
Money market funds	—	—	—	7,437	—	7,437
Floating rate funds	287,255	—	287,255	1,815,079	—	1,815,079
Total investments	3,879,797	—	3,879,797	4,662,209	—	4,662,209
Swaps, net	—	16,983	16,983	—	7	7
<b>Total</b>	<b>\$ 3,879,797</b>	<b>\$ 16,983</b>	<b>\$ 3,896,780</b>	<b>\$ 4,662,209</b>	<b>\$ 7</b>	<b>\$ 4,662,216</b>

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

During 2020 and 2019 there were no significant transfers between the three levels in the hierarchy.

## INDEXED CANADIAN EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	—	\$ —	\$ —	1	\$ 1,126,577	\$ 7,437
Investee floating rate funds administered by BCI	2	16,261,282	287,255	1	20,580,634	1,815,079

## ACTIVE U.S. SMALL CAP EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

Assets	NOTES	2020	2019
Cash		\$ 26,549	\$ 6,563
Receivable from sale of investments		1,865	14,234
Receivable from issuance of units		—	265
Dividends receivable		1,275	912
Security lending revenue receivable		—	93
Investments		2,938,624	2,012,906
Total assets		2,968,313	2,034,973
<b>Liabilities</b>			
Payable for purchase of investments		1,887	14,218
BCI cost recoveries payable	4	6,130	5,488
External management fees payable		3,097	2,574
Other accounts payable		18	18
Total liabilities		11,132	22,298
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 2,957,181</b>	<b>\$ 2,012,675</b>
Number of redeemable units outstanding	5	542,463	454,564
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 5,451</b>	<b>\$ 4,428</b>

Uncertainties related to COVID-19

11

Subsequent events

12

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer



**ACTIVE U.S. SMALL CAP EQUITY FUND****Statement of Comprehensive Income**

((Expressed in thousands of dollars))

Year ended December 31, 2020, with comparative information for 2019

<b>Revenue</b>	<b>NOTES</b>	<b>2020</b>	<b>2019</b>
Interest income		\$ 212	\$ 1,035
Dividend income		20,263	13,990
Securities lending income		1,086	752
Other income		18	—
Foreign exchange loss		(461)	(2,036)
Change in fair value of investments:			
Net realized gain		57,055	126,661
Net change in unrealized appreciation		480,866	230,218
<b>Total revenue</b>		<b>559,039</b>	<b>370,620</b>
<b>Expenses</b>			
BCI cost recoveries	4	4,961	3,934
External management fees		10,846	9,493
Administrative fees		52	43
Commissions and stock exchange fees		1,044	479
<b>Total operating expenses</b>		<b>16,903</b>	<b>13,949</b>
<b>Increase in net assets attributable to holders of redeemable units from operations excluding distributions</b>		<b>542,136</b>	<b>356,671</b>
<b>Distributions to holders of redeemable units:</b>			
From net investment income		(2,356)	(340)
From net realized gains on investments		(65,220)	(125,853)
		(67,576)	(126,193)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 474,560</b>	<b>\$ 230,478</b>

See accompanying Notes to the Financial Statements

**ACTIVE U.S. SMALL CAP EQUITY FUND****Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 2,012,675	\$ 1,327,199
Increase in net assets attributable to holders of redeemable units	474,560	230,478
Redeemable unit transactions:		
Proceeds from units issued	562,370	364,805
Reinvestment of distributions	67,576	126,193
Amounts paid for units redeemed	(160,000)	(36,000)
Net increase from redeemable unit transactions	469,946	454,998
<b>Balance, end of year</b>	<b>\$ 2,957,181</b>	<b>\$ 2,012,675</b>

## ACTIVE U.S. SMALL CAP EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

<b>Operating activities</b>	<b>2020</b>	<b>2019</b>
Increase in net assets attributable to holders of redeemable units	\$ 474,560	\$ 230,478
Adjustments for:		
Foreign exchange loss	461	2,036
Interest income	(212)	(1,035)
Dividend income	(20,263)	(13,990)
Net realized gain from investments	(57,055)	(126,661)
Net change in unrealized appreciation of investments	(480,866)	(230,218)
Amortization of premiums and discounts	(167)	(686)
Non cash distributions	67,576	126,193
Proceeds from sale of investments	1,770,462	949,510
Amounts paid for purchase of investments	(2,158,054)	(1,280,622)
Security lending revenue receivable	93	25
BCI cost recoveries payable	642	932
Other accounts payable	—	4
Interest received	212	1,035
Dividends received	19,900	13,784
External management fees payable	523	467
	(382,188)	(328,748)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	562,635	364,750
Payments on redemption of redeemable units	(160,000)	(36,000)
	402,635	328,750
Net increase in cash	20,447	2
Effect of exchange rate changes on cash	(461)	(2,036)
Cash, beginning of year	6,563	8,597
<b>Cash, end of year</b>	<b>\$ 26,549</b>	<b>\$ 6,563</b>

## ACTIVE U.S. SMALL CAP EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Publicly Traded	\$ 2,846,102	\$ 2,018,533	\$ 1,818,263	\$ 1,466,450
Exchange Traded Funds	44,203	33,876	156,767	151,505
	2,890,305	2,052,409	1,975,030	1,617,955
<b>Money Market Investments</b>				
Corporate	39,490	39,667	34,182	34,785
Units in BCI Pooled Investment Portfolio				
Fund ST1	4	4	17	17
Fund ST3	8,825	9,274	3,677	3,745
	48,319	48,945	37,876	38,547
<b>Total Investments</b>	<b>\$ 2,938,624</b>	<b>\$ 2,101,354</b>	<b>\$ 2,012,906</b>	<b>\$ 1,656,502</b>

## ACTIVE U.S. SMALL CAP EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

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

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

## ACTIVE U.S. SMALL CAP EQUITY FUND

### Credit Risk

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

### Liquidity Risk

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

### Interest Rate Risk

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

### Currency Risk

The Fund holds net assets denominated in U.S. currency, totalling \$2,963,299 CAD which represents 100.2% of the net asset value of the Fund (2019 - \$2,020,423 CAD which represented 100.4% of the net asset value of the Fund). As at December 31, 2020, if the Canadian dollar had strengthened/weakened by 1% in relation to the U.S. currency, holding all other variables constant, net assets would have decreased/increased, by \$29,633 (2019 - \$20,204), representing 1.0% of the Fund's net assets (2019 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Other Price Risk

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

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 544,973	19.2 %	\$ 384,408	21.1 %
Consumer Staples	43,925	1.5	11,135	0.6
Energy	—	—	3,895	0.2
Financials	424,690	14.9	269,680	14.8
Health Care	409,317	14.4	221,198	12.2
Industrials	477,770	16.8	388,680	21.4
Information Technology	695,796	24.4	397,008	21.8
Materials	53,633	1.9	48,222	2.7
Real Estate	94,432	3.3	59,435	3.3
Telecommunication Services	52,074	1.9	28,524	1.6
Utilities	49,492	1.7	6,078	0.3
<b>Total</b>	<b>\$ 2,846,102</b>	<b>100.0 %</b>	<b>\$ 1,818,263</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$260,224 (2019 - \$175,053) or 8.8% (2019 - 8.7%) of net assets.

The Fund is also subject to other price risk through its investment in exchange traded funds. Had the exchange traded funds held by the Fund increased or decreased by 10%, net assets attributable to redeemable units would have increased or decreased, respectively, by approximately \$4,420 (2019 - \$15,677), or 0.1% (2019 - 0.8%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Equity by Geographic Region

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

## ACTIVE U.S. SMALL CAP EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020			2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Public equities	\$ 2,846,102	\$ —	\$ 2,846,102	\$ 1,818,263	\$ —	\$ 1,818,263
Exchange traded funds	44,203	—	44,203	156,767	—	156,767
Money market funds	8,829	—	8,829	3,694	—	3,694
Money market investments	—	39,490	39,490	—	34,182	34,182
<b>Total</b>	<b>\$ 2,899,134</b>	<b>\$ 39,490</b>	<b>\$ 2,938,624</b>	<b>\$ 1,978,724</b>	<b>\$ 34,182</b>	<b>\$ 2,012,906</b>

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

During 2020 and 2019 there were no significant transfers between the three levels in the hierarchy.

## ACTIVE U.S. SMALL CAP EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	2	2,904,346	8,829	2	1,830,925	3,694



## INDEXED U.S. EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

Assets	NOTES	2020	2019
Cash		\$ 359	\$ 2,373
Receivable from sale of investments		—	19,433
Dividends receivable		4,425	4,397
Security lending revenue receivable		—	19
Derivative assets			
Swaps		9,955	50,978
Investments		6,135,186	5,696,023
Total assets		6,149,925	5,773,223
<b>Liabilities</b>			
BCI cost recoveries payable	4	9,587	9,200
Other accounts payable		60	63
Derivative liabilities			
Swaps		40,773	84,967
Total liabilities		50,420	94,230
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 6,099,505</b>	<b>\$ 5,678,993</b>
Number of redeemable units outstanding	5	361.939	402.805
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 16,852</b>	<b>\$ 14,099</b>
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent events</i>	12		

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## INDEXED U.S. EQUITY FUND

### Statement of Comprehensive Income

((Expressed in thousands of dollars))

Year ended December 31, 2020, with comparative information for 2019

Revenue	NOTES	2020	2019
Interest income		\$ 17,874	\$ 51,117
Dividend income		75,591	41,455
Securities lending income		1,262	1,895
Foreign exchange gain (loss)		22,919	(13,161)
Change in fair value of investments and derivatives:			
Net realized gain		269,191	870,996
Net change in unrealized appreciation		636,312	70,871
Total revenue		1,023,149	1,023,173
<b>Expenses</b>			
BCI cost recoveries	4	2,303	2,240
Administrative fees		131	167
Commissions and stock exchange fees		78	91
Withholding taxes	6	5	—
Total operating expenses		2,517	2,498
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		1,020,632	1,020,675
Distributions to holders of redeemable units:			
From net investment income		(108,074)	(78,898)
From net realized gains on investments and derivatives		(257,422)	(889,705)
		(365,496)	(968,603)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 655,136</b>	<b>\$ 52,072</b>

**INDEXED U.S. EQUITY FUND****Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 5,678,993	\$ 3,761,177
Increase in net assets attributable to holders of redeemable units	655,136	52,072
Redeemable unit transactions:		
Proceeds from units issued	343,700	1,406,679
Reinvestment of distributions	365,496	968,603
Amounts paid for units redeemed	(943,820)	(509,538)
Net increase (decrease) from redeemable unit transactions	(234,624)	1,865,744
<b>Balance, end of year</b>	<b>\$ 6,099,505</b>	<b>\$ 5,678,993</b>

*See accompanying Notes to the Financial Statements*

## INDEXED U.S. EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

Operating activities	2020	2019
Increase in net assets attributable to holders of redeemable units	\$ 655,136	\$ 52,072
Adjustments for:		
Foreign exchange (gain) loss	(22,919)	13,161
Interest income	(17,874)	(51,117)
Dividend income	(75,591)	(41,455)
Withholding taxes	5	—
Net realized gain from investments and derivatives	(269,191)	—
Net change in unrealized appreciation of investments and derivatives	(636,312)	(870,996)
Amortization of premiums and discounts	5,645	(70,871)
Non cash distributions	365,496	968,603
Proceeds from sale of investments	9,593,993	10,511,225
Amounts paid for purchase of investments	(9,117,036)	(11,489,835)
Security lending revenue receivable	19	(7)
BCI cost recoveries payable	387	556
Other accounts payable	(3)	13
Interest received	17,874	51,117
Dividends received	75,563	40,873
Withholding taxes paid	(5)	—
	575,187	(886,661)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	343,700	1,406,679
Payments on redemption of redeemable units	(943,820)	(509,538)
	(600,120)	897,141
Net increase (decrease) in cash	(24,933)	10,480
Effect of exchange rate changes on cash	22,919	(13,161)
Cash, beginning of year	2,373	5,054
<b>Cash, end of year</b>	<b>\$ 359</b>	<b>\$ 2,373</b>

See accompanying Notes to the Financial Statements

## INDEXED U.S. EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Publicly Traded	\$ 6,053,080	\$ 5,185,217	\$ 4,598,977	\$ 4,364,048
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 1 Floating Rate Fund	82,106	82,100	1,097,046	1,097,247
<b>Total Investments</b>	<b>\$ 6,135,186</b>	<b>\$ 5,267,317</b>	<b>\$ 5,696,023</b>	<b>\$ 5,461,295</b>

See accompanying Notes to the Financial Statements

## INDEXED U.S. EQUITY FUND

### Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020			2019		
	Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>		Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>OTC</b>						
Swaps	\$ 1,354,738	\$ 9,955	\$ (40,773)	\$ 2,992,854	\$ 50,978	\$ (84,967)
<b>Total</b>	<b>\$ 1,354,738</b>	<b>\$ 9,955</b>	<b>\$ (40,773)</b>	<b>\$ 2,992,854</b>	<b>\$ 50,978</b>	<b>\$ (84,967)</b>

The terms of maturity based on notional value for the derivatives were as follows at December 31:

	2020	2019
Less than 1 year	\$ 1,354,738	\$ 2,992,854
<b>Total</b>	<b>\$ 1,354,738</b>	<b>\$ 2,992,854</b>

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

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

## INDEXED U.S. EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

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

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

## INDEXED U.S. EQUITY FUND

### Credit Risk

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

DERIVATIVES BY CREDIT RATING	2020						2019					
				Fair Value						Fair Value		
	Notional Value			Derivative Assets	Derivative Liabilities		Notional Value			Derivative Assets	Derivative Liabilities	
AAA/AA	\$	975,013	\$	5,540	\$	(37,263)	\$	1,291,190	\$	45,733	\$	(6,517)
A		379,725		4,415		(3,510)		1,701,664		5,245		(78,450)
<b>Total Derivatives</b>	<b>\$</b>	<b>1,354,738</b>	<b>\$</b>	<b>9,955</b>	<b>\$</b>	<b>(40,773)</b>	<b>\$</b>	<b>2,992,854</b>	<b>\$</b>	<b>50,978</b>	<b>\$</b>	<b>(84,967)</b>

### Liquidity Risk

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

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

2020						
	Carrying value		Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$	9,955	\$	9,955	\$	9,955
Derivative liabilities		(40,773)		(40,773)		(40,773)
	<b>\$</b>	<b>(30,818)</b>	<b>\$</b>	<b>(30,818)</b>	<b>\$</b>	<b>(30,818)</b>

  

2019						
	Carrying value		Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$	50,978	\$	50,978	\$	50,978
Derivative liabilities		(84,967)		(84,967)		(84,967)
	<b>\$</b>	<b>(33,989)</b>	<b>\$</b>	<b>(33,989)</b>	<b>\$</b>	<b>(33,989)</b>

### Interest Rate Risk

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



## INDEXED U.S. EQUITY FUND

### Currency Risk

At December 31, 2020, 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.

2020					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
United States Dollar	\$ 6,057,772	\$ —	\$ 6,057,772	99.3 %	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 6,057,772</b>	<b>\$ —</b>	<b>\$ 6,057,772</b>	<b>99.3 %</b>	

2019					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
United States Dollar	\$ 4,570,622	\$ —	\$ 4,570,622	101.7 %	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 4,570,622</b>	<b>\$ —</b>	<b>\$ 4,570,622</b>	<b>101.7 %</b>	

As at December 31, 2020, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by \$60,578 (2019 - \$45,706), representing 1.0% of the Fund's net assets (2019 - 0.8%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

## INDEXED U.S. EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 757,100	12.4 %	\$ 564,126	9.9 %
Consumer Staples	380,410	6.2	394,614	6.9
Energy	126,103	2.1	238,191	4.2
Financials	613,313	10.0	734,433	12.9
Health Care	828,586	13.6	800,203	14.1
Industrials	504,280	8.3	509,246	9.0
Information Technology	1,751,887	28.7	1,328,175	23.4
Materials	156,684	2.6	150,572	2.7
Real Estate	154,336	2.5	187,337	3.3
Telecommunication Services	665,321	10.9	589,420	10.3
Utilities	166,613	2.7	184,867	3.3
<b>Total</b>	<b>\$ 6,104,633</b>	<b>100.0 %</b>	<b>\$ 5,681,184</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$623,201 (2019 - \$570,484) or 10.2% (2019 - 10.0%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Equity by Geographic Region

All of the Fund's equity investments and equity derivative financial instruments are exposed to the U.S. market.

## INDEXED U.S. EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020			2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Public equities	\$ 6,053,080	\$ —	\$ 6,053,080	\$ 4,598,977	\$ —	\$ 4,598,977
Floating rate funds	82,106	—	82,106	1,097,046	—	1,097,046
Total investments	6,135,186	—	6,135,186	5,696,023	—	5,696,023
Swaps, net	—	(30,818)	(30,818)	—	(33,989)	(33,989)
<b>Total</b>	<b>\$ 6,135,186</b>	<b>\$ (30,818)</b>	<b>\$ 6,104,368</b>	<b>\$ 5,696,023</b>	<b>\$ (33,989)</b>	<b>\$ 5,662,034</b>

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

During 2020 and 2019 there were no significant transfers between the three levels in the hierarchy.

## INDEXED U.S. EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee floating rate funds administered by BCI	1	14,553,478	82,106	1	20,580,634	1,097,046

## ACTIVE ASIAN EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

Assets	NOTES	2020	2019
Cash		\$ 17,747	\$ 23,638
Receivable from sale of investments		7,836	—
Dividends receivable		2,896	4,277
Security lending revenue receivable		—	12
Withholding tax reclaims receivable	6	28	174
Investments		2,703,803	2,207,751
Total assets		2,732,310	2,235,852
<b>Liabilities</b>			
Payable for purchase of investments		5,062	—
BCI cost recoveries payable	4	14,668	13,652
External management fees payable		2,742	2,344
Other accounts payable		223	231
Derivative liabilities			
Forwards		2	—
Total liabilities		22,697	16,227
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 2,709,613</b>	<b>\$ 2,219,625</b>
Number of redeemable units outstanding	5	504.687	504.472
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 5,369</b>	<b>\$ 4,400</b>
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent events</i>	12		

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## ACTIVE ASIAN EQUITY FUND

### Statement of Comprehensive Income

((Expressed in thousands of dollars))

Year ended December 31, 2020, with comparative information for 2019

Revenue	NOTES	2020	2019
Interest income		\$ 75	\$ 505
Dividend income		41,559	55,926
Securities lending income		199	232
Other income		249	—
Foreign exchange gain (loss)		20,311	(1,923)
Change in fair value of investments and derivatives:			
Net realized gain		26,650	58,631
Net change in unrealized appreciation		442,130	228,050
Total revenue		531,173	341,421
<b>Expenses</b>			
BCI cost recoveries	4	3,941	2,595
External management fees		9,897	9,061
Administrative fees		497	466
Commissions and stock exchange fees		24,556	2,186
Withholding taxes	6	3,392	4,204
Total operating expenses		42,283	18,512
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		488,890	322,909
Distributions to holders of redeemable units:			
From net investment income		(40,499)	(36,636)
From net realized gains on investments and derivatives		(21,443)	(55,388)
		(61,942)	(92,024)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 426,948</b>	<b>\$ 230,885</b>

See accompanying Notes to the Financial Statements

**ACTIVE ASIAN EQUITY FUND****Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 2,219,625	\$ 1,896,716
Increase in net assets attributable to holders of redeemable units	426,948	230,885
Redeemable unit transactions:		
Proceeds from units issued	359,698	7,400
Reinvestment of distributions	61,942	92,024
Amounts paid for units redeemed	(358,600)	(7,400)
Net increase from redeemable unit transactions	63,040	92,024
<b>Balance, end of year</b>	<b>\$ 2,709,613</b>	<b>\$ 2,219,625</b>

## ACTIVE ASIAN EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

Operating activities	2020	2019
Increase in net assets attributable to holders of redeemable units	\$ 426,948	\$ 230,885
Adjustments for:		
Foreign exchange (gain) loss	(20,311)	1,923
Interest income	(75)	(505)
Dividend income	(41,559)	(55,926)
Withholding taxes	3,392	4,204
Net realized gain from investments and derivatives	(26,650)	(58,631)
Net change in unrealized appreciation of investments and derivatives	(442,130)	(228,050)
Amortization of premiums and discounts	(5)	—
Non cash distributions	61,942	92,024
Proceeds from sale of investments	769,272	1,119,360
Amounts paid for purchase of investments	(799,311)	(1,143,156)
Security lending revenue receivable	12	(2)
BCI cost recoveries payable	1,016	1,275
Other accounts payable	(8)	4
Interest received	75	505
Dividends received	42,940	54,148
Withholding taxes paid	(3,246)	(4,318)
External management fees payable	398	(1,130)
	(27,300)	12,610
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	359,698	7,400
Payments on redemption of redeemable units	(358,600)	(7,400)
	1,098	—
Net increase (decrease) in cash	(26,202)	12,610
Effect of exchange rate changes on cash	20,311	(1,923)
Cash, beginning of year	23,638	12,951
<b>Cash, end of year</b>	<b>\$ 17,747</b>	<b>\$ 23,638</b>



## ACTIVE ASIAN EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Publicly Traded	\$ 2,703,798	\$ 1,668,318	\$ 2,205,500	\$ 1,612,150
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST2	5	6	2,251	2,254
<b>Total Investments</b>	<b>\$ 2,703,803</b>	<b>\$ 1,668,324</b>	<b>\$ 2,207,751</b>	<b>\$ 1,614,404</b>

See accompanying Notes to the Financial Statements

## ACTIVE ASIAN EQUITY FUND

### Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020			2019		
	Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>		Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Currency derivatives</b>						
<b>OTC</b>						
Forwards	1,741	—	(2)	—	—	—
<b>Total</b>	<b>\$ 1,741</b>	<b>\$ —</b>	<b>\$ (2)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

The terms of maturity based on notional value for the derivatives were as follows at December 31:

	2020		2019	
Less than 1 year	\$	1,741	\$	—
<b>Total</b>	<b>\$</b>	<b>1,741</b>	<b>\$</b>	<b>—</b>

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

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

## ACTIVE ASIAN EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested in the securities of a single company;
- investments in Japanese securities are limited to 20% of the market value of the Fund;
- investments in companies whose country is classified as a frontier market by MSCI are limited to 10% of the market value of the Fund;
- the Fund may not sell a security which it does not own (i.e. short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- when entering into a new derivatives transaction, external counterparties must be financial institutions rated "A-" or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any counterparty is downgraded below the approved credit standard, BCI will have discretion with respect to the termination of any affected derivative transaction.

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

## ACTIVE ASIAN EQUITY FUND

### Credit Risk

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

DERIVATIVES BY CREDIT RATING	2020			2019		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
A	1,741	\$ —	\$ (2)	—	—	—
<b>Total Derivatives</b>	<b>\$ 1,741</b>	<b>\$ —</b>	<b>\$ (2)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

### Liquidity Risk

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

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

	2020				
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative liabilities	(2)	(2)	—	—	(2)
	<b>\$ (2)</b>	<b>\$ (2)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>(2)</b>

### Interest Rate Risk

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

## ACTIVE ASIAN EQUITY FUND

### Currency Risk

At December 31, 2020, 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.

2020					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Australian Dollar	\$ 358,281	\$ —	\$ 358,281	13.2 %	
Chinese Yuan Renminbi	111,832	—	111,832	4.1	
Hong Kong Dollar	954,796	1,129	955,925	35.3	
Indian Rupee	210,179	—	210,179	7.8	
Indonesian Rupiah	49,747	—	49,747	1.8	
Philippine Peso	17,601	—	17,601	0.6	
Singapore Dollar	42,522	—	42,522	1.6	
South Korean Won	368,653	(407)	368,246	13.6	
Taiwan Dollar	232,092	—	232,092	8.6	
Thai Baht	38,208	—	38,208	1.4	
United States Dollar	340,613	(724)	339,889	12.5	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 2,724,524</b>	<b>\$ (2)</b>	<b>\$ 2,724,522</b>	<b>100.6 %</b>	

2019					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Australian Dollar	\$ 330,756	\$ —	\$ 330,756	14.9 %	
Chinese Yuan Renminbi	38,971	—	38,971	1.8	
Hong Kong Dollar	752,112	—	752,112	33.9	
Indian Rupee	229,820	—	229,820	10.4	
Indonesian Rupiah	29,368	—	29,368	1.3	
Philippine Peso	15,482	—	15,482	0.7	
Singapore Dollar	60,806	—	60,806	2.7	
South Korean Won	263,585	—	263,585	11.9	
Taiwan Dollar	159,079	—	159,079	7.2	
Thai Baht	29,877	—	29,877	1.3	
United States Dollar	323,645	—	323,645	14.6	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 2,233,501</b>	<b>\$ —</b>	<b>\$ 2,233,501</b>	<b>100.7 %</b>	

As at December 31, 2020, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by \$27,245 (2019 - \$22,335), representing 1.0% of the Fund's net assets (2019 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

## ACTIVE ASIAN EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 531,335	19.7 %	\$ 352,190	16.1 %
Consumer Staples	90,720	3.4	50,851	2.3
Energy	47,922	1.8	84,903	3.8
Financials	506,930	18.7	560,234	25.4
Health Care	176,764	6.5	119,961	5.4
Industrials	199,823	7.4	141,479	6.4
Information Technology	606,049	22.4	398,585	18.1
Materials	183,259	6.8	159,672	7.2
Real Estate	96,421	3.6	133,200	6.0
Telecommunication Services	264,575	9.7	204,425	9.3
<b>Total</b>	<b>\$ 2,703,798</b>	<b>100.0 %</b>	<b>\$ 2,205,500</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$239,029 (2019 - \$183,671) or 8.8% (2019 - 8.3%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Equity by Geographic Region

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

GEOGRAPHIC REGION	2020		2019	
	Total	% of Total	Total	% of Total
Australia	\$ 336,152	12.4 %	\$ 312,215	14.1 %
China	928,466	34.3	691,917	31.4
Hong Kong	327,681	12.1	322,178	14.6
India	210,109	7.8	229,748	10.4
Indonesia	49,747	1.8	29,368	1.3
Korea	364,949	13.5	260,467	11.8
Philippines	17,601	0.7	15,482	0.7
Singapore	53,776	2.0	60,800	2.8
Taiwan	336,280	12.4	222,890	10.1
Thailand	44,811	1.7	29,828	1.4
United States	34,226	1.3	30,607	1.4
<b>Total</b>	<b>\$ 2,703,798</b>	<b>100.0 %</b>	<b>\$ 2,205,500</b>	<b>100.0 %</b>

## ACTIVE ASIAN EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020			2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Public equities	\$ 2,703,798	\$ —	\$ 2,703,798	\$ 2,205,500	\$ —	\$ 2,205,500
Money market funds	5	—	5	2,251	—	2,251
Total investments	2,703,803	—	2,703,803	2,207,751	—	2,207,751
Forwards, net	—	(2)	(2)	—	—	—
<b>Total</b>	<b>\$ 2,703,803</b>	<b>\$ (2)</b>	<b>\$ 2,703,801</b>	<b>\$ 2,207,751</b>	<b>\$ —</b>	<b>\$ 2,207,751</b>

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

During 2020 and 2019 there were no significant transfers between the three levels in the hierarchy.

## ACTIVE ASIAN EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 3,803,422	\$ 5	1	\$ 3,725,877	\$ 2,251



## ACTIVE EUROPEAN EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

Assets	NOTES	2020	2019
Cash		\$ 10,820	\$ 12,603
Receivable from issuance of units		—	180
Dividends receivable		909	768
Security lending revenue receivable		—	32
Withholding tax reclaims receivable	6	7,164	5,621
Derivative assets			
Forwards		1	—
Investments		1,682,662	2,114,404
Total assets		1,701,556	2,133,608
<b>Liabilities</b>			
BCI cost recoveries payable	4	7,817	7,136
External management fees payable		1,421	1,823
Other accounts payable		103	120
Total liabilities		9,341	9,079
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 1,692,215</b>	<b>\$ 2,124,529</b>
Number of redeemable units outstanding	5	626,646	821,581
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 2,700</b>	<b>\$ 2,586</b>
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent events</i>	12		

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## ACTIVE EUROPEAN EQUITY FUND

### Statement of Comprehensive Loss

((Expressed in thousands of dollars))

Year ended December 31, 2020, with comparative information for 2019

Revenue	NOTES	2020	2019
Interest income		\$ —	\$ 95
Dividend income		47,878	69,658
Securities lending income		502	622
Foreign exchange loss		(3,340)	(1,225)
Change in fair value of investments and derivatives:			
Net realized gain		67,064	88,548
Net change in unrealized appreciation		(30,126)	106,458
Total revenue		81,978	264,156
<b>Expenses</b>			
BCI cost recoveries	4	2,925	2,729
External management fees		6,704	6,840
Administrative fees		464	1,014
Commissions and stock exchange fees		2,820	2,107
Withholding taxes	6	3,810	7,350
Total operating expenses		16,723	20,040
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		65,255	244,116
Distributions to holders of redeemable units:			
From net investment income		(29,557)	(51,217)
From net realized gains on investments and derivatives		(65,582)	(85,985)
		(95,139)	(137,202)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ (29,884)</b>	<b>\$ 106,914</b>

**ACTIVE EUROPEAN EQUITY FUND****Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 2,124,529	\$ 1,879,818
Increase (decrease) in net assets attributable to holders of redeemable units	(29,884)	106,914
Redeemable unit transactions:		
Proceeds from units issued	16,231	347,795
Reinvestment of distributions	95,139	137,202
Amounts paid for units redeemed	(513,800)	(347,200)
Net increase (decrease) from redeemable unit transactions	(402,430)	137,797
<b>Balance, end of year</b>	<b>\$ 1,692,215</b>	<b>\$ 2,124,529</b>

## ACTIVE EUROPEAN EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

Operating activities	2020	2019
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (29,884)	\$ 106,914
Adjustments for:		
Foreign exchange loss	3,340	1,225
Interest income	—	(95)
Dividend income	(47,878)	(69,658)
Withholding taxes	3,810	7,350
Net realized gain from investments and derivatives	(67,064)	(88,548)
Net change in unrealized appreciation of investments and derivatives	30,126	(106,458)
Non cash distributions	95,139	137,202
Proceeds from sale of investments	2,358,452	1,147,753
Amounts paid for purchase of investments	(1,889,773)	(1,198,029)
Security lending revenue receivable	32	89
BCI cost recoveries payable	681	826
Other accounts payable	(17)	1
Interest received	—	95
Dividends received	47,737	70,094
Withholding taxes paid	(5,353)	(8,372)
External management fees payable	(402)	(110)
	498,946	279
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	16,411	347,615
Payments on redemption of redeemable units	(513,800)	(347,200)
	(497,389)	415
Net increase in cash	1,557	694
Effect of exchange rate changes on cash	(3,340)	(1,225)
Cash, beginning of year	12,603	13,134
<b>Cash, end of year</b>	<b>\$ 10,820</b>	<b>\$ 12,603</b>

## ACTIVE EUROPEAN EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Publicly Traded	\$ 1,682,658	\$ 1,442,681	\$ 2,114,387	\$ 1,844,283
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST2	4	4	16	16
Fund ST3	—	—	1	1
	4	4	17	17
<b>Total Investments</b>	<b>\$ 1,682,662</b>	<b>\$ 1,442,685</b>	<b>\$ 2,114,404</b>	<b>\$ 1,844,300</b>

## ACTIVE EUROPEAN EQUITY FUND

### Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020			2019		
	Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>		Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Currency derivatives</b>						
<b>OTC</b>						
Forwards	\$ 1,052	\$ 1	\$ —	—	—	—
<b>Total</b>	<b>\$ 1,052</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

The terms of maturity based on notional value for the derivatives were as follows at December 31:

	2020	2019
Less than 1 year	\$ 1,052	\$ —
<b>Total</b>	<b>\$ 1,052</b>	<b>\$ —</b>

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

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

## ACTIVE EUROPEAN EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested in the securities of a single company;
- investments in European emerging markets are limited to 15% of the market value of the Fund;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

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

## ACTIVE EUROPEAN EQUITY FUND

### Credit Risk

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

DERIVATIVES BY CREDIT RATING	2020						2019					
				Fair Value						Fair Value		
	Notional Value			Derivative Assets		Derivative Liabilities	Notional Value			Derivative Assets		Derivative Liabilities
A	\$	1,052	\$	1	\$	—	—			—		—
<b>Total Derivatives</b>	<b>\$</b>	<b>1,052</b>	<b>\$</b>	<b>1</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>

### Liquidity Risk

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

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

	2020					
	Carrying value			Less than 1 year	1 to 2 years	Over 2 year
Derivative assets	\$	1	\$	1	\$	—
	<b>\$</b>	<b>1</b>	<b>\$</b>	<b>1</b>	<b>\$</b>	<b>—</b>
						<b>1</b>

### Interest Rate Risk

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



## ACTIVE EUROPEAN EQUITY FUND

### Currency Risk

At December 31, 2020, 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.

2020					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
British Pound Sterling	\$ 274,656	\$ —	\$ 274,656	16.2	%
Czech Koruna	1,402	—	1,402	0.1	
Danish Krone	73,419	—	73,419	4.3	
Euro	710,996	(496)	710,500	42.0	
Hungarian Forint	20,984	—	20,984	1.2	
Norwegian Krone	3,925	—	3,925	0.2	
Poland Zloty	26,095	—	26,095	1.5	
Swedish Krona	182,213	—	182,213	10.8	
Swiss Franc	275,426	(555)	274,871	16.2	
Turkish Lira	42,167	—	42,167	2.5	
United States Dollar	78,087	—	78,087	4.6	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 1,689,370</b>	<b>\$ (1,051)</b>	<b>\$ 1,688,319</b>	<b>99.8</b>	<b>%</b>

2019					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
British Pound Sterling	\$ 392,222	\$ —	\$ 392,222	18.5	%
Czech Koruna	8,742	—	8,742	0.4	
Danish Krone	63,570	—	63,570	3.0	
Euro	978,506	—	978,506	46.1	
Hungarian Forint	33,403	—	33,403	1.6	
Norwegian Krone	16,124	—	16,124	0.8	
Poland Zloty	3,925	—	3,925	0.2	
Swedish Krona	148,411	—	148,411	7.0	
Swiss Franc	262,102	—	262,102	12.3	
Turkish Lira	58,095	—	58,095	2.7	
United States Dollar	160,440	—	160,440	7.6	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 2,125,540</b>	<b>\$ —</b>	<b>\$ 2,125,540</b>	<b>100.2</b>	<b>%</b>

As at December 31, 2020, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by \$16,883 (2019 - \$21,255), representing 1.0% of the Fund's net assets (2019 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Other Price Risk

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

## ACTIVE EUROPEAN EQUITY FUND

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 194,923	11.5 %	\$ 155,283	7.3 %
Consumer Staples	109,533	6.5	147,874	7.0
Energy	2,560	0.2	91,549	4.3
Financials	288,129	17.1	547,432	25.9
Health Care	353,207	21.0	423,304	20.0
Industrials	308,873	18.4	297,473	14.1
Information Technology	216,158	12.8	158,064	7.5
Materials	100,192	6.0	52,824	2.5
Real Estate	2,605	0.2	30,215	1.4
Telecommunication Services	105,094	6.2	130,190	6.2
Utilities	1,384	0.1	80,179	3.8
<b>Total</b>	<b>\$ 1,682,658</b>	<b>100.0 %</b>	<b>\$ 2,114,387</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$137,691 (2019 - \$168,459) or 8.1% (2019 - 7.9%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

### Equity by Geographic Region

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

GEOGRAPHIC REGION	2020		2019	
	Total	% of Total	Total	% of Total
Austria	\$ 6,857	0.4 %	\$ 5,447	0.3 %
Belgium	25,906	1.5	64,512	3.1
Czech Republic	1,402	0.1	8,603	0.4
Denmark	73,419	4.4	62,934	3.0
Finland	69,896	4.2	27,297	1.3
France	202,251	12.0	289,361	13.7
Germany	161,518	9.6	176,278	8.3
Greece	903	0.1	4,272	0.2
Hungary	20,984	1.2	33,403	1.6
Ireland	25,772	1.5	31,499	1.5
Italy	39,459	2.3	163,456	7.7
Netherlands	206,349	12.3	237,477	11.2
Norway	3,925	0.2	15,447	0.7
Poland	25,854	1.5	3,574	0.2
Portugal	365	—	2,741	0.1
Russia	23,889	1.4	40,110	1.9
Spain	2,556	0.2	61,948	2.9
Sweden	182,213	10.8	148,409	7.0
Switzerland	274,871	16.3	259,613	12.3
Turkey	41,573	2.5	56,204	2.7
United Kingdom	292,696	17.5	421,802	19.9
<b>Total</b>	<b>\$ 1,682,658</b>	<b>100.0 %</b>	<b>\$ 2,114,387</b>	<b>100.0 %</b>

## ACTIVE EUROPEAN EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020			2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Public equities	\$ 1,682,658	\$ —	\$ 1,682,658	\$ 2,114,387	\$ —	\$ 2,114,387
Money market funds	4	—	4	17	—	17
Total investments	1,682,662	—	1,682,662	2,114,404	—	2,114,404
Forwards, net	—	1	1	—	—	—
<b>Total</b>	<b>\$ 1,682,662</b>	<b>\$ 1</b>	<b>\$ 1,682,663</b>	<b>\$ 2,114,404</b>	<b>\$ —</b>	<b>\$ 2,114,404</b>

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

During 2020 and 2019 there were no significant transfers between the three levels in the hierarchy.

## ACTIVE EUROPEAN EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	3,803,422	4	2	4,430,289	17

## ACTIVE GLOBAL EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

Assets	NOTES	2020	2019
Cash		\$ 34,602	\$ 43,995
Receivable from issuance of units		—	205
Dividends receivable		1,490	1,944
Security lending revenue receivable		—	34
Withholding tax reclaims receivable	6	2,798	3,120
Investments		3,785,530	2,793,671
Total assets		3,824,420	2,842,969
<b>Liabilities</b>			
BCI cost recoveries payable	4	10,035	9,221
External management fees payable		3,341	2,882
Other accounts payable		72	69
Total liabilities		13,448	12,172
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 3,810,972</b>	<b>\$ 2,830,797</b>
Number of redeemable units outstanding	5	1,042.290	922.946
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 3,656</b>	<b>\$ 3,067</b>
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent events</i>	12		

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## ACTIVE GLOBAL EQUITY FUND

### Statement of Comprehensive Income

((Expressed in thousands of dollars))

Year ended December 31, 2020, with comparative information for 2019

Revenue	NOTES	2020	2019
Interest income		\$ 113	\$ 2,582
Dividend income		46,107	43,428
Securities lending income		646	365
Other income		53	—
Foreign exchange gain (loss)		5,834	(2,686)
Change in fair value of investments:			
Net realized gain		52,651	78,504
Net change in unrealized appreciation		516,724	501,156
Total revenue		622,128	623,349
<b>Expenses</b>			
BCI cost recoveries	4	4,220	3,527
External management fees		12,400	11,112
Administrative fees		195	247
Commissions and stock exchange fees		1,018	604
Withholding taxes	6	2,833	2,555
Total operating expenses		20,666	18,045
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		601,462	605,304
Distributions to holders of redeemable units:			
From net investment income		(30,138)	(27,203)
From net realized gains on investments		(53,164)	(74,861)
		(83,302)	(102,064)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 518,160</b>	<b>\$ 503,240</b>

**ACTIVE GLOBAL EQUITY FUND****Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 2,830,797	\$ 3,253,253
Increase in net assets attributable to holders of redeemable units	518,160	503,240
Redeemable unit transactions:		
Proceeds from units issued	624,267	2,051,040
Reinvestment of distributions	83,302	102,064
Amounts paid for units redeemed	(245,554)	(3,078,800)
Net increase (decrease) from redeemable unit transactions	462,015	(925,696)
<b>Balance, end of year</b>	<b>\$ 3,810,972</b>	<b>\$ 2,830,797</b>

## ACTIVE GLOBAL EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

Operating activities	2020	2019
Increase in net assets attributable to holders of redeemable units	\$ 518,160	\$ 503,240
Adjustments for:		
Foreign exchange (gain) loss	(5,834)	2,686
Interest income	(113)	(2,582)
Dividend income	(46,107)	(43,428)
Withholding taxes	2,833	2,555
Net realized gain from investments	(52,651)	(78,504)
Net change in unrealized appreciation of investments	(516,724)	(501,156)
Amortization of premiums and discounts	(3)	—
Non cash distributions	83,302	102,064
Proceeds from sale of investments	895,785	1,662,100
Amounts paid for purchase of investments	(1,318,266)	(660,581)
Security lending revenue receivable	34	4
BCI cost recoveries payable	814	1,196
Other accounts payable	3	(23)
Interest received	113	2,582
Dividends received	46,561	43,120
Withholding taxes paid	(2,511)	(3,325)
External management fees payable	459	(60)
	(394,145)	1,029,888
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	624,472	2,050,835
Payments on redemption of redeemable units	(245,554)	(3,078,800)
	378,918	(1,027,965)
Net increase (decrease) in cash	(15,227)	1,923
Effect of exchange rate changes on cash	5,834	(2,686)
Cash, beginning of year	43,995	44,758
<b>Cash, end of year</b>	<b>\$ 34,602</b>	<b>\$ 43,995</b>



## ACTIVE GLOBAL EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Publicly Traded	\$ 3,749,960	\$ 1,999,210	\$ 2,692,242	\$ 1,462,071
Exchange Traded Funds	26,667	23,188	101,381	94,048
Direct Private Equity	624	624	—	—
	3,777,251	2,023,022	2,793,623	1,556,119
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	8,275	8,276	5	5
Fund ST2	4	4	43	43
	8,279	8,280	48	48
<b>Total Investments</b>	<b>\$ 3,785,530</b>	<b>\$ 2,031,302</b>	<b>\$ 2,793,671</b>	<b>\$ 1,556,167</b>

## ACTIVE GLOBAL EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

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

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

## ACTIVE GLOBAL EQUITY FUND

### **Credit Risk**

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

### **Liquidity Risk**

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

### **Interest Rate Risk**

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

## ACTIVE GLOBAL EQUITY FUND

### Currency Risk

At December 31, 2020, 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.

2020					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Australian Dollar	\$ 37,972	\$ —	\$ 37,972	1.0	%
British Pound Sterling	92,714	—	92,714	2.4	
Danish Krone	112,381	—	112,381	2.9	
Euro	402,422	—	402,422	10.6	
Hong Kong Dollar	141,991	—	141,991	3.7	
Indian Rupee	53,090	—	53,090	1.4	
Indonesian Rupiah	13,376	—	13,376	0.4	
Japanese Yen	386,839	—	386,839	10.2	
South African Rand	6	—	6	—	
South Korean Won	25,760	—	25,760	0.7	
Swedish Krona	45,994	—	45,994	1.2	
Swiss Franc	150,877	—	150,877	4.0	
Taiwan Dollar	25,683	—	25,683	0.7	
United States Dollar	2,249,955	—	2,249,955	59.0	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 3,739,060</b>	<b>\$ —</b>	<b>\$ 3,739,060</b>	<b>98.1</b>	<b>%</b>

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

As at December 31, 2020, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by \$37,391 (2019 - \$27,844), representing 1.0% of the Fund's net assets (2019 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

## ACTIVE GLOBAL EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 507,239	13.5 %	\$ 380,434	14.1 %
Consumer Staples	364,938	9.7	284,899	10.6
Energy	13,229	0.4	115,304	4.3
Financials	325,826	8.7	243,193	9.0
Health Care	664,258	17.7	460,633	17.1
Industrials	343,082	9.1	190,491	7.1
Information Technology	1,069,326	28.5	684,016	25.4
Materials	138,437	3.7	111,533	4.1
Real Estate	40,088	1.1	39,529	1.5
Telecommunication Services	225,625	6.1	129,170	4.8
Utilities	57,912	1.5	53,040	2.0
Total Public Equities	3,749,960	100.0	2,692,242	100.0
Information Technology	624	—	—	—
Total Direct Private Equity	624	—	—	—
<b>Total</b>	<b>\$ 3,750,584</b>	<b>100.0 %</b>	<b>\$ 2,692,242</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$336,672 (2019 - \$268,972) or 8.8% (2019 - 9.5%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

## ACTIVE GLOBAL EQUITY FUND

### *Equity by Geographic Region*

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

GEOGRAPHIC REGION	2020		2019	
	Total	% of Total	Total	% of Total
Australia	37,972	1.0	34,287	1.4
Canada	46,298	1.2	27,817	1.0
China	28,642	0.8	49,212	1.8
Denmark	112,379	3.0	66,034	2.5
Finland	16,089	0.4	13,174	0.5
France	141,458	3.8	91,614	3.4
Germany	88,442	2.4	74,659	2.8
Hong Kong	126,273	3.4	125,523	4.7
India	53,090	1.4	57,352	2.1
Indonesia	13,375	0.4	13,466	0.5
Japan	386,838	10.3	246,079	8.9
Korea	25,628	0.7	—	—
Netherlands	129,795	3.5	69,790	2.6
Spain	25,987	0.7	29,308	1.1
Sweden	45,956	1.2	28,450	1.1
Switzerland	150,876	4.0	124,184	4.6
Taiwan	105,523	2.8	63,995	2.4
United Kingdom	92,713	2.5	128,652	4.8
United States	2,122,626	56.5	1,448,646	53.8
Total Public Equities	3,749,960	100.0	2,692,242	100.0
Netherlands	624	—	—	—
Total Direct Private Equity	624	—	—	—
<b>Total</b>	<b>\$ 3,750,584</b>	<b>100.0 %</b>	<b>\$ 2,692,242</b>	<b>100.0 %</b>

## ACTIVE GLOBAL EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020				2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Public equities	\$ 3,749,960	\$ —	\$ —	\$ 3,749,960	\$ 2,692,242	\$ —	\$ —	\$ 2,692,242
Exchange traded funds	26,667	—	—	26,667	101,381	—	—	101,381
Money market funds	8,279	—	—	8,279	48	—	—	48
Private equity investment	—	—	624	624	—	—	—	—
<b>Total</b>	<b>\$ 3,784,906</b>	<b>\$ —</b>	<b>\$ 624</b>	<b>\$ 3,785,530</b>	<b>\$ 2,793,671</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,793,671</b>

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

During 2020 and 2019 there were no significant transfers between the three levels in the hierarchy.

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

	2020	2019
Opening balance, beginning of year	\$ —	\$ —
Purchases	624	—
<b>Closing balance, end of year</b>	<b>\$ 624</b>	<b>\$ —</b>
Total unrealized gains for the period included in profit or loss related to level 3 investments held at the reporting date	—	—

### Significant Unobservable Inputs Used in Measuring Fair Value

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

	2020				
	Fair Value	Valuation Technique	Unobservable Input	Amount/Range	Sensitivity to Change in Significant Unobservable Input
Private equity investment	\$ 624	Discounted cash flow	Discount rate	18.2 %	The estimated fair value would increase (decrease) if the discount rate was lower (higher).

## ACTIVE GLOBAL EQUITY FUND

Significant unobservable inputs are developed as follows:

### 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.

### Effects of Unobservable Input on Fair Value Measurement

The private equity investment is valued based on information received from the management of the investee. Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to holders of redeemable units. The following table shows how the net assets attributable to holders of redeemable units would change if the valuation of the private equity investment was calculated by adjusting the investment's fair market value by 10%.

	2020	2019
Favourable	\$ 62	\$ —
Unfavourable	(62)	—



## ACTIVE GLOBAL EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	2	5,713,421	8,279	2	4,852,454	48

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

<b>Assets</b>	<b>NOTES</b>	<b>2020</b>	<b>2019</b>
Cash		\$ 152	\$ 195
Withholding tax reclaims receivable	6	2,173	3,785
Derivative assets			
Swaps		122,469	266,377
Investments		1,016,415	3,502,512
Total assets		1,141,209	3,772,869
<b>Liabilities</b>			
BCI cost recoveries payable	4	2,666	2,618
Other accounts payable		101	131
Derivative liabilities			
Swaps		66,116	40,611
Total liabilities		68,883	43,360
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 1,072,326</b>	<b>\$ 3,729,509</b>
Number of redeemable units outstanding	5	312,402	1,184,327
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 3,433</b>	<b>\$ 3,149</b>
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent events</i>	12		

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Statement of Comprehensive Income (Loss)

((Expressed in thousands of dollars))

Year ended December 31, 2020, with comparative information for 2019

Revenue	NOTES	2020	2019
Interest income		\$ 27,192	\$ 13,436
Dividend income		3	73,243
Securities lending income		470	1,013
Foreign exchange gain (loss)		85	(13,695)
Change in fair value of investments and derivatives:			
Net realized gain		221,545	316,408
Net change in unrealized appreciation		(174,249)	80,914
Total revenue		75,046	471,319
<b>Expenses</b>			
BCI cost recoveries	4	7,255	8,951
Administrative fees		129	273
Commissions and stock exchange fees		2	3,578
Withholding taxes	6	(200)	3,440
Total operating expenses		7,186	16,242
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		67,860	455,077
Distributions to holders of redeemable units:			
From net investment income		(20,558)	(64,627)
From net realized gains on investments and derivatives		(221,538)	(280,498)
		(242,096)	(345,125)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ (174,236)</b>	<b>\$ 109,952</b>

**GLOBAL QUANTITATIVE ACTIVE EQUITY FUND****Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 3,729,509	\$ 3,274,432
Increase (decrease) in net assets attributable to holders of redeemable units	(174,236)	109,952
Redeemable unit transactions:		
Reinvestment of distributions	242,096	345,125
Amounts paid for units redeemed	(2,725,043)	—
Net increase (decrease) from redeemable unit transactions	(2,482,947)	345,125
<b>Balance, end of year</b>	<b>\$ 1,072,326</b>	<b>\$ 3,729,509</b>

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

Operating activities	2020	2019
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (174,236)	\$ 109,952
Adjustments for:		
Foreign exchange (gain) loss	(85)	13,695
Interest income	(27,192)	(13,436)
Dividend income	(3)	(73,243)
Withholding taxes	(200)	3,440
Net realized gain from investments and derivatives	(221,545)	(316,408)
Net change in unrealized appreciation of investments and derivatives	174,249	(80,914)
Amortization of premiums and discounts	3,693	—
Non cash distributions	242,096	345,125
Proceeds from sale of investments	4,411,044	9,809,822
Amounts paid for purchase of investments	(1,711,931)	(9,855,983)
Security lending revenue receivable	—	81
Payable to BCI pooled investment portfolio	—	(21,736)
BCI cost recoveries payable	48	747
Other accounts payable	(30)	9
Interest received	27,192	13,436
Dividends received	3	77,537
Withholding taxes paid	1,812	(3,516)
	2,724,915	8,608
<b>Financing activities</b>		
Payments on redemption of redeemable units	(2,725,043)	—
Net increase (decrease) in cash	(128)	8,608
Effect of exchange rate changes on cash	85	(13,695)
Cash, beginning of year	195	5,282
<b>Cash, end of year</b>	<b>\$ 152</b>	<b>\$ 195</b>

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	\$ 728	\$ 728	\$ 6,267	\$ 6,270
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 1 Floating Rate Fund	—	—	566,274	566,115
CDOR 3 Floating Rate Fund	1,015,687	1,017,792	2,929,971	2,927,396
	1,015,687	1,017,792	3,496,245	3,493,511
<b>Total Investments</b>	<b>\$ 1,016,415</b>	<b>\$ 1,018,520</b>	<b>\$ 3,502,512</b>	<b>\$ 3,499,781</b>

See accompanying Notes to the Financial Statements

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020			2019		
	Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>		Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>OTC</b>						
Swaps	3,578,516	122,469	(66,116)	9,372,778	266,377	(40,611)
<b>Total</b>	<b>\$ 3,578,516</b>	<b>\$ 122,469</b>	<b>\$ (66,116)</b>	<b>\$ 9,372,778</b>	<b>\$ 266,377</b>	<b>\$ (40,611)</b>

The terms of maturity based on notional value for the derivatives were as follows at December 31:

	2020		2019	
Less than 1 year	\$	3,578,516	\$	9,372,778
<b>Total</b>	<b>\$</b>	<b>3,578,516</b>	<b>\$</b>	<b>9,372,778</b>

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

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

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

- no more than 10% of the market value of the Fund can be invested, long or short, in the securities of a single company;
- the Fund may maintain short positions on common stock or common stock equivalents of benchmark member companies with a market value of up to 35% of the net asset value of the Fund;
- the value of short equity positions shall be approximately equal to the value of leveraged long positions and, once established, the difference between the two shall not exceed 5% of the net asset value of the Fund;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI has the discretion to determine the appropriate timing of the sale of any affected security or the termination of any affected derivative transaction to maximize sale proceeds.

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



## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Credit Risk

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

DERIVATIVES BY CREDIT RATING	2020						2019					
				Fair Value						Fair Value		
	Notional Value			Derivative Assets	Derivative Liabilities		Notional Value			Derivative Assets	Derivative Liabilities	
AAA/AA	\$	1,879,868	\$	97,108	\$	(53,636)	\$	1,938,278	\$	116,486	\$	—
A		1,698,648		25,361		(12,480)		7,434,500		149,891		(40,611)
<b>Total Derivatives</b>	<b>\$</b>	<b>3,578,516</b>	<b>\$</b>	<b>122,469</b>	<b>\$</b>	<b>(66,116)</b>	<b>\$</b>	<b>9,372,778</b>	<b>\$</b>	<b>266,377</b>	<b>\$</b>	<b>(40,611)</b>

### Liquidity Risk

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

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

2020						
	Carrying value		Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$	122,469	\$	122,469	\$	122,469
Derivative liabilities		(66,116)		(66,116)		(66,116)
	<b>\$</b>	<b>56,353</b>	<b>\$</b>	<b>56,353</b>	<b>\$</b>	<b>56,353</b>

2019						
	Carrying value		Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$	266,377	\$	266,377	\$	266,377
Derivative liabilities		(40,611)		(40,611)		(40,611)
	<b>\$</b>	<b>225,766</b>	<b>\$</b>	<b>225,766</b>	<b>\$</b>	<b>225,766</b>

### Interest Rate Risk

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

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Currency Risk

At December 31, 2020, 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.

2020					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
United States Dollar	\$ —	\$ 6	\$ 6	— %	
<b>Net Foreign Exchange Exposure</b>	<b>\$ —</b>	<b>\$ 6</b>	<b>\$ 6</b>	<b>— %</b>	

2019					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Japanese Yen	\$ 46	\$ —	46	— %	
Swiss Franc	2,239	—	2,239	0.1	
United States Dollar	225,766	—	225,766	6.1 %	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 229,601</b>	<b>\$ —</b>	<b>229,601</b>	<b>6.2 %</b>	

As at December 31, 2020, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by \$nil (2019 - \$2,296), representing 0% of the Fund's net assets (2019 - 0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 128,447	11.7 %	\$ 393,727	10.5 %
Consumer Staples	96,455	8.8	316,145	8.4
Energy	12,974	1.2	165,847	4.4
Financials	137,080	12.5	559,084	14.9
Health Care	140,065	12.8	503,230	13.4
Industrials	98,452	9.0	412,821	11.0
Information Technology	257,124	23.5	666,034	17.8
Materials	73,729	6.7	157,115	4.2
Real Estate	30,394	2.8	124,660	3.3
Telecommunication Services	92,630	8.6	322,690	8.7
Utilities	26,338	2.4	128,271	3.4
<b>Total</b>	<b>\$ 1,093,688</b>	<b>100.0 %</b>	<b>\$ 3,749,624</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$110,724 (2019 - \$366,256) or 10.3% (2019 - 9.8%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Equity by Geographic Region

As at December 31, the Fund's exposure through equity derivative financial instruments is concentrated in the following geographic regions.

GEOGRAPHIC REGION	2020		2019	
	Total	% of Total	Total	% of Total
Argentina	\$ 3,935	0.4 %	\$ 2,223	0.1 %
Australia	33,383	3.1	100,209	2.7
Austria	(8,618)	(0.8)	2,879	0.1
Belgium	1,908	0.2	12,748	0.3
Brazil	(2)	—	639	—
Canada	—	—	—	—
Chile	3	—	416	—
China	(480)	—	5,871	0.2
Denmark	23,231	2.1	23,761	0.6
Finland	1,810	0.2	14,483	0.4
France	32,808	3.0	145,944	3.9
Germany	32,822	3.0	111,627	3.0
Hong Kong	13,583	1.2	40,789	1.1
Ireland	(368)	—	8,256	0.2
Israel	(4,669)	(0.4)	6,880	0.2
Italy	15,665	1.4	26,701	0.7
Japan	96,328	8.8	316,972	8.5
Mexico	1	—	—	—
Netherlands	35,367	3.2	60,477	1.6
New Zealand	(1,607)	(0.1)	3,572	0.1
Norway	981	0.1	7,402	0.2
Portugal	(691)	(0.1)	2,053	0.1
Russia	2,090	0.2	236	—
Singapore	(5,844)	(0.5)	15,857	0.4
South Africa	8	—	2,594	0.1
Spain	9,246	0.8	36,648	1.0
Sweden	7,409	0.7	32,946	0.9
Switzerland	39,152	3.6	122,743	3.3
United Arab Emirates	—	—	191	—
United Kingdom	39,235	3.5	195,529	5.2
United States	727,002	66.4	2,448,978	65.1
<b>Total</b>	<b>\$ 1,093,688</b>	<b>100.0 %</b>	<b>\$ 3,749,624</b>	<b>100.0 %</b>

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020			2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	728	—	728	6,267	—	6,267
Floating rate funds	1,015,687	—	1,015,687	3,496,245	—	3,496,245
Total investments	1,016,415	—	1,016,415	3,502,512	—	3,502,512
Swaps, net	—	56,353	56,353	—	225,766	225,766
<b>Total</b>	<b>\$ 1,016,415</b>	<b>\$ 56,353</b>	<b>\$ 1,072,768</b>	<b>\$ 3,502,512</b>	<b>\$ 225,766</b>	<b>\$ 3,728,278</b>

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

During 2020 and 2019 there were no significant transfers between the three levels in the hierarchy.

## GLOBAL QUANTITATIVE ACTIVE EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,909,999	\$ 728	1	\$ 1,126,577	\$ 6,267
Investee floating rate funds administered by BCI	1	3,970,059	1,015,687	2	26,137,712	3,496,245

## INDEXED GLOBAL EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

Assets	NOTES	2020	2019
Cash		\$ 2,867	\$ 5,447
Receivable from issuance of units		—	86,900
Dividends receivable		1,356	5,146
Security lending revenue receivable		—	49
Withholding tax reclaims receivable	6	5,252	6,614
Derivative assets			
Swaps		455,538	210,997
Options		43,623	42,039
Investments		12,175,337	15,220,316
Total assets		12,683,973	15,577,508
<b>Liabilities</b>			
Payable for purchase of investments		—	14,895
Payable for redemption of units		—	86,900
BCI cost recoveries payable	4	4,895	4,637
Other accounts payable		175	203
Derivative liabilities			
Swaps		29,490	157
Options		41,405	38,791
Forwards		—	5
Total liabilities		75,965	145,588
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 12,608,008</b>	<b>\$ 15,431,920</b>
Number of redeemable units outstanding	5	3,494.764	4,918.283
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 3,608</b>	<b>\$ 3,138</b>

Uncertainties related to COVID-19

11

Subsequent events

12

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## INDEXED GLOBAL EQUITY FUND

### Statement of Comprehensive Loss

((Expressed in thousands of dollars))

Year ended December 31, 2020, with comparative information for 2019

Revenue	NOTES	2020	2019
Interest income		\$ 163,078	\$ 179,600
Dividend income		75,928	169,856
Securities lending income		7,508	7,657
Other income		30	—
Foreign exchange gain (loss)		20,629	(11,851)
Change in fair value of investments and derivatives:			
Net realized gain		1,700,546	2,015,527
Net change in unrealized appreciation		(68,914)	795,862
Total revenue		1,898,805	3,156,651
<b>Expenses</b>			
BCI cost recoveries	4	16,036	14,634
Administrative fees		416	493
Commissions and stock exchange fees		340	1,630
Other expenses		6	—
Withholding taxes	6	1,501	7,562
Total operating expenses		18,299	24,319
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		1,880,506	3,132,332
Distributions to holders of redeemable units:			
From net investment income		(243,527)	(322,567)
From net realized gains on investments and derivatives		(1,644,960)	(2,058,123)
		(1,888,487)	(2,380,690)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ (7,981)</b>	<b>\$ 751,642</b>



## INDEXED GLOBAL EQUITY FUND

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Balance, beginning of year	\$ 15,431,920	\$ 15,267,763
Increase (decrease) in net assets attributable to holders of redeemable units	(7,981)	751,642
Redeemable unit transactions:		
Proceeds from units issued	4,512,219	4,131,374
Reinvestment of distributions	1,888,487	2,380,690
Amounts paid for units redeemed	(9,216,637)	(7,099,549)
Net decrease from redeemable unit transactions	(2,815,931)	(587,485)
<b>Balance, end of year</b>	<b>\$ 12,608,008</b>	<b>\$ 15,431,920</b>

## INDEXED GLOBAL EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

Operating activities	2020	2019
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (7,981)	\$ 751,642
Adjustments for:		
Foreign exchange (gain) loss	(20,629)	11,851
Interest income	(163,078)	(179,600)
Dividend income	(75,928)	(169,856)
Withholding taxes	1,501	7,562
Net realized gain from investments and derivatives	(1,700,546)	(2,015,527)
Net change in unrealized appreciation of investments and derivatives	68,914	(799,110)
Amortization of premiums and discounts	23,037	—
Non cash distributions	1,888,487	2,380,690
Proceeds from sale of investments	12,201,556	11,428,142
Amounts paid for purchase of investments	(7,777,060)	(8,807,507)
Security lending revenue receivable	49	92
Receivable from BCI pooled investment portfolio	—	21,736
BCI cost recoveries payable	258	1,120
Other accounts payable	(28)	(99)
Interest received	163,078	179,600
Dividends received	79,718	173,913
Withholding taxes paid	(139)	(9,318)
	4,681,209	2,975,331
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	4,599,119	4,343,474
Payments on redemption of redeemable units	(9,303,537)	(7,311,649)
	(4,704,418)	(2,968,175)
Net increase (decrease) in cash	(23,209)	7,156
Effect of exchange rate changes on cash	20,629	(11,851)
Cash, beginning of year	5,447	10,142
<b>Cash, end of year</b>	<b>\$ 2,867</b>	<b>\$ 5,447</b>

## INDEXED GLOBAL EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Publicly Traded	\$ 1,774,929	\$ 1,422,007	\$ 6,179,277	\$ 5,571,833
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 1 Floating Rate Fund	10,400,408	10,427,832	9,041,039	9,039,888
<b>Total Investments</b>	<b>\$ 12,175,337</b>	<b>\$ 11,849,839</b>	<b>\$ 15,220,316</b>	<b>\$ 14,611,721</b>

## INDEXED GLOBAL EQUITY FUND

### Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020			2019		
	Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>		Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>OTC</b>						
Swaps	14,103,995	455,538	(29,490)	9,000,030	210,997	(157)
Options - Purchased	139	43,623	—	1,051,440	42,039	—
Options - Written	139	—	(41,405)	1,047,934	—	(38,791)
<b>Currency derivatives</b>						
<b>OTC</b>						
Forwards	95	—	—	2,986	—	(5)
<b>Total</b>	<b>\$ 14,104,368</b>	<b>\$ 499,161</b>	<b>\$ (70,895)</b>	<b>\$ 11,102,390</b>	<b>\$ 253,036</b>	<b>\$ (38,953)</b>

The terms of maturity based on notional value for the derivatives were as follows at December 31:

	2020	2019
Less than 1 year	\$ 14,104,368	\$ 11,102,390
<b>Total</b>	<b>\$ 14,104,368</b>	<b>\$ 11,102,390</b>

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

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

## INDEXED GLOBAL EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

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

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

## INDEXED GLOBAL EQUITY FUND

### Credit Risk

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

DERIVATIVES BY CREDIT RATING	2020						2019					
				Fair Value						Fair Value		
	Notional Value			Derivative Assets	Derivative Liabilities		Notional Value			Derivative Assets	Derivative Liabilities	
AAA/AA	\$	4,384,179	\$	201,834	\$	—	\$	6,648,897	\$	177,084	\$	(11,976)
A		9,720,189		297,327		(70,895)		4,453,493		75,952		(26,977)
<b>Total Derivatives</b>	<b>\$</b>	<b>14,104,368</b>	<b>\$</b>	<b>499,161</b>	<b>\$</b>	<b>(70,895)</b>	<b>\$</b>	<b>11,102,390</b>	<b>\$</b>	<b>253,036</b>	<b>\$</b>	<b>(38,953)</b>

### Liquidity Risk

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

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

2020									
	Carrying value		Less than 1 year		1 to 2 years		Over 2 year		Total
Derivative assets	\$	499,161	\$	499,161	\$	—	\$	—	499,161
Derivative liabilities		(70,895)		(70,895)		—		—	(70,895)
	\$	428,266	\$	428,266	\$	—	\$	—	428,266
2019									
	Carrying value		Less than 1 year		1 to 2 years		Over 2 year		Total
Derivative assets	\$	253,036	\$	253,036	\$	—	\$	—	253,036
Derivative liabilities		(38,953)		(38,953)		—		—	(38,953)
	\$	214,083	\$	214,083	\$	—	\$	—	214,083

### Interest Rate Risk

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

## INDEXED GLOBAL EQUITY FUND

### Currency Risk

At December 31, 2020, 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.

2020					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Australian Dollar	\$ 39,952	\$ —	\$ 39,952	0.3 %	
British Pound Sterling	72,366	—	72,366	0.6	
Danish Krone	14,169	—	14,169	0.1	
Euro	188,756	2	188,758	1.5	
Hong Kong Dollar	17,466	—	17,466	0.1	
Israeli New Shekel	2,251	—	2,251	—	
Japanese Yen	144,103	(85)	144,018	1.1	
New Zealand Dollar	1,714	—	1,714	—	
Norwegian Krone	3,386	—	3,386	—	
Singapore Dollar	6,003	—	6,003	—	
Swedish Krona	18,883	—	18,883	0.1	
Swiss Franc	54,290	—	54,290	0.4	
United States Dollar	1,214,584	89	1,214,673	9.6	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 1,777,923</b>	<b>\$ 6</b>	<b>\$ 1,777,929</b>	<b>14.1 %</b>	

2019					
CURRENCY	Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Australian Dollar	\$ 144,773	\$ 235	\$ 145,008	0.9 %	
British Pound Sterling	336,618	—	336,618	2.2	
Danish Krone	39,621	84	39,705	0.3	
Euro	692,596	440	693,036	4.5	
Hong Kong Dollar	68,361	213	68,574	0.4	
Israeli New Shekel	7,301	—	7,301	—	
Japanese Yen	520,711	—	520,711	3.4	
New Zealand Dollar	5,812	102	5,914	—	
Norwegian Krone	13,258	—	13,258	0.1	
Singapore Dollar	27,090	217	27,307	0.2	
Swedish Krona	57,023	(10)	57,013	0.4	
Swiss Franc	202,370	93	202,463	1.3	
United States Dollar	4,289,243	125	4,289,368	27.8	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 6,404,777</b>	<b>\$ 1,499</b>	<b>\$ 6,406,276</b>	<b>105.1 %</b>	

As at December 31, 2020, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by \$17,779 (2019 - \$64,063), representing 0.1% of the Fund's net assets (2019 - 0.4%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

## INDEXED GLOBAL EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 1,567,469	12.4 %	\$ 1,617,312	10.5 %
Consumer Staples	973,720	7.7	1,299,082	8.4
Energy	302,637	2.4	681,596	4.4
Financials	1,516,711	12.0	2,294,786	14.9
Health Care	1,681,412	13.3	2,068,621	13.4
Industrials	1,318,989	10.5	1,698,155	11.0
Information Technology	2,824,275	22.4	2,737,730	17.8
Materials	535,981	4.3	645,415	4.2
Real Estate	341,466	2.7	515,624	3.3
Telecommunication Services	1,145,826	9.1	1,325,098	8.7
Utilities	389,915	3.2	526,908	3.4
<b>Total</b>	<b>\$ 12,598,401</b>	<b>100.0 %</b>	<b>\$ 15,410,327</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$1,258,891 (2019 - \$1,503,415) or 10.0% (2019 - 9.7%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.



## INDEXED GLOBAL EQUITY FUND

### Equity by Geographic Region

The Fund's equity investments and equity derivative financial instruments are concentrated in the following geographic regions:

GEOGRAPHIC REGION	2020		2019	
	Total	% of Total	Total	% of Total
Argentina	\$ 16,302	0.1 %	\$ 5,474	— %
Australia	314,166	2.5	391,425	2.5
Austria	7,011	0.1	11,830	0.1
Belgium	36,480	0.3	52,384	0.3
Brazil	1,576	—	1,574	—
Chile	1,689	—	1,025	—
China	17,920	0.1	14,454	0.1
Denmark	101,047	0.8	97,638	0.6
Finland	47,724	0.4	55,769	0.4
France	439,766	3.5	602,357	3.9
Germany	377,241	3.0	458,946	3.0
Hong Kong	121,223	1.0	174,538	1.1
Ireland	28,142	0.2	32,846	0.2
Israel	24,072	0.2	29,740	0.2
Italy	85,418	0.7	115,586	0.8
Japan	1,015,609	8.1	1,300,366	8.4
Mexico	619	—	—	—
Netherlands	184,908	1.5	233,625	1.5
New Zealand	15,050	0.1	14,652	0.1
Norway	21,251	0.2	31,469	0.2
Portugal	6,881	0.1	8,438	0.1
Russia	715	—	582	—
Singapore	40,465	0.3	66,280	0.4
South Africa	8,844	0.1	6,386	—
Spain	97,781	0.8	150,614	1.0
Sweden	130,191	1.0	138,132	0.9
Switzerland	392,976	3.1	500,838	3.3
United Arab Emirates	—	—	470	—
United Kingdom	515,433	4.1	831,620	5.4
United States	8,547,901	67.7	10,081,269	65.5
<b>Total</b>	<b>\$ 12,598,401</b>	<b>100.0 %</b>	<b>\$ 15,410,327</b>	<b>100.0 %</b>

## INDEXED GLOBAL EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020			2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Public equities	\$ 1,774,929	\$ —	\$ 1,774,929	\$ 6,179,277	\$ —	\$ 6,179,277
Floating rate funds	10,400,408	—	10,400,408	9,041,039	—	9,041,039
Total investments	12,175,337	—	12,175,337	15,220,316	—	15,220,316
Swaps, net	—	426,048	426,048	—	210,840	210,840
Options, net	—	2,218	2,218	—	3,248	3,248
Forwards, net	—	—	—	—	(5)	(5)
Total derivatives	—	428,266	428,266	—	214,083	214,083
<b>Total</b>	<b>\$ 12,175,337</b>	<b>\$ 428,266</b>	<b>\$ 12,603,603</b>	<b>\$ 15,220,316</b>	<b>\$ 214,083</b>	<b>\$ 15,434,399</b>

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

During 2020 and 2019 there were no significant transfers between the three levels in the hierarchy.

## INDEXED GLOBAL EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee floating rate funds administered by BCI	1	14,553,478	10,400,408	1	20,580,634	9,041,039

## ACTIVE EMERGING MARKETS EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

Assets	NOTES	2020	2019
Cash		\$ 276,863	\$ 169,717
Receivable from sale of investments		23,718	1,234
Receivable from issuance of units		—	750
Interest receivable		1	7
Dividends receivable		8,635	4,017
Security lending revenue receivable		—	19
Withholding tax reclaims receivable	6	586	976
Other receivables		—	—
Derivative assets			
Forwards		4	—
Investments		6,568,321	4,005,292
Total assets		6,878,128	4,182,012
<b>Liabilities</b>			
Payable for purchase of investments		73,176	1,305
BCI cost recoveries payable	4	41,065	37,736
External management fees payable		19,772	4,713
Other accounts payable		693	650
Derivative liabilities			
Swaps		—	1,416
Forwards		49	1
Total liabilities		134,755	45,821
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 6,743,373</b>	<b>\$ 4,136,191</b>
Number of redeemable units outstanding	5	3,164,161	2,467,598
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 2,131</b>	<b>\$ 1,676</b>
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent events</i>	12		

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## ACTIVE EMERGING MARKETS EQUITY FUND

### Statement of Comprehensive Income (Loss)

((Expressed in thousands of dollars))

Year ended December 31, 2020, with comparative information for 2019

Revenue	NOTES	2020	2019
Interest income		\$ 2,566	\$ 9,514
Dividend income		104,755	81,186
Securities lending income		396	545
Other income		290	—
Foreign exchange gain		9,950	26,363
Change in fair value of investments and derivatives:			
Net realized gain		382,072	677,546
Net change in unrealized appreciation		929,229	(107,214)
Total revenue		1,429,258	687,940
<b>Expenses</b>			
BCI cost recoveries	4	8,220	20,045
External management fees		45,588	18,520
Administrative fees		2,026	2,531
Commissions and stock exchange fees		18,338	7,528
Pursuit costs		25	—
Withholding taxes	6	11,610	7,441
Total operating expenses		85,807	56,065
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		1,343,451	631,875
Distributions to holders of redeemable units:			
From net investment income		(41,319)	(72,182)
From net realized gains on investments and derivatives		(394,143)	(665,008)
		(435,462)	(737,190)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ 907,989</b>	<b>\$ (105,315)</b>

**ACTIVE EMERGING MARKETS EQUITY FUND****Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 4,136,191	\$ 8,249,380
Increase (decrease) in net assets attributable to holders of redeemable units	907,989	(105,315)
Redeemable unit transactions:		
Proceeds from units issued	1,898,539	475,032
Reinvestment of distributions	435,462	737,190
Amounts paid for units redeemed	(634,808)	(5,220,096)
Net increase (decrease) from redeemable unit transactions	1,699,193	(4,007,874)
<b>Balance, end of year</b>	<b>\$ 6,743,373</b>	<b>\$ 4,136,191</b>

## ACTIVE EMERGING MARKETS EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

Operating activities	2020	2019
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 907,989	\$ (105,315)
Adjustments for:		
Foreign exchange gain	(9,950)	(26,363)
Interest income	(2,566)	(9,514)
Dividend income	(104,755)	(81,186)
Withholding taxes	11,610	7,441
Net realized gain from investments and derivatives	(382,072)	(677,546)
Net change in unrealized appreciation of investments and derivatives	(929,229)	107,214
Amortization of premiums and discounts	(364)	—
Non cash distributions	435,462	737,190
Proceeds from sale of investments	8,880,126	7,080,246
Amounts paid for purchase of investments	(10,083,475)	(2,439,360)
Security lending revenue receivable	19	25
BCI cost recoveries payable	3,329	2,943
Other accounts payable	43	(666)
Interest received	2,572	9,507
Dividends received	100,137	84,297
Withholding taxes paid	(11,220)	(7,422)
External management fees payable	15,059	(6,429)
	(1,167,285)	4,675,062
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	1,899,289	517,082
Payments on redemption of redeemable units	(634,808)	(5,258,746)
	1,264,481	(4,741,664)
Net increase (decrease) in cash	97,196	(66,602)
Effect of exchange rate changes on cash	9,950	26,363
Cash, beginning of year	169,717	209,956
<b>Cash, end of year</b>	<b>\$ 276,863</b>	<b>\$ 169,717</b>

## ACTIVE EMERGING MARKETS EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Publicly Traded	\$ 6,541,801	\$ 5,110,770	\$ 3,767,681	\$ 3,259,414
Exchange Traded Funds	26,203	21,345	—	—
	6,568,004	5,132,115	3,767,681	3,259,414
<b>Bonds</b>				
Corporate	155	133	3,078	2,541
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	2	2	26	27
Fund ST3	160	163	2,308	2,355
	162	165	2,334	2,382
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 1 Floating Rate Fund	—	—	232,199	232,904
<b>Total Investments</b>	<b>\$ 6,568,321</b>	<b>\$ 5,132,413</b>	<b>\$ 4,005,292</b>	<b>\$ 3,497,241</b>



## ACTIVE EMERGING MARKETS EQUITY FUND

### Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020			2019		
	Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>		Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>OTC</b>						
Swaps	\$ —	\$ —	\$ —	\$ 230,170	\$ —	\$ (1,416)
<b>Currency derivatives</b>						
<b>OTC</b>						
Forwards	80,756	4	(49)	192,740	—	(1)
<b>Total</b>	<b>\$ 80,756</b>	<b>\$ 4</b>	<b>\$ (49)</b>	<b>\$ 422,910</b>	<b>\$ —</b>	<b>\$ (1,417)</b>

The terms of maturity based on notional value for the derivatives were as follows at December 31:

	2020	2019
Less than 1 year	\$ 80,756	\$ 422,190
<b>Total</b>	<b>\$ 80,756</b>	<b>\$ 422,190</b>

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

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

## ACTIVE EMERGING MARKETS EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

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

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

## ACTIVE EMERGING MARKETS EQUITY FUND

### Credit Risk

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

DERIVATIVES BY CREDIT RATING	2020						2019					
	Fair Value			Fair Value			Fair Value			Fair Value		
	Notional Value	Derivative Assets	Derivative Liabilities	Notional Value	Derivative Assets	Derivative Liabilities	Notional Value	Derivative Assets	Derivative Liabilities	Notional Value	Derivative Assets	Derivative Liabilities
AAA/AA	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
A	80,754	4	(49)	422,910	—	(1,417)	422,910	—	(1,417)	422,910	—	(1,417)
<b>Total Derivatives</b>	<b>\$ 80,756</b>	<b>\$ 4</b>	<b>\$ (49)</b>	<b>\$ 422,910</b>	<b>\$ —</b>	<b>\$ (1,417)</b>	<b>\$ 422,910</b>	<b>\$ —</b>	<b>\$ (1,417)</b>	<b>\$ 422,910</b>	<b>\$ —</b>	<b>\$ (1,417)</b>

### Liquidity Risk

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

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

2020					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 4	\$ 4	\$ —	\$ —	4
Derivative liabilities	(49)	(49)	—	—	(49)
	<b>\$ (45)</b>	<b>\$ (45)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>(45)</b>

  

2019					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative liabilities	(1,417)	(1,417)	—	—	(1,417)
	<b>\$ (1,417)</b>	<b>\$ (1,417)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>(1,417)</b>

### Interest Rate Risk

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

## ACTIVE EMERGING MARKETS EQUITY FUND

### Currency Risk

At December 31, 2020, 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.

2020					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Brazilian Real	\$ 192,662	\$ —	\$ 192,662	2.9 %	
British Pound Sterling	7,443	—	7,443	0.1	
Chilean Peso	12	—	12	—	
Chinese Yuan Renminbi	2,000,570	7,874	2,008,444	29.8	
Czech Koruna	10,320	—	10,320	0.2	
Euro	66,651	10,285	76,936	1.1	
Hong Kong Dollar	968,193	15,924	984,117	14.6	
Hungarian Forint	23,716	—	23,716	0.4	
Indian Rupee	802,516	5,214	807,730	12.0	
Indonesian Rupiah	25,066	—	25,066	0.4	
Malaysian Ringgit	9,437	—	9,437	0.1	
Mexican Peso	23,659	—	23,659	0.4	
Pakistani Rupee	1,396	—	1,396	—	
Poland Zloty	85,382	(265)	85,117	1.3	
Russian Ruble	74,026	—	74,026	1.1	
South African Rand	151,666	32	151,698	2.2	
South Korean Won	672,907	500	673,407	10.0	
Taiwan Dollar	292,388	—	292,388	4.3	
Thai Baht	28,483	—	28,483	0.4	
Turkish Lira	35,992	—	35,992	0.5	
United Arab Emirates Dirham	10,335	—	10,335	0.2	
United States Dollar	1,318,002	(39,610)	1,278,392	19.0	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 6,800,822</b>	<b>\$ (46)</b>	<b>\$ 6,800,776</b>	<b>100.9 %</b>	

## ACTIVE EMERGING MARKETS EQUITY FUND

2019

CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets
Brazilian Real	\$ 92,276	\$ —	\$ 92,276	2.2 %
Chinese Yuan	1,283,434	—	1,283,434	31.0
Euro	15,128	—	15,128	0.4
Hong Kong Dollar	868,425	983	869,408	21.0
Hungarian Forint	27,914	—	27,914	0.7
Indian Rupee	535,775	—	535,775	13.0
Indonesian Rupiah	8,223	—	8,223	0.2
Japanese Yen	5,049	—	5,049	0.1
Kuwaiti Dinar	7,458	—	7,458	0.2
Malaysian Ringgit	9,173	—	9,173	0.2
Pakistani Rupee	1,826	—	1,826	—
Poland Zloty	12,535	—	12,535	0.3
Russian Ruble	9,920	—	9,920	0.2
South African Rand	31,350	—	31,350	0.8
South Korean Won	201,812	165	201,977	4.9
Taiwan Dollar	172,342	—	172,342	4.2
Thai Baht	17,159	—	17,159	0.4
Turkish Lira	22,174	—	22,174	0.5
United Arab Emirates Dirham	12,664	—	12,664	0.3
United States Dollar	611,018	(1,149)	609,869	14.7
<b>Net Foreign Exchange Exposure</b>	<b>\$ 3,945,655</b>	<b>\$ (1)</b>	<b>\$ 3,945,654</b>	<b>101.5 %</b>

As at December 31, 2020, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by \$68,008 (2019 - \$39,457), representing 1.0% of the Fund's net assets (2019 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

## ACTIVE EMERGING MARKETS EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 1,150,964	17.5 %	\$ 772,500	19.3 %
Consumer Staples	743,803	11.4	430,240	10.8
Energy	186,802	2.9	208,148	5.2
Financials	1,206,785	18.4	765,983	19.2
Health Care	222,085	3.4	148,661	3.7
Industrials	304,390	4.7	203,535	5.1
Information Technology	1,409,776	21.6	692,043	17.3
Materials	489,182	7.5	195,385	4.9
Real Estate	140,085	2.1	162,277	4.1
Telecommunication Services	498,673	7.6	296,689	7.4
Utilities	189,256	2.9	121,053	3.0
<b>Total</b>	<b>\$ 6,541,801</b>	<b>100.0 %</b>	<b>\$ 3,996,514</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$508,944 (2019 - \$297,610) or 7.5% (2019 - 7.2%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

## ACTIVE EMERGING MARKETS EQUITY FUND

### Equity by Geographic Region

The Fund's equity investments and equity derivative financial instruments are concentrated in the following geographic regions:

GEOGRAPHIC REGION	2020		2019	
	Total	% of Total	Total	% of Total
Brazil	271,975	4.2	158,633	4.0
Chile	9,728	0.1	3,767	0.1
China	3,202,446	48.9	2,279,049	57.0
Colombia	2,426	—	3,651	0.1
Czech Republic	10,320	0.2	—	—
Egypt	6,106	0.1	7,975	0.2
Greece	4,532	0.1	14,491	0.4
Hong Kong	91,455	1.4	64,158	1.6
Hungary	23,716	0.4	27,914	0.7
India	901,214	13.8	535,431	13.4
Indonesia	25,066	0.4	8,223	0.2
Japan	—	—	5,049	0.1
Korea	667,304	10.1	428,809	10.7
Kuwait	—	—	7,458	0.2
Malaysia	9,164	0.1	9,173	0.2
Mexico	30,933	0.5	26,603	0.7
Netherlands	60,754	0.9	—	—
Pakistan	1,396	—	1,823	—
Peru	—	—	9,530	0.2
Poland	85,118	1.3	12,505	0.3
Russia	263,536	4.0	125,518	3.1
Singapore	36,489	0.6	—	—
South Africa	151,194	2.3	31,042	0.8
Spain	11,521	0.2	—	—
Taiwan	422,909	6.5	171,747	4.3
Thailand	28,483	0.4	17,159	0.4
Turkey	35,992	0.6	22,174	0.6
United Arab Emirates	10,335	0.2	18,262	0.5
United Kingdom	2,364	—	—	—
United States	175,325	2.7	6,370	0.2
<b>Total</b>	<b>\$ 6,541,801</b>	<b>100.0 %</b>	<b>\$ 3,996,514</b>	<b>100.0 %</b>

## ACTIVE EMERGING MARKETS EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020				2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Public equities	\$ 6,532,637	\$ —	\$ 9,164	\$ 6,541,801	\$ 3,767,681	\$ —	\$ —	\$ 3,767,681
Exchange traded funds	26,203	—	—	26,203	—	—	—	—
Money market funds	162	—	—	162	2,334	—	—	2,334
Floating rate funds	—	—	—	—	232,199	—	—	232,199
Bonds	—	155	—	155	—	3,078	—	3,078
Total investments	6,559,002	155	9,164	6,568,321	4,002,214	3,078	—	4,005,292
Swaps, net	—	—	—	—	—	(1,416)	—	(1,416)
Forwards, net	—	(45)	—	(45)	—	(1)	—	(1)
Total derivatives	—	(45)	—	(45)	—	(1,417)	—	(1,417)
<b>Total</b>	<b>\$ 6,559,002</b>	<b>\$ 110</b>	<b>\$ 9,164</b>	<b>\$ 6,568,276</b>	<b>\$ 4,002,214</b>	<b>\$ 1,661</b>	<b>\$ —</b>	<b>\$ 4,003,875</b>

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

During 2020, there was one instance of a transfer between Level 1 and Level 3 as a result of a public equity security held in the fund that suspended trading for a prolonged period. In 2019, there were no significant transfers between the three levels in the hierarchy.

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

	2020	2019
Opening balance, beginning of year	\$ —	\$ —
Transfers	9,164	—
<b>Closing balance, end of year</b>	<b>\$ 9,164</b>	<b>\$ —</b>
Total unrealized gains for the period included in profit or loss related to level 3 investments held at the reporting date	—	—



## ACTIVE EMERGING MARKETS EQUITY FUND

### Significant Unobservable Inputs Used in Measuring Fair Value

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

2020					
	Fair Value	Valuation Technique	Unobservable Input	Amount/Range	Sensitivity to Change in Significant Unobservable Input
Public equity security	\$ 9,164	Net Asset Value	Net Asset Value	9,164	The estimated fair value would increase (decrease) if the net asset value of investment was higher (lower).

Significant unobservable inputs are developed as follows:

#### Net Asset Value:

Represents the net asset value of a public equity security that has been suspended from trading for a prolonged period of time and is in the process of liquidation. BCI management values this security primarily based on the latest available financial information provided by the issuer, as the last traded price prior to suspension is no longer indicative of fair value. In such cases, it is the Fund's policy to categorize the security as Level 3 within the fair value hierarchy.

### Effects of Unobservable Input on Fair Value Measurement

The public equity security is valued based on information received from the management of the investee. Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to holders of redeemable units. The following table shows how the net assets attributable to holders of redeemable units would change if the valuation of the public equity security was calculated by adjusting the investment's fair market value by 10%.

	2020		2019	
Favourable	\$	916	\$	—
Unfavourable		(916)		—

## ACTIVE EMERGING MARKETS EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	2	\$ 2,904,346	\$ 162	2	\$ 1,830,989	\$ 2,334
Investee floating rate funds administered by BCI	—	—	—	1	20,580,634	232,199

## INDEXED EMERGING MARKETS EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

Assets	NOTES	2020	2019
Cash		\$ 2,004	\$ 3,080
Receivable from sale of investments		30,036	—
Dividends receivable		6,759	7,715
Security lending revenue receivable		—	104
Withholding tax reclaims receivable	6	64	448
Derivative assets			
Swaps		389,606	346,844
Investments		7,752,455	9,694,230
Total assets		8,180,924	10,052,421
<b>Liabilities</b>			
Payable for purchase of investments		31,403	—
BCI cost recoveries payable	4	2,054	1,785
Other accounts payable		685	705
Derivative liabilities			
Swaps		108,226	46,114
Forwards		1	—
Total liabilities		142,369	48,604
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 8,038,555</b>	<b>\$ 10,003,817</b>
Number of redeemable units outstanding	5	4,106.236	5,954.488
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 1,958</b>	<b>\$ 1,680</b>
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent events</i>	12		

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## INDEXED EMERGING MARKETS EQUITY FUND

### Statement of Comprehensive Income

((Expressed in thousands of dollars))

Year ended December 31, 2020, with comparative information for 2019

Revenue	NOTES	2020	2019
Interest income		\$ 80,481	\$ 112,653
Dividend income		86,440	93,047
Securities lending income		3,921	5,130
Other income		19	—
Foreign exchange gain (loss)		2,749	(1,953)
Change in fair value of investments and derivatives:			
Net realized gain		611,693	181,330
Net change in unrealized appreciation		499,394	571,303
Total revenue		1,284,697	961,510
<b>Expenses</b>			
BCI cost recoveries	4	12,726	7,470
Administrative fees		1,300	1,420
Commissions and stock exchange fees		755	650
Other expenses		4	—
Withholding taxes	6	9,363	9,502
Total operating expenses		24,148	19,042
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		1,260,549	942,468
Distributions to holders of redeemable units:			
From net investment income		(142,530)	(189,750)
From net realized gains on investments and derivatives		(611,695)	(74,625)
		(754,225)	(264,375)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 506,324</b>	<b>\$ 678,093</b>

## INDEXED EMERGING MARKETS EQUITY FUND

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Balance, beginning of year	\$ 10,003,817	\$ 4,732,747
Increase in net assets attributable to holders of redeemable units	506,324	678,093
Redeemable unit transactions:		
Proceeds from units issued	535,842	5,137,173
Reinvestment of distributions	754,225	264,375
Amounts paid for units redeemed	(3,761,653)	(808,571)
Net increase (decrease) from redeemable unit transactions	(2,471,586)	4,592,977
<b>Balance, end of year</b>	<b>\$ 8,038,555</b>	<b>\$ 10,003,817</b>

## INDEXED EMERGING MARKETS EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

Operating activities	2020	2019
Increase in net assets attributable to holders of redeemable units	\$ 506,324	\$ 678,093
Adjustments for:		
Foreign exchange (gain) loss	(2,749)	1,953
Interest income	(80,481)	(112,653)
Dividend income	(86,440)	(93,047)
Withholding taxes	9,363	9,502
Net realized gain from investments and derivatives	(611,693)	(181,330)
Net change in unrealized appreciation of investments and derivatives	(499,394)	(571,303)
Amortization of premiums and discounts	5,022	—
Non cash distributions	754,225	264,375
Proceeds from sale of investments	7,527,416	2,319,812
Amounts paid for purchase of investments	(4,458,858)	(6,837,102)
Security lending revenue receivable	104	(5)
BCI cost recoveries payable	269	1,090
Other accounts payable	(20)	(5)
Interest received	80,481	112,653
Dividends received	87,396	92,405
Withholding taxes paid	(8,979)	(9,735)
	3,221,986	(4,325,297)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	535,842	5,166,573
Payments on redemption of redeemable units	(3,761,653)	(837,971)
	(3,225,811)	4,328,602
Net increase (decrease) in cash	(3,825)	3,305
Effect of exchange rate changes on cash	2,749	(1,953)
Cash, beginning of year	3,080	1,728
<b>Cash, end of year</b>	<b>\$ 2,004</b>	<b>\$ 3,080</b>

## INDEXED EMERGING MARKETS EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Publicly Traded	\$ 3,819,638	\$ 2,916,090	\$ 3,428,105	\$ 3,049,078
Exchange Traded Funds	599	597	1,053	990
	3,820,237	2,916,687	3,429,158	3,050,068
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 1 Floating Rate Fund	3,932,218	3,945,609	6,265,072	6,272,748
<b>Total Investments</b>	<b>\$ 7,752,455</b>	<b>\$ 6,862,296</b>	<b>\$ 9,694,230</b>	<b>\$ 9,322,816</b>

See accompanying Notes to the Financial Statements

## INDEXED EMERGING MARKETS EQUITY FUND

### Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020			2019		
	Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>		Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>Listed</b>						
<b>OTC</b>						
Swaps	\$ 7,539,470	\$ 389,606	\$ (108,226)	\$ 8,314,875	\$ 346,844	\$ (46,114)
<b>Currency derivatives</b>						
<b>OTC</b>						
Forwards	595	—	(1)	70	—	—
<b>Total</b>	<b>\$ 7,540,065</b>	<b>\$ 389,606</b>	<b>\$ (108,227)</b>	<b>\$ 8,314,945</b>	<b>\$ 346,844</b>	<b>\$ (46,114)</b>

The terms of maturity based on notional value for the derivatives were as follows at December 31:

	2020	2019
Less than 1 year	\$ 6,159,076	\$ 8,314,875
1 to 2 years	1,380,988	—
Over 2 years	1	—
<b>Total</b>	<b>\$ 7,540,065</b>	<b>\$ 8,314,875</b>

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

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



## INDEXED EMERGING MARKETS EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

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

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

## INDEXED EMERGING MARKETS EQUITY FUND

### Credit Risk

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

DERIVATIVES BY CREDIT RATING	2020						2019					
				Fair Value						Fair Value		
	Notional Value			Derivative Assets	Derivative Liabilities		Notional Value			Derivative Assets	Derivative Liabilities	
AAA/AA	\$	595	\$	—	\$	(1)	\$	1,217,617	\$	33,278	\$	(19,302)
A		7,539,470		389,606		(108,226)		7,097,328		313,566		(26,812)
<b>Total Derivatives</b>	<b>\$</b>	<b>7,540,065</b>	<b>\$</b>	<b>389,606</b>	<b>\$</b>	<b>(108,227)</b>	<b>\$</b>	<b>8,314,945</b>	<b>\$</b>	<b>346,844</b>	<b>\$</b>	<b>(46,114)</b>

### Liquidity Risk

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

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

2020								
	Carrying value		Less than 1 year		1 to 2 years		Over 2 year	Total
Derivative assets	\$	389,606	\$	303,108	\$	86,497	\$	389,606
Derivative liabilities		(108,227)		(78,079)		(30,147)		(108,227)
	\$	281,379	\$	225,029	\$	56,350	\$	281,379
2019								
	Carrying value		Less than 1 year		1 to 2 years		Over 2 year	Total
Derivative assets	\$	346,844	\$	346,844	\$	—	\$	346,844
Derivative liabilities		(46,114)		(46,114)		—		(46,114)
	\$	300,730	\$	300,730	\$	—	\$	300,730

### Interest Rate Risk

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

## INDEXED EMERGING MARKETS EQUITY FUND

### Currency Risk

At December 31, 2020, 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.

2020					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Brazilian Real	\$ 220,962	\$ —	\$ 220,962	2.7 %	
Chilean Peso	21,770	—	21,770	0.3	
Colombian Peso	8,598	—	8,598	0.1	
Czech Koruna	4,298	—	4,298	0.1	
Egyptian Pound	792	—	792	—	
Euro	4,618	—	4,618	0.1	
Hong Kong Dollar	938,885	—	938,885	11.7	
Hungarian Forint	9,131	—	9,131	0.1	
Indian Rupee	399,361	—	399,361	5.0	
Indonesian Rupiah	19,318	—	19,318	0.2	
Malaysian Ringgit	61,997	—	61,997	0.8	
Mexican Peso	74,730	—	74,730	0.9	
Pakistani Rupee	736	—	736	—	
Philippine Peso	31,933	—	31,933	0.4	
Poland Zloty	29,253	—	29,253	0.4	
Qatari Rial	30,210	—	30,210	0.4	
Russian Ruble	112,334	—	112,334	1.4	
South African Rand	50,814	595	51,409	0.6	
South Korean Won	584,782	—	584,782	7.3	
Taiwan Dollar	549,286	—	549,286	6.8	
Thai Baht	78,448	—	78,448	1.0	
Turkish Lira	5,557	—	5,557	0.1	
United Arab Emirates Dirham	22,761	—	22,761	0.3	
United States Dollar	567,102	(595)	566,507	7.0	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 3,827,676</b>	<b>\$ —</b>	<b>\$ 3,827,676</b>	<b>47.6 %</b>	

## INDEXED EMERGING MARKETS EQUITY FUND

2019

CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)		Net Foreign Currency Contracts Receivable/ (Payable)		Net Exposure	% of Total Net Assets
Brazilian Real	\$	272,641	\$	—	\$ 272,641	2.7 %
Chilean Peso		27,129		—	27,129	0.3
Colombian Peso		13,517		—	13,517	0.1
Czech Koruna		5,059		—	5,059	0.1
Egyptian Pound		1,002		—	1,002	—
Euro		20,854		—	20,854	0.2
Hong Kong Dollar		766,985		—	766,985	7.7
Hungarian Forint		11,118		—	11,118	0.1
Indian Rupee		316,893		—	316,893	3.2
Indonesian Rupiah		70,780		—	70,780	0.7
Malaysian Ringgit		66,412		—	66,412	0.7
Mexican Peso		83,680		—	83,680	0.8
Pakistani Rupee		1,109		—	1,109	—
Philippine Peso		34,662		—	34,662	0.3
Poland Zloty		32,446		—	32,446	0.3
Qatari Rial		33,833		—	33,833	0.3
Russian Ruble		127,188		—	127,188	1.3
South African Rand		174,468		—	174,468	1.7
South Korean Won		434,369		—	434,369	4.3
Taiwan Dollar		428,417		—	428,417	4.3
Thai Baht		92,362		—	92,362	0.9
Turkish Lira		17,829		—	17,829	0.2
United Arab Emirates Dirham		20,578		—	20,578	0.2
United States Dollar		687,903		—	687,903	6.9
<b>Net Foreign Exchange Exposure</b>	<b>\$</b>	<b>3,741,234</b>	<b>\$</b>	<b>—</b>	<b>\$ 3,741,234</b>	<b>37.3 %</b>

As at December 31, 2020, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by \$38,277 (2019 - \$37,412), representing 0.5% of the Fund's net assets (2019 - 0.4%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

## INDEXED EMERGING MARKETS EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 1,473,408	18.4 %	\$ 1,425,791	14.3 %
Consumer Staples	471,120	5.9	628,660	6.3
Energy	402,758	5.0	737,725	7.4
Financials	1,441,922	18.0	2,418,896	24.2
Health Care	380,381	4.7	281,291	2.8
Industrials	348,040	4.3	527,521	5.3
Information Technology	1,644,596	20.5	1,567,245	15.7
Materials	607,130	7.6	737,668	7.4
Real Estate	164,895	2.1	302,957	3.0
Telecommunication Services	932,685	11.5	1,079,653	10.8
Utilities	161,876	2.0	260,072	2.6
Other	—	—	20,662	0.2
<b>Total</b>	<b>\$ 8,028,811</b>	<b>100.0 %</b>	<b>\$ 9,988,141</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$636,356 (2019 - \$736,119) or 7.9% (2019 - 7.4%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

## INDEXED EMERGING MARKETS EQUITY FUND

### Equity by Geographic Region

The Fund's equity investments and equity derivative financial instruments are concentrated in the following geographic regions:

GEOGRAPHIC REGION	2020		2019	
	Total	% of Total	Total	% of Total
Argentina	\$ 9,747	0.1 %	\$ 10,224	0.1 %
Australia	8,093	0.1	9,531	0.1
Brazil	407,043	5.1	738,035	7.4
Chile	40,385	0.5	73,915	0.7
China	3,131,479	39.0	3,057,336	30.6
Colombia	15,841	0.2	36,477	0.4
Czech Republic	7,966	0.1	13,380	0.1
Egypt	6,684	0.1	9,568	0.1
Greece	8,583	0.1	28,683	0.3
Hong Kong	13,151	0.2	21,157	0.2
Hungary	16,947	0.2	30,245	0.3
India	742,274	9.2	861,257	8.6
Indonesia	106,905	1.3	192,256	1.9
Korea	1,079,744	13.4	1,169,350	11.7
Kuwait	39,176	0.5	—	—
Malaysia	121,423	1.5	180,434	1.8
Mexico	138,946	1.7	227,467	2.3
Netherlands	—	—	9,978	0.1
Pakistan	1,368	—	2,785	—
Peru	19,593	0.2	21,626	0.2
Philippines	59,319	0.7	94,320	0.9
Poland	54,304	0.7	87,329	0.9
Qatar	56,071	0.7	92,056	0.9
Romania	2,159	—	3,421	—
Russia	236,851	3.0	373,885	3.7
Saudi Arabia	195,414	2.4	259,556	2.6
Singapore	847	—	2,148	—
South Africa	268,969	3.4	460,559	4.6
Spain	—	—	891	—
Taiwan	1,021,912	12.8	1,165,870	11.7
Thailand	143,046	1.8	254,782	2.6
Turkey	30,023	0.4	48,708	0.5
United Arab Emirates	42,263	0.6	58,165	0.6
United States	2,285	—	392,748	4.1
<b>Total</b>	<b>\$ 8,028,811</b>	<b>100.0 %</b>	<b>\$ 9,988,142</b>	<b>100.0 %</b>

## INDEXED EMERGING MARKETS EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020			2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Public equities	\$ 3,819,638	\$ —	\$ 3,819,638	\$ 3,428,105	\$ —	\$ 3,428,105
Exchange traded funds	599	—	599	—	—	—
Floating rate funds	3,932,218	—	3,932,218	6,265,072	—	6,265,072
Investee fund investment	—	—	—	—	1,053	1,053
Total investments	7,752,455	—	7,752,455	9,693,177	1,053	9,694,230
Swaps, net	—	281,380	281,380	—	300,730	300,730
Forwards, net	—	(1)	(1)	—	—	—
Total derivatives	—	281,379	281,379	—	300,730	300,730
<b>Total</b>	<b>\$ 7,752,455</b>	<b>\$ 281,379</b>	<b>\$ 8,033,834</b>	<b>\$ 9,693,177</b>	<b>\$ 301,783</b>	<b>\$ 9,994,960</b>

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

During 2020 and 2019 there were no significant transfers between the three levels in the hierarchy.

## INDEXED EMERGING MARKETS EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee floating rate funds administered by BCI	1	14,553,478	3,932,218	1	20,580,634	6,265,072



## THEMATIC PUBLIC EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

Assets	NOTES	2020	2019
Cash		\$ 84,480	\$ 84,763
Receivable from sale of investments		25,074	—
Dividends receivable		2,263	1,131
Security lending revenue receivable		—	26
Withholding tax reclaims receivable	6	870	908
Derivative assets			
Swaps		23,686	25,982
Investments		4,591,390	2,574,371
Total assets		4,727,763	2,687,181
<b>Liabilities</b>			
Payable for purchase of investments		32,169	—
BCI cost recoveries payable	4	2,512	2,339
Other accounts payable		62	62
Derivative liabilities			
Forwards		5	—
Total liabilities		34,748	2,401
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 4,693,015</b>	<b>\$ 2,684,780</b>
Number of redeemable units outstanding	5	1,551.659	1,091.230
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 3,025</b>	<b>\$ 2,460</b>
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent events</i>	12		

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## THEMATIC PUBLIC EQUITY FUND

### Statement of Comprehensive Income

((Expressed in thousands of dollars))

Year ended December 31, 2020, with comparative information for 2019

Revenue	NOTES	2020	2019
Interest income		\$ 3,024	\$ 1,754
Dividend income		38,147	30,235
Securities lending income		1,684	741
Other income		60	—
Foreign exchange loss		(3,617)	(3,605)
Change in fair value of investments and derivatives:			
Net realized gain		330,141	184,576
Net change in unrealized appreciation		400,487	284,193
Total revenue		769,926	497,894
<b>Expenses</b>			
BCI cost recoveries	4	8,085	6,402
External management fees		—	1,668
Administrative fees		120	104
Commissions and stock exchange fees		2,270	1,256
Withholding taxes	6	1,256	2,901
Total operating expenses		11,731	12,331
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		758,195	485,563
Distributions to holders of redeemable units:			
From net investment income		(27,037)	(18,046)
From net realized gains on investments and derivatives		(324,892)	(182,703)
		(351,929)	(200,749)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 406,266</b>	<b>\$ 284,814</b>

## THEMATIC PUBLIC EQUITY FUND

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Balance, beginning of year	\$ 2,684,780	\$ 1,449,666
Increase in net assets attributable to holders of redeemable units	406,266	284,814
Redeemable unit transactions:		
Proceeds from units issued	1,250,040	749,551
Reinvestment of distributions	351,929	200,749
Net increase from redeemable unit transactions	1,601,969	950,300
<b>Balance, end of year</b>	<b>\$ 4,693,015</b>	<b>\$ 2,684,780</b>

## THEMATIC PUBLIC EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

Operating activities	2020	2019
Increase in net assets attributable to holders of redeemable units	\$ 406,266	\$ 284,814
Adjustments for:		
Foreign exchange loss	3,617	3,605
Interest income	(3,024)	(1,754)
Dividend income	(38,147)	(30,235)
Withholding taxes	1,256	2,901
Net realized gain from investments and derivatives	(330,141)	(184,576)
Net change in unrealized appreciation of investments and derivatives	(400,487)	(284,193)
Amortization of premiums and discounts	(148)	—
Non cash distributions	351,929	200,749
Proceeds from sale of investments	2,072,380	1,297,296
Amounts paid for purchase of investments	(3,349,227)	(2,000,794)
Security lending revenue receivable	26	32
BCI cost recoveries payable	173	611
Interest received	3,024	1,754
Dividends received	37,015	29,521
Withholding taxes paid	(1,218)	(3,436)
External management fees payable	—	(496)
	(1,246,706)	(684,201)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	1,250,040	749,551
Net increase in cash	3,334	65,350
Effect of exchange rate changes on cash	(3,617)	(3,605)
Cash, beginning of year	84,763	23,018
<b>Cash, end of year</b>	<b>\$ 84,480</b>	<b>\$ 84,763</b>

## THEMATIC PUBLIC EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Publicly Traded	\$ 4,464,579	\$ 3,634,109	\$ 2,314,122	\$ 1,881,326
Direct Private Equity	14,411	7,500	8,764	7,500
	4,478,990	3,641,609	2,322,886	1,888,826
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	1,000	1,000	106	106
Fund ST2	8	8	98	99
Fund ST3	1,287	1,412	—	—
	2,295	2,420	204	205
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 1 Floating Rate Fund	110,105	110,540	251,281	251,307
<b>Total Investments</b>	<b>\$ 4,591,390</b>	<b>\$ 3,754,569</b>	<b>\$ 2,574,371</b>	<b>\$ 2,140,338</b>

## THEMATIC PUBLIC EQUITY FUND

### Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020			2019		
	Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>		Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>OTC</b>						
Swaps	110,000	23,686	—	250,000	25,982	—
<b>Currency derivatives</b>						
<b>OTC</b>						
Forwards	2,403	—	(5)	—	—	—
<b>Total</b>	<b>\$ 112,403</b>	<b>\$ 23,686</b>	<b>\$ (5)</b>	<b>\$ 250,000</b>	<b>\$ 25,982</b>	<b>\$ —</b>

The terms of maturity based on notional value for the derivatives were as follows at December 31:

	2020		2019	
Less than 1 year	\$	112,403	\$	250,000
<b>Total</b>	<b>\$</b>	<b>112,403</b>	<b>\$</b>	<b>250,000</b>

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

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

## THEMATIC PUBLIC EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

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

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

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

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

## THEMATIC PUBLIC EQUITY FUND

### Credit Risk

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

DERIVATIVES BY CREDIT RATING	2020			2019		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
A	112,403	23,686	(5)	250,000	25,982	—
<b>Total Derivatives</b>	<b>\$ 112,403</b>	<b>\$ 23,686</b>	<b>\$ (5)</b>	<b>\$ 250,000</b>	<b>\$ 25,982</b>	<b>\$ —</b>

### Liquidity Risk

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

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

2020					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 23,686	\$ 23,686	—	—	23,686
Derivative liabilities	(5)	(5)	—	—	(5)
	<b>\$ 23,681</b>	<b>\$ 23,681</b>	<b>—</b>	<b>—</b>	<b>23,681</b>

  

2019					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 25,982	\$ 25,982	—	—	25,982
	<b>\$ 25,982</b>	<b>\$ 25,982</b>	<b>—</b>	<b>—</b>	<b>25,982</b>

### Interest Rate Risk

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



## THEMATIC PUBLIC EQUITY FUND

### Currency Risk

At December 31, 2020, 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.

2020					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Euro	\$ 1,300,172	\$ —	\$ 1,300,172	27.7 %	
Hong Kong Dollar	190,047	—	190,047	4.0	
Indian Rupee	51,195	—	51,195	1.1	
Japanese Yen	231,050	—	231,050	4.9	
Mexican Peso	132,893	2,403	135,296	2.9	
Swiss Franc	53,393	—	53,393	1.1	
Taiwan Dollar	89,552	—	89,552	1.9	
United States Dollar	2,455,605	(2,407)	2,453,198	52.3	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 4,503,907</b>	<b>\$ (4)</b>	<b>\$ 4,503,903</b>	<b>96.0 %</b>	

2019					
CURRENCY	Net Investments, Derivatives and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable/ (Payable)	Net Exposure	% of Total Net Assets	
Danish Krone	\$ 197	\$ —	\$ 197	— %	
Euro	461,215	—	461,215	17.2	
Hong Kong Dollar	28,135	—	28,135	1.0	
Japanese Yen	134,011	—	134,011	5.0	
Norwegian Krone	84,206	—	84,206	3.1	
South Korean Won	25	—	25	—	
Swiss Franc	26,179	—	26,179	1.0	
Taiwan Dollar	13	—	13	—	
United States Dollar	1,624,805	—	1,624,805	60.5	
<b>Net Foreign Exchange Exposure</b>	<b>\$ 2,358,786</b>	<b>\$ —</b>	<b>\$ 2,358,786</b>	<b>87.9 %</b>	

As at December 31, 2020, if the Canadian dollar had strengthened/weakened by 1% in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, by \$45,039 (2019 - \$23,588), representing 1.0% of the Fund's net assets (2019 - 1%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

## THEMATIC PUBLIC EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 824,523	17.9 %	\$ 339,194	13.0 %
Consumer Staples	231,137	5.0	131,146	5.0
Financials	—	—	276,770	10.6
Health Care	998,278	21.6	442,504	17.0
Industrials	357,144	7.7	307,326	11.8
Information Technology	1,368,697	29.7	683,155	26.3
Materials	308,881	6.7	159,827	6.1
Telecommunication Services	237,787	5.2	120,845	4.9
Utilities	271,843	5.9	130,125	5.0
Total Public Equities	4,598,290	99.7	2,590,892	99.7
Financials	14,411	0.3	8,764	0.3
Total Direct Private Equity	14,411	0.3	8,764	0.3
<b>Total</b>	<b>\$ 4,612,701</b>	<b>100.0 %</b>	<b>\$ 2,599,656</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$433,209 (2019 - \$250,823) or 9.2% (2019 - 9.3%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

## THEMATIC PUBLIC EQUITY FUND

### *Equity by Geographic Region*

The Fund's equity investments and equity derivative financial instruments are concentrated in the following geographic regions:

GEOGRAPHIC REGION	2020		2019	
	Total	% of Total	Total	% of Total
Australia	1,709	—	—	—
Canada	41,133	0.9	242,024	9.3
China	193,239	4.2	28,135	1.1
France	262,711	5.7	185,236	7.1
Germany	298,776	6.5	64,651	2.5
Hong Kong	599	—	—	—
India	54,842	1.2	—	—
Italy	149,975	3.3	—	—
Japan	264,852	5.7	132,792	5.1
Korea	31,909	0.7	—	—
Mexico	135,296	2.9	—	—
Netherlands	335,982	7.3	78,370	3.0
New Zealand	831	—	—	—
Norway	—	—	84,206	3.3
Singapore	245	—	—	—
Spain	230,711	5.0	118,124	4.6
Switzerland	53,393	1.2	26,125	1.0
Taiwan	131,892	2.9	—	—
Thailand	306	—	—	—
United States	2,409,889	52.2	1,622,465	62.7
Total	4,598,290	99.7	2,582,128	99.7
Canada	14,411	0.3	8,764	0.3
Total Direct Private Equity	14,411	0.3	8,764	0.3
<b>Total</b>	<b>\$ 4,612,701</b>	<b>100.0 %</b>	<b>\$ 2,590,892</b>	<b>100.0 %</b>

## THEMATIC PUBLIC EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020				2019			
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Public equities	\$ 4,464,579	\$ —	\$ —	\$ 4,464,579	\$ 2,314,122	\$ —	\$ —	\$ 2,314,122
Money market funds	2,295	—	—	2,295	204	—	—	204
Floating rate funds	110,105	—	—	110,105	251,281	—	—	251,281
Direct private equity investment	—	—	14,411	14,411	—	—	8,764	8,764
Total investments	4,576,979	—	14,411	4,591,390	2,565,607	—	8,764	2,574,371
Swaps, net	—	23,686	—	23,686	—	25,982	—	25,982
Forwards, net	—	(5)	—	(5)	—	—	—	—
Total derivatives	—	23,681	—	23,681	—	25,982	—	25,982
<b>Total</b>	<b>\$ 4,576,979</b>	<b>\$ 23,681</b>	<b>\$ 14,411</b>	<b>\$ 4,615,071</b>	<b>\$ 2,565,607</b>	<b>\$ 25,982</b>	<b>\$ 8,764</b>	<b>\$ 2,600,353</b>

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

During 2020 and 2019 there were no significant transfers between the three levels in the hierarchy.

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

	2020	2019
Opening balance, beginning of year	\$ 8,764	\$ 7,481
Total gains recognized in profit or loss	5,647	1,283
<b>Closing balance, end of year</b>	<b>\$ 14,411</b>	<b>\$ 8,764</b>
Total unrealized gains for the period included in profit or loss related to level 3 investments held at the reporting date	5,647	1,283

## THEMATIC PUBLIC EQUITY FUND

### Significant Unobservable Inputs Used in Measuring Fair Value

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

2020					
	Fair Value	Valuation Technique	Unobservable Input	Amount/Range	Sensitivity to Change in Significant Unobservable Input
Direct private equity investment	\$ 14,411	Market approach	Revenue Multiple	10.4	The estimated fair value would increase (decrease) if the EV multiples were higher (lower).

2019					
	Fair Value	Valuation Technique	Unobservable Input	Amount/Range	Sensitivity to Change in Significant Unobservable Input
Direct private equity investment	\$ 8,764	Market approach	Revenue Multiple	8.3	The estimated fair value would increase (decrease) if the EV multiples were higher (lower).

Significant unobservable inputs are developed as follows:

Revenue multiples:

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

### Effects of Unobservable Input on Fair Value Measurement

The direct private equity investment is valued based on information received from the management of the investee. Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to holders of redeemable units. The following table shows how the net assets attributable to holders of redeemable units would change if the valuation of the direct private equity investment was calculated by adjusting the investment's fair market value by 10%.

	2020		2019	
Favourable	\$	1,441	\$	876
Unfavourable		(1,441)		(876)

## THEMATIC PUBLIC EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	3	\$ 6,707,768	\$ 2,295	2	\$ 4,852,454	\$ 204
Investee floating rate funds administered by BCI	1	14,553,478	110,105	1	20,580,634	251,281

## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Statement of Financial Position

(Expressed in thousands of dollars, except numbers of units)

As at December 31, 2020, with comparative information for 2019

Assets	NOTES	2020	2019
Cash		\$ —	\$ 183
Withholding tax reclaims receivable	6	1,483	—
Other receivables		—	—
Derivative assets			
Swaps		188,350	73,480
Investments		2,954,957	2,630,382
Total assets		3,144,790	2,704,045
<b>Liabilities</b>			
BCI cost recoveries payable	4	1,589	488
Other accounts payable		16	14
Derivative liabilities			
Swaps		16,478	12,600
Total liabilities		18,083	13,102
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 3,126,707</b>	<b>\$ 2,690,943</b>
Number of redeemable units outstanding	5	2,617.095	2,609.517
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 1,195</b>	<b>\$ 1,031</b>
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent events</i>	12		

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Statement of Comprehensive Income

((Expressed in thousands of dollars))

Year ended December 31, 2020, with comparative information for the period ended December 31, 2019

Revenue	NOTES	2020	2019
Interest income		\$ 42,262	\$ 7,475
Dividend income		5	251
Securities lending income		831	73
Other income		19	—
Foreign exchange gain (loss)		43	(881)
Change in fair value of investments and derivatives:			
Net realized gain		288,775	6,202
Net change in unrealized appreciation		102,986	61,214
Total revenue		434,921	74,334
<b>Expenses</b>			
BCI cost recoveries	4	6,476	986
Administrative fees		71	23
Commissions and stock exchange fees		3	200
Withholding taxes	6	(2)	2
Total operating expenses		6,548	1,211
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		428,373	73,123
Distributions to holders of redeemable units:			
From net investment income		(36,499)	(5,906)
From net realized gains on investments and derivatives		(288,775)	(6,002)
		(325,274)	(11,908)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 103,099</b>	<b>\$ 61,215</b>

See accompanying Notes to the Financial Statements



## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for the period ended December 31, 2019

	2020	2019
Balance, beginning of period	\$ 2,690,943	\$ —
Increase in net assets attributable to holders of redeemable units	103,099	61,215
Redeemable unit transactions:		
Proceeds from units issued	7,391	2,617,820
Reinvestment of distributions	325,274	11,908
Net increase from redeemable unit transactions	332,665	2,629,728
<b>Balance, end of period</b>	<b>\$ 3,126,707</b>	<b>\$ 2,690,943</b>

## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for the period ended December 31, 2019

<b>Operating activities</b>	<b>2020</b>	<b>2019</b>
Increase in net assets attributable to holders of redeemable units	\$ 103,099	\$ 61,215
Adjustments for:		
Foreign exchange (gain) loss	(43)	881
Interest income	(42,262)	(7,475)
Dividend income	(5)	(251)
Withholding taxes	(2)	2
Net realized gain from investments and derivatives	(288,775)	(6,202)
Net change in unrealized appreciation of investments and derivatives	(102,986)	(61,214)
Amortization of premiums and discounts	9,680	—
Non cash distributions	325,274	11,908
Proceeds from sale of investments	626,890	753,157
Amounts paid for purchase of investments	(680,376)	(3,377,003)
BCI cost recoveries payable	1,101	488
Other accounts payable	2	14
Interest received	42,262	7,475
Dividends received	5	251
Withholding taxes paid	(1,481)	(2)
	(7,617)	(2,616,756)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	7,391	2,617,820
Net increase (decrease) in cash	(226)	1,064
Effect of exchange rate changes on cash	43	(881)
Cash, beginning of period	183	—
<b>Cash, end of period</b>	<b>\$ —</b>	<b>\$ 183</b>

## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	640	640	3,449	3,450
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 3 Floating Rate Fund	2,954,317	2,961,989	2,626,933	2,626,598
<b>Total Investments</b>	<b>\$ 2,954,957</b>	<b>\$ 2,962,629</b>	<b>\$ 2,630,382</b>	<b>\$ 2,630,048</b>

## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2020, with comparative information for 2019

	2020			2019		
	Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>		Notional Value <sup>(a)</sup>	Fair Value <sup>(c)</sup>	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>OTC</b>						
Swaps	5,930,648	188,350	(16,478)	5,726,498	73,480	(12,600)
<b>Total</b>	<b>\$ 5,930,648</b>	<b>\$ 188,350</b>	<b>\$ (16,478)</b>	<b>\$ 5,726,498</b>	<b>\$ 73,480</b>	<b>\$ (12,600)</b>

The terms of maturity based on notional value for the derivatives were as follows at December 31:

	2020		2019	
Less than 1 year	\$	5,930,648	\$	5,726,498
<b>Total</b>	<b>\$</b>	<b>5,930,648</b>	<b>\$</b>	<b>5,726,498</b>

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

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

## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Global Quantitative ESG Equity Fund (the "Fund") provides participating clients with exposure to equity markets from across the globe and provides a greater weight to equities with high environmental, social, and governance ("ESG") ratings relative to their sector peers. The Fund's benchmark is the Morgan Stanley Capital International ("MSCI") World ex-Canada Net Index (the "Index"), Total Return, 100% unhedged in Canadian dollar terms. The investment objective of the Fund is to exceed the benchmark return on a risk-adjusted basis.

The Fund can hold the following securities:

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

The following restrictions apply to the Fund:

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

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

## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Credit Risk

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

DERIVATIVES BY CREDIT RATING	2020						2019					
	Fair Value			Fair Value			Fair Value			Fair Value		
	Notional Value	Derivative Assets	Derivative Liabilities	Notional Value	Derivative Assets	Derivative Liabilities	Notional Value	Derivative Assets	Derivative Liabilities	Notional Value	Derivative Assets	Derivative Liabilities
AAA/AA	\$ 2,851,476	\$ 166,729	\$ —	\$ 2,604,000	\$ 64,434	\$ —						
A	3,079,172	21,621	(16,478)	3,122,498	9,046	(12,600)						
<b>Total Derivatives</b>	<b>\$ 5,930,648</b>	<b>\$ 188,350</b>	<b>\$ (16,478)</b>	<b>\$ 5,726,498</b>	<b>\$ 73,480</b>	<b>\$ (12,600)</b>						

### Liquidity Risk

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

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

2020						
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total	
Derivative assets	\$ 188,350	\$ 188,350	\$ —	\$ —	\$ 188,350	
Derivative liabilities	(16,478)	(16,478)	—	—	(16,478)	
	<b>\$ 171,872</b>	<b>\$ 171,872</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 171,872</b>	

  

2019						
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total	
Derivative assets	\$ 73,480	\$ 73,480	\$ —	\$ —	\$ 73,480	
Derivative liabilities	(12,600)	(12,600)	—	—	(12,600)	
	<b>\$ 60,880</b>	<b>\$ 60,880</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 60,880</b>	

### Interest Rate Risk

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

### Currency Risk

The Fund holds net assets denominated in U.S. currency, totalling \$nil CAD which represents 0% of the net asset value of the Fund (2019 - \$60,980 CAD which represented 2.3% of the net asset value of the Fund).

As at December 31, 2020, if the Canadian dollar had strengthened/weakened by 1% in relation to the U.S. currency, holding all other variables constant, net assets would have decreased/increased, by \$nil (2019 - \$610), representing 0% of the Fund's net assets (2019 - 0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

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

## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Other Price Risk

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

INDUSTRY SECTOR	2020		2019	
	Total	% of Total	Total	% of Total
Consumer Discretionary	\$ 359,567	11.4 %	\$ 282,439	10.5 %
Consumer Staples	217,821	6.9	226,786	8.4
Energy	95,207	3.0	118,970	4.4
Financials	378,052	12.0	401,058	14.9
Health Care	415,116	13.2	360,990	13.4
Industrials	327,794	10.4	296,136	11.0
Information Technology	685,920	21.8	477,778	17.8
Materials	183,120	5.8	112,706	4.2
Real Estate	78,373	2.5	89,425	3.3
Telecommunication Services	284,894	9.2	231,481	8.7
Utilities	115,935	3.8	92,015	3.4
<b>Total</b>	<b>\$ 3,141,799</b>	<b>100.0 %</b>	<b>\$ 2,689,784</b>	<b>100.0 %</b>

As at December 31, had the respective benchmark of the Fund increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$341,509 (2019 - \$272,591) or 10.9% (2019 - 10.1%) of net assets.

This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2020 and 2019, and assuming all other variables are held constant. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Equity by Geographic Region

As at December 31, the Fund's exposure through equity derivative financial instruments is concentrated in the following geographic regions.

GEOGRAPHIC REGION	2020		2019	
	Total	% of Total	Total	% of Total
Argentina	\$ 790	— %	\$ 1,595	0.1 %
Australia	64,187	2.0	71,884	2.7
Austria	2,028	0.1	2,065	0.1
Belgium	3,124	0.1	9,144	0.3
Brazil	11	—	459	—
Canada	—	—	—	—
Chile	13	—	299	—
China	982	—	4,212	0.2
Denmark	14,594	0.5	17,045	0.6
Finland	27,270	0.9	10,390	0.4
France	109,677	3.5	104,693	3.9
Germany	74,333	2.4	80,076	3.0
Hong Kong	36,408	1.2	29,260	1.1
Ireland	3,067	0.1	5,923	0.2
Israel	152	—	4,936	0.2
Italy	25,209	0.8	19,154	0.7
Japan	254,912	8.1	227,379	8.5
Mexico	7	—	—	—
Netherlands	68,448	2.2	43,383	1.6
New Zealand	857	—	2,563	0.1
Norway	11,351	0.4	5,310	0.2
Portugal	87	—	1,473	0.1
Russia	7	—	170	—
Singapore	16,678	0.5	11,375	0.4
South Africa	87	—	1,861	0.1
Spain	31,753	1.0	26,290	1.0
Sweden	26,303	0.8	23,634	0.9
Switzerland	94,745	3.0	88,049	3.3
United Arab Emirates	—	—	137	—
United Kingdom	139,529	4.4	140,262	5.2
United States	2,135,190	68.0	1,756,763	65.1
<b>Total</b>	<b>\$ 3,141,799</b>	<b>100.0 %</b>	<b>\$ 2,689,784</b>	<b>100.0 %</b>



## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

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

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

As at December 31, all fair value measurements noted in the tables below are recurring.

	2020			2019		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	\$ 640	\$ —	\$ 640	\$ 3,449	\$ —	\$ 3,449
Floating rate funds	2,954,317	—	2,954,317	2,626,933	—	2,626,933
Total investments	2,954,957	—	2,954,957	2,630,382	—	2,630,382
Swaps, net	—	171,872	171,872	—	60,880	60,880
<b>Total</b>	<b>\$ 2,954,957</b>	<b>\$ 171,872</b>	<b>\$ 3,126,829</b>	<b>\$ 2,630,382</b>	<b>\$ 60,880</b>	<b>\$ 2,691,262</b>

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

During 2020 and 2019 there were no significant transfers between the three levels in the hierarchy.

## GLOBAL QUANTITATIVE ESG EQUITY FUND

### Involvement with Structured Entities

(Expressed in thousands of dollars, except number of investee funds)

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2020 and 2019, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2020			2019		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,909,999	\$ 640	1	\$ 1,126,577	\$ 3,449
Investee floating rate funds administered by BCI	1	3,970,059	2,954,317	1	5,557,078	2,626,933

## 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
Active Canadian Equity Fund	July 26, 1990
Active Canadian Small Cap Equity Fund	March 20, 2008
Canadian Quantitative Active Equity Fund	November 27, 2002
Indexed Canadian Equity Fund	December 12, 1989
Active U.S. Small Cap Equity Fund	March 13, 2008
Indexed U.S. Equity Fund	February 6, 1995
Active Asian Equity Fund	January 2, 1998
Active European Equity Fund	January 2, 1998
Active Global Equity Fund	June 19, 2009
Global Quantitative Active Equity Fund	August 23, 2011
Indexed Global Equity Fund	December 7, 2011
Active Emerging Markets Equity Fund	March 31, 2008
Indexed Emerging Markets Equity Fund	July 31, 2013
Thematic Public Equity Fund	December 31, 2012
Global Quantitative ESG Equity Fund	November 5, 2019

## 2. BASIS OF PRESENTATION

### (a) Statement of compliance

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"). These financial statements were authorized for issue by the Chief Executive Officer / Chief Investment Officer on April 12, 2021.

### (b) Basis of measurement

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

### (c) Functional and presentation currency

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

### (d) Use of estimates and judgment

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

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

## 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 expired.

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 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.

## **(ii) Fair value through profit or loss**

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the Statement of Comprehensive Income in the period in which they occur. The Funds' investments, derivative financial instruments, and redeemable units are classified as FVTPL.

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

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

## **(iii) Amortized cost**

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Funds' classify cash, receivable from sale of investments, receivable from issuance of units, dividend receivable, interest receivable, other receivables, withholding tax claims receivable, security lending revenue receivable, other accounts payable, payable for purchase of investments, payable for redemption of units, external management fees payable, and BCI cost recoveries payable, as amortized cost.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

**(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.

**(c) Issue and redemption of units**

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

**(d) Foreign exchange**

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

**(e) Revenue recognition**

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

**(f) Securities lending**

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

**(g) Income taxes**

The Funds qualify as inter-vivos trusts under section 108(1) of the *Income Tax Act (Canada)*. All of 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.

#### **(h) New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations as listed below are not yet effective for the year ended December 31, 2020, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Funds.

Effective on January 1, 2021:

- 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.

### **Payable to and receivable from BCI Funds**

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

### **Swaps between BCI Funds**

During the year ended December 31, 2018, the Active Global Equity Fund entered into four internal total return equity swaps with the Indexed Global Equity Fund, with a total notional value of \$1,154,000, which matured in February 2019. The terms of the total return equity swaps between these Funds were equivalent to an equal and offsetting arm's length transaction between the Indexed Global Equity Fund and an external counterparty.

## 5. REDEEMABLE UNITS

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

	ACTIVE CANADIAN EQUITY FUND		ACTIVE CANADIAN SMALL CAP EQUITY FUND		CANADIAN QUANTITATIVE ACTIVE EQUITY FUND	
	2020	2019	2020	2019	2020	2019
Outstanding, beginning of period	361.177	372.960	784.090	583.524	214.128	814.528
Issued for cash	51.093	118.863	68.790	243.695	—	87.486
Issued on reinvestment of distributions	22.175	9.043	10.330	13.458	5.102	67.776
Consolidation of units	(22.175)	(9.043)	(10.330)	(13.458)	(5.102)	(67.776)
Redeemed	(23.994)	(130.646)	(145.922)	(43.129)	—	(687.886)
<b>Outstanding, end of period</b>	<b>388.276</b>	<b>361.177</b>	<b>706.958</b>	<b>784.090</b>	<b>214.128</b>	<b>214.128</b>
	INDEXED CANADIAN EQUITY FUND		ACTIVE U.S. SMALL CAP EQUITY FUND		INDEXED U.S. EQUITY FUND	
	2020	2019	2020	2019	2020	2019
Outstanding, beginning of period	502.268	471.740	454.564	376.556	402.805	333.942
Issued for cash	115.796	575.015	121.769	86.753	21.721	110.061
Issued on reinvestment of distributions	10.518	84.360	13.681	28.434	23.618	69.350
Consolidation of units	(10.518)	(84.360)	(13.681)	(28.434)	(23.618)	(69.350)
Redeemed	(220.150)	(544.487)	(33.870)	(8.745)	(62.587)	(41.198)
<b>Outstanding, end of period</b>	<b>397.914</b>	<b>502.268</b>	<b>542.463</b>	<b>454.564</b>	<b>361.939</b>	<b>402.805</b>
	ACTIVE ASIAN EQUITY FUND		ACTIVE EUROPEAN EQUITY FUND		ACTIVE GLOBAL EQUITY FUND	
	2020	2019	2020	2019	2020	2019
Outstanding, beginning of period	504.472	504.472	821.581	821.347	922.946	1,319.281
Issued for cash	77.314	1.380	6.406	138.741	197.844	714.439
Issued on reinvestment of distributions	12.681	21.464	35.997	54.314	24.781	34.011
Consolidation of units	(12.681)	(21.464)	(35.997)	(54.314)	(24.781)	(34.011)
Redeemed	(77.099)	(1.380)	(201.341)	(138.507)	(78.500)	(1,110.774)
<b>Outstanding, end of period</b>	<b>504.687</b>	<b>504.472</b>	<b>626.646</b>	<b>821.581</b>	<b>1,042.290</b>	<b>922.946</b>
	GLOBAL QUANTITATIVE ACTIVE EQUITY FUND		INDEXED GLOBAL EQUITY FUND		ACTIVE EMERGING MARKETS EQUITY FUND	
	2020	2019	2020	2019	2020	2019
Outstanding, beginning of period	1,184.327	1,184.327	4,918.283	5,931.507	2,467.598	5,530.111
Issued for cash	—	—	1,428.406	1,380.937	1,039.792	294.761
Issued on reinvestment of distributions	73.562	110.880	559.911	769.009	228.757	441.771
Consolidation of units	(73.562)	(110.880)	(559.911)	(769.009)	(228.757)	(441.771)
Redeemed	(871.925)	—	(2,851.925)	(2,394.161)	(343.229)	(3,357.274)
<b>Outstanding, end of period</b>	<b>312.402</b>	<b>1,184.327</b>	<b>3,494.764</b>	<b>4,918.283</b>	<b>3,164.161</b>	<b>2,467.598</b>
	INDEXED EMERGING MARKETS EQUITY FUND		THEMATIC PUBLIC EQUITY FUND		GLOBAL QUANTITATIVE ESG EQUITY FUND	
	2020	2019	2020	2019	2020	2019
Outstanding, beginning of period	5,954.488	3,168.712	1,091.230	751.069	2,609.517	—
Issued for cash	315.944	3,292.946	460.429	340.161	7.578	2,609.517
Issued on reinvestment of distributions	414.632	164.802	128.317	81.973	292.223	11.563
Consolidation of units	(414.632)	(164.802)	(128.317)	(81.973)	(292.223)	(11.563)
Redeemed	(2,164.196)	(507.170)	—	—	—	—
<b>Outstanding, end of period</b>	<b>4,106.236</b>	<b>5,954.488</b>	<b>1,551.659</b>	<b>1,091.230</b>	<b>2,617.095</b>	<b>2,609.517</b>



## 6. WITHHOLDING TAX EXPENSE

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

Pooled Investment Portfolios	2020	2019
Active Asian Equity Fund	8.2 %	7.5 %
Active European Equity Fund	8.0	10.6
Active Global Equity Fund	6.1	5.9
Global Quantitative Active Equity Fund	—	4.7
Indexed Global Equity Fund	2.0	4.5
Active Emerging Markets Equity Fund	11.1	9.2
Indexed Emerging Markets Equity Fund	10.8	10.2
Thematic Public Equity Fund	3.3	9.6
Global Quantitative ESG Equity Fund	—	0.8

## 7. FINANCIAL RISK MANAGEMENT

### (a) Risk management framework

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

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

### (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, which include foreign currency contracts, cash and other receivables due to the Fund. The carrying value of these financial instruments as recorded in the Statement of Financial Position reflects the Funds' maximum exposure to credit risk.

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

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

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

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

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

### **(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 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 in the notes specific to each Fund.

### **(d) Market risk**

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

#### **(i) Interest rate risk**

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

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

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

**(ii) Currency risk**

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

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

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

**(iii) Other price risk**

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

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

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

As a result of the COVID-19 pandemic, there continues to be significant volatility and uncertainty in securities markets. The duration and impact of the COVID-19 pandemic remains uncertain at this time, and accordingly the pandemic may continue to affect the Funds' investment portfolio.

## **8. FAIR VALUE OF FINANCIAL INSTRUMENTS**

**(a) Fair value hierarchy**

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

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

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

- Level 1 inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2 inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 inputs that are unobservable.

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

**(b) Valuation models**

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

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

**(c) Valuation framework**

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

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

**(d) Financial instruments not measured at fair value**

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

## 9. TAXES

Net cumulative capital losses and non-capital losses for each Fund are as follows as of December 31, 2020:

Pooled Investment Portfolios	Net Capital Losses	Non Capital Losses
Active Canadian Small Cap Equity Fund	\$ 109,112	\$ —
Canadian Quantitative Active Equity Fund	15,114	—
Indexed Canadian Equity Fund	103,145	—

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.

## 10. SECURITIES SUBJECT TO LENDING ARRANGEMENTS

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

Pooled Investment Portfolios	Fair Value of Securities on Loan		Percentage of securities on loan	
	2020	2019	2020	2019
Active Canadian Equity Fund	\$ 276,646	\$ 203,067	4.8 %	4.1 %
Active Canadian Small Cap Equity Fund	131,729	335,293	8.0	20.8
Canadian Quantitative Active Equity Fund	68,577	50,366	7.3	5.5
Indexed Canadian Equity Fund	197,910	267,672	5.5	9.4
Active U.S. Small Cap Equity Fund	783,606	692,293	26.7	35.1
Indexed U.S. Equity Fund	465,581	322,993	7.7	7.0
Active Asian Equity Fund	121,934	138,256	4.5	6.3
Active European Equity Fund	221,158	91,547	13.1	4.3
Active Global Equity Fund	314,936	235,547	8.3	8.4
Indexed Global Equity Fund	201,694	431,537	11.4	7.0
Active Emerging Markets Equity Fund	319,853	129,681	4.9	3.4
Indexed Emerging Markets Equity Fund	234,308	136,757	6.1	4.0
Thematic Public Equity Fund	457,755	261,066	10.2	11.3

## 11. UNCERTAINTIES RELATED TO COVID-19

On March 11, 2020, the outbreak of the novel strain of the coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization ("WHO") prompting many national, regional, and local governments to implement preventative or protective measures. As a result, COVID-19 and the related restrictive measures have had a significant financial and market impact including significant volatility in equity prices, interest rates, bond yields, and foreign exchange rates. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. Government and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. BCI is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. The duration and impact of COVID-19 is unknown at this time; as such, it is not reasonably possible to evaluate the impact of the pandemic on the Funds in future periods.

## 12. SUBSEQUENT EVENT

Subsequent to the Supreme Court of Canada decision of December 13, 2019, it was unclear whether the PIPs would be entitled to a rebate of amounts paid in lieu of the goods and services tax (GST) under the Reciprocal Tax Agreement (RTA) between the B.C. and federal governments. As such, the RTA liability for the years ended December 31, 2017 to 2020 was recorded with no offsetting receivable in respect of a rebate.

However, on March 10, 2021, the BC Ministry of Finance and the Department of Finance Canada agreed to amend Schedule A of the RTA to more explicitly acknowledge the PIPs' entitlement to a rebate of the amounts paid under the RTA. Furthermore, Finance Canada has confirmed that prior year GST assessments will be vacated by the Canada Revenue Agency and no further GST assessments will be issued against BCI for past filing periods in respect of costs recovered from the PIPs.

Therefore, the RTA accrued liability at December 31, 2020 will be reversed by April 2021.

The RTA liability for each Fund is as follows as of December 31, 2020.

Pooled Investment Portfolios	RTA liability
Active Canadian Equity Fund	\$ 6,943
Active Canadian Small Cap Equity Fund	2,964
Canadian Quantitative Active Equity Fund	5,252
Indexed Canadian Equity Fund	3,544
Active U.S. Small Cap Equity Fund	5,993
Indexed U.S. Equity Fund	9,523
Active Asian Equity Fund	14,605
Active European Equity Fund	7,742
Active Global Equity Fund	9,928
Global Quantitative Active Equity Fund	2,362
Indexed Global Equity Fund	4,387
Active Emerging Markets Equity Fund	40,746
Indexed Emerging Markets Equity Fund	1,707
Thematic Public Equity Fund	2,281
Global Quantitative ESG Equity Fund	1,430



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