Consolidated financial statements

For the years ended December 31, 2021 and 2020

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL REPORTING

The preparation and presentation of the consolidated financial statements of la Caisse de dépôt et placement du Québec ("CDPQ") are the responsibility of management. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and incorporated into the CPA Canada Handbook. We ensure that the financial information in the Annual Report is consistent with the information in the consolidated financial statements.

The consolidated financial statements include amounts that are based on management's best estimates and judgment, with due regard for their relative importance. Moreover, when preparing the financial information, management has made decisions regarding the information to be presented as well as estimates and assumptions that affect the information presented. Future results may differ considerably from our current estimates, as changes to financial markets or other events could have an impact on the fair value of the investments.

In our responsibility for the reliability of financial information, we rely on disclosure controls and procedures and internal controls over financial reporting. In particular, these controls include a clear definition of responsibilities, delegation of powers, allocation of duties, ethical standards, employee hiring and training criteria as well as policies, guidelines and procedures designed to ensure that transactions are duly authorized, assets are properly measured and safeguarded, and proper records are maintained.

Moreover, CDPQ's internal audit group audits the internal controls on a regular basis. These controls and audits are designed to provide reasonable assurance regarding the reliability of the accounting records used to prepare the consolidated financial statements and to ensure that assets are not used or disposed of in any unauthorized manner, that liabilities are recorded, and that we meet all the legal requirements to which CDPQ is subject, including the *Act respecting the Caisse de dépôt et placement du Québec.*

Each year, we certify that the design of the internal control over financial information is sufficient and that the design and operation of the financial information disclosure controls and procedures are effective. We report any significant irregularity to the Audit Committee of the Board of Directors of CDPQ, as necessary.

The Auditor General of Québec and Ernst & Young LLP (the "co-auditors") have audited the consolidated financial statements of CDPQ for the years ended December 31, 2021 and 2020 and their report covers the nature and scope of the audit and expresses their opinion. The co-auditors have unrestricted access to the Audit Committee to discuss any matter related to their audit.

The Board of Directors and its committees supervise the manner in which management fulfills its responsibility for the establishment and presentation of financial information, maintenance of appropriate internal controls, compliance with the requirements of laws and regulations, management of and control over the main risks, and evaluation of major transactions. Moreover, it approves the consolidated financial statements and the Annual Report.

The Board of Directors approved the consolidated financial statements for the years ended December 31, 2021 and 2020. It is assisted in its responsibilities by the Audit Committee, of which all members are independent directors. This Committee meets with management and the co-auditors, examines the consolidated financial statements, and recommends the approval thereof to the Board of Directors.

Charles Emond
President and Chief Executive Officer

Maarika Paul, FCPA, FCA, CBV, ICD.D
Executive Vice-President and Chief Financial and Operations Officer

Montréal, February 22, 2022

INDEPENDENT AUDITORS' REPORT

To the National Assembly

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of la Caisse de dépôt et placement du Québec and its subsidiaries (the Group), which comprise the Consolidated Statements of Financial Position as at December 31, 2021 and 2020 and the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Net Assets Attributable to Depositors and the Consolidated Statements of Cash Flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020 and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditors' report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The 2021 Annual Report is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on the 2021 Annual Report, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the group audit. We remain solely responsible for our audit opinion.

We 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 audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the *Auditor General Act* (CQLR, chapter V-5.01), we report that, in our opinion, these accounting standards have been applied on a basis consistent with that of the preceding year.

The engagement partner from Ernst & Young LLP on the audit resulting in this independent auditors' report is Michel Bergeron.

Auditor General of Québec,

Guylaine Leclerc FCPA auditor, FCA

Guylaine Leclerc, FCPA auditor, FCA
Canada, Montréal, February 22, 2022

Ernst & Young LLP[1]

Ernst & Young LLP[1]

[1] FCPA auditor, FCA, public accountancy permit no. A114960
Canada, Montréal, February 22, 2022

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of Canadian dollars)

	Note	**December 31, 2021**	December 31, 2020
ASSETS			
Cash		**1,073**	1,021
Amounts receivable from transactions being settled		**2,213**	3,116
Advances to depositors		**1,011**	281
Investment income, accrued and receivable		**949**	1,109
Other assets		**963**	588
Investments	4	**466,157**	405,978
Total assets		**472,366**	412,093
LIABILITIES			
Amounts payable on transactions being settled		**3,443**	3,290
Other financial liabilities		**1,839**	1,205
Investment liabilities	4	**47,287**	42,106
Total liabilities excluding net assets attributable to depositors		**52,569**	46,601
NET ASSETS ATTRIBUTABLE TO DEPOSITORS		**419,797**	365,492

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board of Directors,

Charles Emond
President and Chief Executive Officer

Alain Côté, ICD.D, FCPA, FCA
Chair of the Audit Committee

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31

(in millions of Canadian dollars)

	Notes	**2021**	2020
Investment income		**12,797**	9,548
Investment expense		**(505)**	(653)
Net investment income	8	**12,292**	8,895
Operating expenses	9	**(718)**	(609)
Net income		**11,574**	8,286
Net gains on financial instruments at fair value	8	**37,155**	16,465
Investment result before distributions to depositors	8	**48,729**	24,751
Distributions to depositors		**(21,870)**	(15,994)
Net income and comprehensive income attributable to depositors		**26,859**	8,757

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO DEPOSITORS

For the years ended December 31

(in millions of Canadian dollars)

	Demand deposits	Term deposits	Distributions payable to depositors	Participation deposits	Net assets attributable to depositors
Balance as at December 31, 2020	**4,042**	**7**	**2,653**	**358,790**	**365,492**
Attributions and distributions					
Net income and comprehensive income attributable to depositors	**-**	**-**	**-**	**26,859**	**26,859**
Distributions to depositors	**22,684**	**-**	**(814)**	**-**	**21 870**
Participation deposits					
Issuance of participation deposit units	**(32,463)**	**-**	**-**	**32,463**	**-**
Cancellation of participation deposit units	**943**	**-**	**-**	**(943)**	**-**
Net deposits					
Net contributions	**5,576**	**-**	**-**	**-**	**5,576**
BALANCE AS AT DECEMBER 31, 2021	**782**	**7**	**1,839**	**417,169**	**419,797**

	Demand deposits	Term deposits	Distributions payable to depositors	Participation deposits	Net assets attributable to depositors
Balance as at December 31, 2019	406	6	2,961	336,736	340,109
Attributions and distributions					
Net income and comprehensive income attributable to depositors	-	-	-	8,757	8,757
Distributions to depositors	16,302	-	(308)	-	15,994
Participation deposits					
Issuance of participation deposit units	(14,969)	-	-	14,969	-
Cancellation of participation deposit units	1,672	-	-	(1,672)	-
Net deposits					
Net change in term deposits	(1)	1	-	-	-
Net contributions	632	-	-	-	632
BALANCE AS AT DECEMBER 31, 2020	4,042	7	2,653	358,790	365,492

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31

(in millions of Canadian dollars)

	Note	**2021**	2020
Cash flows from operating activities			
Net income and comprehensive income attributable to depositors		**26,859**	8,757
Adjustments for:			
Unrealized net (gains) losses on short-term promissory notes, term notes and loans payable		**(372)**	291
Foreign exchange (gains) losses on short-term promissory notes, term notes and loans payable		**164**	(642)
Distributions to depositors		**21,870**	15,994
Net changes in operating assets and liabilities			
Amounts receivable from transactions being settled		**903**	3,107
Advances to depositors		**(730)**	679
Investment income, accrued and receivable		**160**	282
Other assets		**(375)**	(4)
Investments		**(60,066)**	(22,250)
Amounts payable on transactions being settled		**153**	1,753
Other financial liabilities		**634**	62
Investment liabilities		**2,686**	(9,268)
		(8,114)	(1,239)
Cash flows from financing activities			
Net change in short-term promissory notes payable		**2,988**	(2,697)
Issuance of short-term promissory notes payable		**10,359**	9,739
Repayment of short-term promissory notes payable		**(9,927)**	(9,738)
Net change in loans payable		**(740)**	573
Issuance of term notes payable		**2,452**	6,166
Repayment of term notes payable		**(2,429)**	(2,148)
Net contributions		**5,576**	632
		8,279	2,527
Net increase in cash and cash equivalents		**165**	1,288
Cash and cash equivalents at the beginning of the year		**2,410**	1,122
Cash and cash equivalents at the end of the year		**2,575**	2,410
Cash and cash equivalents comprise:			
Cash		**1,073**	1,021
Cash equivalents	4	**1,502**	1,389
		2,575	2,410
Supplemental information on cash flows from operating activities			
Interest and dividends received		**8,456**	9,589
Interest paid		**(396)**	(622)

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts are shown in millions of Canadian dollars, unless otherwise indicated.)

1. CONSTITUTION AND NATURE OF OPERATIONS

La Caisse de dépôt et placement du Québec ("CDPQ"), a legal person established in the public interest within the meaning of the Civil Code of Québec, is governed by the *Act respecting the Caisse de dépôt et placement du Québec* (CQLR, chapter C-2) (the "Act").

CDPQ is domiciled in Québec, Canada. Its head office is located at 65 Sainte-Anne St., Québec City, Canada and its main office is located at 1000 Place Jean-Paul-Riopelle, Montréal, Canada.

CDPQ's mission is to receive moneys on deposit as provided by the Act and to manage them with a view to achieving an optimal return on depositors' capital within the framework of the depositor investment policies while also contributing to Québec's economic development.

Consolidated financial statements

These consolidated financial statements have been prepared for the purposes of presenting CDPQ's financial position, financial performance and cash flows. CDPQ's consolidated financial statements include the accounts of the General Fund, of the individual funds, and of the specialized portfolios as well as the accounts of its subsidiaries that exclusively offer services related to financing, administrative and management activities. In preparing the consolidated financial statements, all intercompany transactions and balances have been eliminated.

The investing activities of the depositors in CDPQ's various specialized portfolios are concluded through the participation deposit units of individual funds.

General Fund

The General Fund comprises cash and cash equivalent activities for CDPQ's operational purposes and management of demand deposits, term deposits, and the financing activities.

Individual funds

The individual funds consist mainly of diversified investments in specialized portfolios. Each individual fund is dedicated to a single depositor who invests in the participation deposits of individual funds.

The individual funds of depositors are as follows:

Fund 300: Base Québec Pension Plan administered by Retraite Québec

Fund 301: Government and Public Employees Retirement Plan, administered by Retraite Québec

Fund 302: Pension Plan of Management Personnel, administered by Retraite Québec

Fund 303: Pension Plan for Federal Employees Transferred to Employment with the Gouvernement du Québec, administered by Retraite Québec

Fund 305: Pension Plan of Elected Municipal Officers (PPEMO), administered by Retraite Québec

Fund 306: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Volet à prestations déterminées, administered by the Comité de retraite

Fund 307: Fonds d'assurance automobile du Québec, administered by the Société de l'assurance automobile du Québec

Fund 309: Fonds des opérations courantes de l'autorité, administered by the Autorité des marchés financiers (created on July 1, 2021)

Fund 310: Régime de retraite des chauffeurs d'autobus de la Société de transport de Laval, administered by the Comité de retraite

Fund 311: Supplemental Pension Plan for Employees of the Québec Construction Industry – General Account, administered by the Commission de la construction du Québec

Fund 312: Supplemental Pension Plan for Employees of the Québec Construction Industry – Retirees Account, administered by the Commission de la construction du Québec

Fund 313: Supplemental Pension Plan for Employees of the Québec Construction Industry – Supplementary Account, administered by the Commission de la construction du Québec

Fund 314: Deposit Insurance Fund, administered by the Autorité des marchés financiers

Fund 315: Dedicated account, administered by La Financière agricole du Québec

Fund 316: Retirement Plans Sinking Fund – RREGOP (RPSF-RREGOP), administered by the ministère des Finances, Government of Québec

Fund 317: Retirement Plans Sinking Fund – PPMP (RPSF-PPMP), administered by the ministère des Finances, Government of Québec

Fund 318: Retirement Plans Sinking Fund – Others (RPSF-Others), administered by the ministère des Finances, Government of Québec

Fund 319: Régimes de retraite de la Société des casinos du Québec, administered by the Société des casinos du Québec Inc. (created on January 1, 2021)

Fund 322: Régime de retraite HEC, administered by HEC Montréal (created on July 1, 2021)

Fund 326: Crop Insurance Fund, administered by La Financière agricole du Québec

Fund 328: Survivor's Pension Plan, administered by the Secrétariat du Conseil du trésor

Fund 329: Fonds d'assurance-garantie, administered by la Régie des marchés agricoles et alimentaires du Québec

Fund 330: Fonds de la santé et de la sécurité du travail, administered by the Commission des normes, de l'équité, de la santé et de la sécurité du travail

Fund 331: Régime de retraite des employés du Réseau de transport de la Capitale, administered by the Comité de retraite

Fund 332: Fonds des cautionnements des agents de voyages – cautionnements individuels, administered by the Office de la protection du consommateur

Individual funds (cont.)

Fund 333: Compensation Fund for Customers of Travel Agents, administered by the Office de la protection du consommateur

Fund 334: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Volet à coût partagé, administered by the Comité de retraite

Fund 335: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2020, administered by the Comité de retraite

Fund 336: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2030, administered by the Comité de retraite

Fund 337: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2040, administered by the Comité de retraite

Fund 338: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2050, administered by the Comité de retraite

Fund 339: Fonds d'indemnisation des services financiers, administered by the Autorité des marchés financiers

Fund 340: Régimes de retraite de la Ville de Terrebonne, administered by the Comité de retraite conjoint des Régimes de retraite de la Ville de Terrebonne

Fund 342: Régime de retraite de l'Université du Québec, administered by the Comité de retraite du Régime de retraite de l'Université du Québec

Fund 343: Parental Insurance Fund administered by the Conseil de gestion de l'assurance parentale

Fund 344: Réserve administered by La Financière agricole du Québec

Fund 347: Régime de retraite du personnel des CPE et des garderies privées conventionnées du Québec, administered by the Investment Committee

Fund 351: Generations Fund, administered by the ministère des Finances, Government of Québec

Fund 353: Superannuation Plan for the Members of the Sûreté du Québec – Participants' Fund (SPMSQ-part.), administered by Retraite Québec

Fund 354: Superannuation Plan for the Members of the Sûreté du Québec – Employers' Fund (SPMSQ-empl.), administered by the ministère des Finances, Government of Québec

Fund 361: Pension Plan of the non-teaching Staff of the Commission des écoles catholiques de Montréal, administered by the Secrétariat du Conseil du trésor

Fund 362: Régime de retraite pour certains employés de la Commission scolaire de la Capitale, administered by the Secrétariat du Conseil du trésor

Fund 363: Régime de retraite des employés de la Ville de Laval, administered by the Comité de retraite

Fund 367: Territorial Information Fund, administered by the ministère des Finances, Government of Québec

Fund 368: Strategic Partnerships Fund, administered by the Autorité des marchés financiers

Fund 369: Accumulated Sick Leave Fund, administered by the ministère des Finances, Government of Québec

Fund 371: Accumulated Sick Leave Fund – ARQ, administered by the Agence du revenu du Québec

Fund 372: Fonds commun de placement des régimes de retraite de l'Université Laval, administered by the Comités de retraite

Fund 373: Retirement Plan for Active Members of the Centre hospitalier Côte-des-Neiges, administered by Retraite Québec

Fund 374: Fiducie globale Ville de Magog, administered by the Comité de retraite mixte

Fund 376: Régime de retraite des employées et employés de la Ville de Sherbrooke, administered by the Comité de retraite des employées et employés de la Ville de Sherbrooke

Fund 378: Pension Plan of Peace Officers in Correctional Services – Employees' Contribution Fund administered by Retraite Québec

Fund 383: Régime complémentaire de retraite des employés réguliers de la Société de transport de Sherbrooke, administered by the Comité de retraite

Fund 384: Régime de retraite des cadres de la Ville de Québec, administered by the Bureau de la retraite

Fund 385: Régime de retraite des employés manuels de la Ville de Québec, administered by the Bureau de la retraite

Fund 386: Régime de retraite des fonctionnaires de la Ville de Québec, administered by the Bureau de la retraite

Fund 387: Régime de retraite du personnel professionnel de la Ville de Québec, administered by the Bureau de la retraite

Fund 388: Régime de retraite des policiers et policières de la Ville de Québec, administered by the Bureau de la retraite

Fund 389: Régime de retraite des pompiers de la Ville de Québec, administered by the Bureau de la retraite

Fund 393: Régime de retraite de la Corporation de l'École Polytechnique, administered by the Comité de retraite

Fund 395: Retirement Plan for the Mayors and Councillors of Municipalities, administered by Retraite Québec

Fund 399: Additional Québec Pension Plan, administered by Retraite Québec

Specialized portfolios

The specialized portfolios consist of common funds in which the individual funds may invest in the form of participation deposits. CDPQ's specialized portfolios are as follows:

- Short Term Investments (740)
- Rates (765)
- Credit (766)
- Long Term Bonds (764)[1]
- Real Return Bonds (762)[1]
- Infrastructure (782)
- Real Estate (710)
- Equity Markets (737)
- Private Equity (780)
- Asset Allocation (771)

[1] The Real Return Bonds (762) and Long Term Bonds (764) specialized portfolios ceased operations on November 1, 2021 and December 1, 2021, respectively, and were closed on December 31, 2021.

2. SIGNIFICANT ACCOUNTING PRINCIPLES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The accounting policies described below have been applied consistently to all reporting periods presented.

Presentation and measurement basis

CDPQ measures all of its financial instruments, including investments in unconsolidated subsidiaries, joint ventures, associates and structured entities, at fair value through profit or loss (FVTPL). Subsidiaries that solely provide services related to financing, administrative, and management activities are consolidated in accordance with the guidance set out in IFRS 10 – *Consolidated Financial Statements.*

The Consolidated Statements of Financial Position are presented based on liquidity.

Approval of the consolidated financial statements

The Board of Directors approved CDPQ's consolidated financial statements and the publication thereof on February 22, 2022.

Functional and presentation currency

CDPQ's consolidated financial statements are presented in Canadian dollars, which is the functional currency.

Foreign currency translation

Financial assets and liabilities denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect at the reporting date. Foreign currency transactions are translated into Canadian dollars at the exchange rate in effect at the transaction date.

Translation differences on investments and investment liabilities at fair value and on other monetary financial assets and liabilities are presented under "Net gains on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income.

Use of judgments and estimates

In preparing CDPQ's consolidated financial statements in accordance with IFRS, management must make judgments, estimates and assumptions that affect the application of the significant accounting policies described below and the amounts reported in the Consolidated Statements of Financial Position and the Consolidated Statements of Comprehensive Income.

Judgment

Qualification as an investment entity

Judgment is required when qualifying CDPQ as an investment entity. CDPQ meets the three mandatory criteria of the IFRS 10 definition: 1) Obtain funds from one or more depositors; 2) Commit to its depositors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and 3) Measure and evaluate the performance of its investments on a fair value basis.

IFRS 10 also suggests four typical characteristics be considered in assessing whether an entity qualifies as an investment entity: 1) Have more than one investment; 2) Have more than one depositor; 3) Have investors that are not related parties; and 4) Have ownership interests in the form of equity or similar interests. CDPQ does not satisfy the third typical characteristic of an investment entity because CDPQ and the depositors are, for the most part, related. However, CDPQ nonetheless qualifies as an investment entity, as management believes that having depositors related to the investment entity does not compromise CDPQ's mission of investing for returns from capital appreciation, investment income, or both, for its depositors.

Fair value hierarchy of financial instruments

Management must use judgment in determining the significance of each input used when establishing the classification into the fair value hierarchy, as explained in Note 6.

Use of judgments and estimates (cont.)

Interests in entities

Management must use judgment in determining whether CDPQ has control, joint control or significant influence over certain entities, and over the holding of interests in structured entities, as described in Note 16. Judgment on the relationship between CDPQ and any entity in which CDPQ holds an interest is exercised upon initial investment and must be reassessed when facts and circumstances indicate that there are one or more changes to the elements of control.

CDPQ holds interests in a structured entity when voting or similar rights are not the dominant factor in deciding who controls the entity.

CDPQ controls a subsidiary, including a structured entity, only if the IFRS 10 criteria are met: 1) It has decision-making authority regarding the entity's relevant activities; 2) It has exposure or rights to variable returns from its involvement with the entity; and 3) It has the ability to use its power to affect the amount of the returns. When management determines decision-making authority, several factors are taken into account, including the existence and effect of actual and potential voting rights held by CDPQ that are exercisable, the holding of instruments that are convertible into voting shares, the existence of contractual agreements through which the relevant activities of the entity can be directed, as well as other circumstances that affect decision-making.

CDPQ has joint control over a joint venture when there is a contractual or implicit arrangement whereby decisions about relevant activities require the unanimous consent of the parties sharing control and when these parties have rights to the net assets of the arrangement.

CDPQ has significant influence over an associate when it has the power to participate in the financial and operating policy decisions of the entity. CDPQ is deemed to have significant influence when it holds 20% or more of the voting rights of an entity but does not have control or joint control.

Estimates and assumptions

The main estimates and assumptions, which are disclosed in Note 6, involve the fair value measurement of investments and investment liabilities classified in Level 3 of the fair value hierarchy. Actual values may differ from the estimated values.

Impact of COVID-19 on judgments, estimates and assumptions

The pandemic declared by the World Health Organization in 2020 continues to disrupt global economic activity and create high levels of uncertainty and volatility on financial and stock markets.

The key estimates and assumptions as well as the analysis and management of risks take into account the pandemic-related uncertainties and factors known to date. The key estimates and assumptions include those related to the unobservable inputs used to measure the fair value of financial instruments that are not traded in active markets. The reported results reflect CDPQ's best estimates. CDPQ continues to monitor the evolution of the pandemic and its impact. The fair value valuation techniques and unobservable inputs used are presented in Note 6e, while a sensitivity analysis is presented in Note 6f.

Financial instruments

CDPQ's financial instruments include cash, amounts receivable from transactions being settled, advances to depositors, accrued and receivable investment income, investments, amounts payable on transactions being settled, other financial liabilities, investment liabilities and net assets attributable to depositors.

Classification and measurement

Financial instruments are categorized based on their nature and characteristics. Classification is determined upon initial recognition, which is the date on which CDPQ is subject to the contractual provisions of the instrument. CDPQ's financial assets and liabilities are managed and their performance is evaluated on a fair value basis. Consequently, all of CDPQ's financial assets must be classified at FVTPL while its financial liabilities are designated at FVTPL. Derivative financial instruments and securities sold short must be classified at FVTPL.

Commitments related to the acquisition of corporate debt are classified at FVTPL when one of the following criteria is met: 1) The commitments are designated as financial liabilities at FVTPL or CDPQ has a practice of selling the loans resulting from its commitments; or 2) The corporate debt commitments can be settled net in cash.

Financial instruments are initially and subsequently recognized at fair value. Changes in the fair value of financial instruments are presented under "Net gains on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income. When the change in the fair value of financial liabilities designated at FVTPL is attributable to changes in CDPQ's own credit risk, it is presented separately in the Consolidated Statements of Comprehensive Income unless doing so creates or enlarges an accounting mismatch, when appropriate. Income and expense are presented under "Net investment income" in the Consolidated Statements of Comprehensive Income.

Financial instruments (cont.)

Fair value measurement

Fair value is defined as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined for each financial instrument, which could be a stand-alone asset or liability (e.g., a share or bond) or a group of assets and liabilities (e.g., an ownership interest in an unconsolidated subsidiary or associate). Upon initial recognition, the best evidence of the fair value of a financial instrument is the transaction price, which is the fair value of the consideration received or given. Subsequently, the fair value of a financial instrument is classified using the fair value hierarchy described in Note 6.

CDPQ applies appropriate valuation techniques based on a financial instrument's characteristics, the availability of inputs, and the assumptions that would be used by market participants, focusing on maximizing the use of relevant observable inputs while minimizing the use of unobservable inputs. The valuation techniques are applied consistently. Fair value information is provided in Note 6.

Cash

Cash is the cash deposited with recognized financial institutions and bears interest at market rates.

Investments

Investments include cash equivalents, fixed-income securities, variable-income securities, interests in unconsolidated subsidiaries and derivative financial instruments.

Cash equivalents include short-term investments and securities purchased under reverse repurchase agreements. These securities meet the definition of cash equivalents because they are used for cash management purposes, are readily convertible into a known amount of cash, have negligible risk of fair value changes and have initial maturities of three months or less. These financial instruments bear interest at market rates.

Fixed-income securities include short-term investments, securities purchased under reverse repurchase agreements, corporate debt and bonds, which include bond funds. Purchases and sales of fixed-income securities are recorded at the transaction date, except for purchases and sales of corporate debt, which are recorded at the settlement date.

Variable-income securities comprise listed and unlisted equities. In particular, such securities include hedge funds, exchange-traded funds, investment funds, private investment funds and infrastructure funds. Purchases and sales of equities, hedge funds and investment funds are recorded at the transaction date, whereas purchases and sales of private investment funds and infrastructure funds are recorded at the settlement date.

Interests in unconsolidated subsidiaries represent CDPQ's investment in controlled entities that are not consolidated under IFRS 10. CDPQ's investment in these entities may be in the form of equity instruments or debt instruments.

Investment liabilities

Investment liabilities include securities sold under repurchase agreements, securities sold short, short-term promissory notes payable, loans payable, term notes payable and derivative financial instruments.

Securities sold short are commitments made by CDPQ to purchase securities from third parties to cover its positions. CDPQ may short-sell equities and bonds.

Derivative financial instruments

In managing its investments, CDPQ conducts transactions involving various derivative financial instruments for discretionary purposes or to manage the risks associated with exchange rate, interest rate and market fluctuations. Derivative financial instruments whose fair value is favourable are presented under "Investments" in the Consolidated Statements of Financial Position, while those whose fair value is unfavourable are presented under "Investment liabilities" in the Consolidated Statements of Financial Position.

Transactions being settled

Transactions with counterparties for the sale or purchase of securities that have not yet been settled at the reporting date are presented respectively under "Amounts receivable from transactions being settled" and "Amounts payable on transactions being settled" in the Consolidated Statements of Financial Position.

Derecognition of financial assets and liabilities

CDPQ derecognizes financial assets when all of the contractual rights to the assets have expired or when the contractual rights to receive the cash flows from the financial assets have been transferred and when CDPQ has transferred substantially all of the risks and rewards of the financial asset such that it no longer retains control over the asset. If CDPQ considers that it retains substantially all of the risks and rewards of a transferred financial asset, that asset is not derecognized from the Consolidated Statements of Financial Position and, if appropriate, a corresponding financial liability is recorded. Financial assets that have been transferred but not derecognized are disclosed in Note 13. Financial liabilities are derecognized when the related obligation is discharged, cancelled or expired.

Financial instruments (cont.)

Securities purchased under reverse repurchase agreements and sold under repurchase agreements

CDPQ enters into transactions to purchase and sell securities, i.e., short-term investments and bonds, that it agrees to resell to or repurchase from the counterparty at a future date.

The purchased securities are not recognized in the Consolidated Statements of Financial Position because the counterparty retains the risks and rewards of the securities. The cash amounts disbursed are derecognized, and a corresponding asset is recorded in investments under “Securities purchased under reverse repurchase agreements”.

The sold securities are not derecognized from the Consolidated Statements of Financial Position because CDPQ retains the risks and rewards of the securities. The cash amounts received are recognized, and a corresponding liability is recorded in investment liabilities under “Securities sold under repurchase agreements”.

Lending and borrowing of securities

CDPQ conducts securities lending and borrowing transactions involving equities and bonds. These transactions are generally guaranteed by the securities received from the counterparties or pledged by CDPQ, respectively. Loaned securities are not derecognized from, and borrowed securities are not recognized in, the Consolidated Statements of Financial Position because CDPQ or the counterparty, respectively, retains the risks and rewards of the securities. Income and expenses resulting from securities lending and borrowing transactions are presented under “Investment income” and “Investment expense”, respectively, in the Consolidated Statements of Comprehensive Income.

Net assets attributable to depositors

Net assets attributable to depositors consist of demand deposits, term deposits, distributions payable to depositors and participation deposits.

Demand deposits and term deposits

Demand deposits bear interest at a variable rate and are repayable on demand. Term deposits bear interest at a fixed or variable rate and are repayable at maturity. Demand deposits and term deposits represent CDPQ’s indebtedness towards the depositors in accordance with the *Regulation respecting the terms and conditions of deposits, funds and portfolios of the Caisse de dépôt et placement du Québec* (Regulation).

Distributions payable to depositors

Under the Regulation, distributions payable to depositors represent the net income or net loss arising from the specialized portfolios as well as the net realized gains or losses upon cancellation of the participation units of specialized portfolios held by the individual funds that are recorded at the end of the month and are paid into the demand deposit accounts of depositors at the beginning of the following month. Distributions may also be made through the issuance of participation deposit units of individual funds.

Participation deposits

Participation deposits are expressed in participation units for each individual fund. Each participation unit gives the holder an interest in the individual fund’s net assets. The per-unit value of the net assets is determined by dividing the individual fund’s net assets by the number of outstanding units. Depositors can purchase or cancel participation deposit units at that value at the beginning of each month. The difference between the proceeds of cancellation and the carrying value at issuance is recovered in the depositor’s demand deposit account. In addition, holders of participation deposit units are entitled to receive distributions. Participation deposit units are financial instruments defined as depositor’s equity in the Regulation and are subordinate to all other categories of financial liabilities.

Net income and comprehensive income

Dividend and interest income and expense

Dividend income is recognized when CDPQ obtains the right to the dividend, generally on the ex-dividend date. Distributions from funds are recognized as income on the settlement date. Dividend expense from equities sold short is recorded when the shareholders obtain the right to the dividend. Dividend income and expense are presented under “Investment income” and “Investment expense”, respectively, in the Consolidated Statements of Comprehensive Income.

Interest income and expense are recognized as amounts are earned or incurred using the prescribed coupon rate method. Interest income and expense are presented under “Investment income” and “Investment expense”, respectively, in the Consolidated Statements of Comprehensive Income.

Management fees

Investment management fees are costs incurred for external management purposes. These fees, which include both base fees and fees related to financial asset performance, consist of management fees for stock markets and management fees deducted from the fair value of investments. Management fees for stock markets are amounts paid directly to institutional fund managers to manage shares owned by CDPQ. Management fees deducted from the fair value of investments are fees paid to external managers to manage investments on private markets.

The base fees and performance-related management fees paid to external managers for stock markets are presented separately under “Investment expense” and “Net gains on financial investments at fair value”, respectively, while management fees deducted from the fair value of investments are presented under “Net gains on financial investments at fair value” in the Consolidated Statements of Comprehensive Income.

Net income and comprehensive income (cont.)

Transaction costs

Transaction costs directly attributable to the acquisition, sale and issuance of a financial instrument are presented under "Net gains on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income. Transaction costs include commissions, stock exchange fees as well as professional and legal fees related to investing and financing activities.

Operating expenses

Operating expenses consist of all the expenses incurred to manage and administer CDPQ's investments and are presented separately in the Consolidated Statements of Comprehensive Income.

Income tax

Under federal and provincial income tax legislation, CDPQ is exempt from income tax in Canada. In certain foreign jurisdictions, investment income and capital gains may be subject to tax. Withholding taxes and income tax expense are presented under "Net investment income" and "Net gains on financial instruments at fair value", respectively, in the Consolidated Statements of Comprehensive Income.

Net gains on financial instruments at fair value

Gains and losses realized on investments and investment liabilities represent the difference between settlement value and value at initial recognition. Gains and losses realized on derivative financial instruments represent payments and receipts. Unrealized gains and losses on financial instruments include net changes in fair value for the year as well as the reversal of prior-year unrealized gains and losses that were realized during the year. Realized and unrealized gains and losses are presented under "Net gains on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income.

Distributions to depositors

Under the Regulation, distributions to depositors consist of the annual net income or loss from the specialized portfolios as well as the net gains or losses realized on the cancellation of participation units of the specialized portfolios held by the individual funds. Distributions to depositors are recorded as finance costs and presented separately in the Consolidated Statements of Comprehensive Income.

3. NEW IFRS STANDARDS

Interest rate benchmark reform

In August 2020, the IASB issued amendments to IFRS 9 – *Financial Instruments*, IAS 39 – *Financial Instruments: Recognition and Measurement*, IFRS 7 – *Financial Instruments: Disclosures*, IFRS 4 – *Insurance Contracts,* and IFRS 16 – *Leases* to include amendments arising from interest rate benchmark reform, which came into effect on January 1, 2021. The amendments set out additional disclosure requirements regarding the replacement of interbank offered rates (IBORs) with new interest rate benchmarks. Benchmark interest rates denominated in U.S. dollars will cease to be published as of June 30, 2023, while benchmark interest rates denominated in British pounds ceased being published as of December 31, 2021. The adoption of the amendments has no impact on the consolidated financial statements.

CDPQ set up an organization-wide multidisciplinary committee to identify and manage the changes and risks arising from the IBOR reform. The reform notably includes risks related to the review of IBOR-related contractual clauses and the updating of processes and systems. CDPQ's exposure to IBORs, which are mostly denominated in U.S. dollars, includes \$8,109 million of non-derivative financial instruments and \$13,190 million of the notional amounts of derivative financial instruments with a maturity after June 30, 2023.

Standards issued but not yet effective

No issued or amended standard not yet effective as of the date of these financial statements is expected to have a material impact on the consolidated financial statements.

4. INVESTMENTS AND INVESTMENT LIABILITIES

a) Investments

The following table shows the fair values of the investments. The geographic allocation is determined according to the country of the issuer's principal place of business. The geographic allocation of interests in unconsolidated subsidiaries is determined according to the country of the underlying investments, while the allocation of derivative financial instruments is determined according to the currency in which the instrument will be settled:

	December 31, 2021			December 31, 2020		
	Canada	**Foreign**	**Fair value**	Canada	Foreign	Fair value
Investments						
Cash equivalents						
Short-term investments	**-**	**-**	**-**	200	-	200
Securities purchased under reverse repurchase agreements	**1,502**	**-**	**1,502**	1,189	-	1,189
Total cash equivalents	**1,502**	**-**	**1,502**	1,389	-	1,389
Fixed-income securities						
Short-term investments	**412**	**193**	**605**	395	39	434
Securities purchased under reverse repurchase agreements	**14,255**	**3,446**	**17,701**	4,557	1,026	5,583
Corporate debt	**876**	**1,446**	**2,322**	979	1,380	2,359
Bonds						
Governments	**35,992**	**21,664**	**57,656**	41,917	19,411	61,328
Government corporations and other public administrations	**5,941**	**559**	**6,500**	6,604	591	7,195
Corporate sector	**10,767**	**8,019**	**18,786**	11,826	7,104	18,930
Bond funds	**-**	**2,911**	**2,911**	-	1,401	1,401
Total fixed-income securities	**68,243**	**38,238**	**106,481**	66,278	30,952	97,230
Variable-income securities						
Equities						
Listed	**25,468**	**102,689**	**128,157**	30,746	88,623	119,369
Unlisted	**5,148**	**21,200**	**26,348**	3,305	20,127	23,432
Hedge funds	**-**	**491**	**491**	-	428	428
Total variable-income securities	**30,616**	**124,380**	**154,996**	34,051	109,178	143,229
Interests in unconsolidated subsidiaries						
Investments in real estate holdings	**13,217**	**39,412**	**52,629**	13,380	31,780	45,160
Investments in real estate debt	**16,863**	**3,673**	**20,536**	15,261	2,232	17,493
Private equity investments	**7,783**	**46,633**	**54,416**	7,680	32,819	40,499
Infrastructure investments	**6,298**	**31,437**	**37,735**	5,417	20,164	25,581
Investments in fixed-income securities	**5,090**	**23,627**	**28,717**	4,902	19,234	24,136
Investments in hedge funds	**-**	**4,196**	**4,196**	-	3,886	3,886
Stock market investments	**3,289**	**658**	**3,947**	2,869	1,614	4,483
Total interests in unconsolidated subsidiaries	**52,540**	**149,636**	**202,176**	49,509	111,729	161,238
Derivative financial instruments (Note 5)	**7**	**995**	**1,002**	1	2,891	2,892
Total investments	**152,908**	**313,249**	**466,157**	151,228	254,750	405,978

b) Investment liabilities

The following table shows the fair values of investment liabilities. The geographic allocation of non-derivative financial liabilities is determined using the country of the issuer's principal place of business, while the allocation of derivative financial instruments is determined according to the currency in which the instrument will be settled:

		December 31, 2021			December 31, 2020	
	Canada	**Foreign**	**Fair value**	Canada	Foreign	Fair value
Investment liabilities						
Non-derivative financial liabilities						
Securities sold under repurchase agreements	**11,543**	**3,447**	**14,990**	11,261	3,455	14,716
Securities sold short						
Equities	**90**	**1,473**	**1,563**	103	26	129
Bonds	**141**	**3,828**	**3,969**	1,610	1,022	2,632
Short-term promissory notes payable	**9,729**	**-**	**9,729**	5,983	-	5,983
Loans payable	**4**	**199**	**203**	514	428	942
Term notes payable	**15,601**	**-**	**15,601**	16,113	-	16,113
Total non-derivative financial liabilities	**37,108**	**8,947**	**46,055**	35,584	4,931	40,515
Derivative financial instruments (Note 5)	**-**	**1,232**	**1,232**	3	1,588	1,591
Total investment liabilities	**37,108**	**10,179**	**47,287**	35,587	6,519	42,106

5. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial contracts whose value fluctuates according to an underlying item, which require very little or no initial investment and are settled at a future date. The underlying item may be of a financial nature (interest rate, foreign currency or stock market security or index) or may be a commodity (precious metal, produce or oil). Certain derivative financial instruments are settled through clearing houses. CDPQ uses, among others, the derivative financial instruments described below.

Forward contracts are commitments for the purchase or sale of an underlying item, the quantity and price of which are determined in the contract and according to the maturity stated therein. Forward contracts have customized terms and conditions negotiated directly between the parties on the over-the-counter market. Futures contracts have terms and conditions determined by an exchange market.

Options are contracts traded on over-the-counter or exchange markets and that give the purchaser the right, but not the obligation, to buy or sell a given amount of an underlying security, index or commodity at a strike price stipulated in advance, either at a determined future date or at any time before a specified maturity date.

Swaps are derivatives traded on over-the-counter markets whereby two parties agree to exchange a series of cash flows according to predetermined conditions that include a notional amount, payment dates and a term to maturity.

Warrants are contracts traded on over-the-counter or exchange markets that enable the purchase of an underlying item, the price of which is determined in the contract, which includes a predetermined maturity date.

The notional amount is the amount to which a rate or price is applied to determine the amounts of cash flows to be exchanged periodically.

Derivative financial instruments (cont.)

The following table shows the fair values and the notional amounts of the derivative financial instruments held by CDPQ:

	December 31, 2021			December 31, 2020		
	Fair value		**Notional**	Fair value		Notional
	Assets	**liabilities**	**amount**	Assets	liabilities	amount
Exchange markets						
Interest rate derivatives						
Futures contracts	**-**	**-**	**105,715**	-	-	56,619
Equity derivatives						
Futures contracts	**-**	**-**	**19,056**	-	-	23,823
Warrants	**-**	**-**	**1**	1	-	53
Commodity derivatives						
Futures contracts	**-**	**-**	**215**	-	-	844
Total exchange markets	**-**	**-**	**124,987**	1	-	81,339
Over-the-counter markets						
Interest rate derivatives						
Swaps	**26**	**7**	**1,189**	250	-	2,128
Swaps settled through a clearing house	**-**	**-**	**48,162**	-	-	46,698
Forward contracts	**7**	**-**	**289**	-	-	-
Options	**142**	**125**	**30,703**	31	32	18,191
Currency derivatives						
Swaps	**109**	**95**	**8,441**	141	130	8,768
Forward contracts	**555**	**790**	**108,873**	1,868	879	97,149
Options	**-**	**-**	**-**	48	151	25,707
Credit default derivatives						
Swaps settled through a clearing house	**-**	**-**	**27,862**	-	-	45,485
Options	**-**	**-**	**-**	12	-	6,406
Equity derivatives						
Swaps	**152**	**210**	**10,313**	156	166	8,127
Forward contracts	**-**	**-**	**-**	160	-	1,091
Options	**-**	**-**	**-**	225	212	21,333
Warrants	**1**	**-**	**1**	-	-	-
Commodity derivatives						
Forward contracts	**10**	**5**	**625**	-	-	-
Options	**-**	**-**	**-**	-	21	1,867
Total over-the-counter markets	**1,002**	**1,232**	**236,458**	2,891	1,591	282,950
Total derivative financial instruments	**1,002**	**1,232**	**361,445**	2,892	1,591	364,289

6. FAIR VALUE MEASUREMENT

a) Policy, directive, protocols and procedures related to fair value measurement

CDPQ's valuation procedures are governed by its Investment Valuation Policy, which is approved by the Board of Directors. This general policy is further supported by the valuation directive applicable to private investments and the valuation protocols that stipulate the valuation process and methodology for each type of investment held by CDPQ. The general policy and the directive also establish the governance framework for the valuation and reporting process. Application of the policy is the responsibility of the Valuation Committee, which reports to the Executive Committee, supported by a valuation team. The Valuation Committee approves compliance with the policy and the fair values on a semi-annual basis. Subsequently, the Valuation Committee recommends the fair values to the Audit Committee. For valuations of private investments, consisting of private equity and infrastructure investments as well as specialized financing, the policy provides for an external review, over a period of three years, of substantially all the fair value of these investments. External reviews include valuations by independent valuators, observations of comparable transactions in the market, or valuations by a partner.

The policy also includes directives to be followed when using prices from external sources, such as broker quotes and net asset values provided by external administrators of the funds or general partners.

When fair value is determined by external valuators or third parties, the Valuation Committee, supported by the valuation team, verifies the qualifications, experience and independence of these parties. It also reviews the valuation techniques, the significant inputs used in calculating fair value, and the results and conclusions to ensure that they are in compliance with recognized valuation standards.

In addition, to ensure the reasonableness of the fair value determined, CDPQ conducts backtesting, compares the established fair value with values of comparable transactions, including the values of comparable public companies, and uses the services of external valuators.

b) Fair value valuation techniques

The following paragraphs describe the main valuation techniques used to measure CDPQ's financial instruments.

Short-term investments, securities purchased under reverse repurchase agreements, securities sold under repurchase agreements, short-term promissory notes payable, loans payable, and term notes payable

The fair value of these financial assets and liabilities is determined using a discounted cash flow technique that primarily uses observable inputs such as interest rate curves and credit spreads that make up the discount rates.

Corporate debt

The fair value of the corporate debt is determined using a discounted cash flow technique that uses observable and unobservable inputs such as interest rate curves and credit spreads. CDPQ may also use prices published by brokers in active markets for identical or similar instruments.

Bonds

The fair value of bonds is determined using prices published in active markets for identical or similar instruments. The fair value of bonds that have no published prices is determined using either a discounted cash flow technique or broker quotes. Discounted cash flow valuations use observable and unobservable inputs such as the interest rate curves and credit spreads that make up the discount rates.

Equities

Listed

The fair value of listed equities, including exchange-traded funds, is determined based on closing prices observed on major stock exchanges, which represent the active market.

The fair value of an ownership interest in a subsidiary or associate whose securities are listed is determined using a business valuation technique based on observable and unobservable inputs.

Unlisted

The fair value of private investment equities is primarily determined according to the market approach, which includes techniques based on comparable company multiples and comparable transaction multiples. CDPQ identifies comparable companies based on their industry, size, financial position and strategy and selects an appropriate multiple for each comparable company identified. This technique uses observable and unobservable inputs such as earnings before interest, taxes, depreciation and amortization (EBITDA) multiples and other multiples.

The fair value of infrastructure investment equities is primarily determined using a discounted cash flow technique and corroborated by the market approach. This technique uses observable and unobservable inputs such as discount rates that take into account the risk associated with the investment as well as future cash flows.

CDPQ also uses information about recent transactions carried out in the market for valuations of private equity and infrastructure investments.

Fair value valuation techniques (cont.)

Funds

The fair value of bond funds, hedge funds, investment funds and private investment and infrastructure funds is determined using the net assets provided by the administrator or by the general partner, unless there is an indication that the fair value differs from the net asset value provided. CDPQ ensures that the valuation techniques used by the fund's administrator or general partner to determine net asset values are in compliance with IFRS. Furthermore, the net asset value is adjusted to reflect certain factors such as purchases and sales of fund units between the date of the most recent financial statements provided by the fund and the valuation date, the quoted price of the underlyings when there are listed securities, or when there are other indications requiring judgment to be made.

Interests in unconsolidated subsidiaries

The fair value of CDPQ's interests in various unconsolidated subsidiaries is determined using an enterprise valuation technique.

Investments in real estate holdings

The fair value of ownership interests in real estate subsidiaries reflects the fair value of the assets and liabilities held directly by these subsidiaries. In particular, these assets and liabilities include investment property and associated liabilities, real estate funds and ownership interests held in companies.

The fair value of investment property, which is measured according to the highest and best use, is determined and certified semi-annually by external, recognized, and independent chartered real estate appraisers. Valuations are carried out in compliance with the valuation standards in effect in each market. CDPQ selects the fair value it deems most representative within the ranges provided by the external valuators. The valuation techniques used are based primarily on two recognized methodologies, namely, the discounted cash flow technique and the capitalization of revenue technique. These techniques use observable and unobservable inputs such as lease terms and conditions, operating expenses, residual value and rates of return, discount rates, and capitalization rates. Values observed for comparable transactions are used to determine the representative fair value range and support the fair value determined.

The fair value of real estate funds and ownership interests held in companies is determined based on characteristics specific to these assets, whose value is based on net assets which may be provided by an administrator or available in a published financial statement. The net asset value is adjusted to reflect external factors or when there are other indications requiring judgment to be exercised.

The fair value of financial liabilities associated with investment property is determined based on the discounted cash flow technique. This technique uses observable and unobservable inputs such as the interest rates and credit spreads that make up the discount rates.

Investments in real estate debt

The fair value of interests in real estate debt subsidiaries reflects the fair value of the assets held directly by these subsidiaries, which mainly include commercial mortgages and an interest in a mortgage lending subsidiary. The fair value of commercial mortgages is determined using the discounted cash flow technique that are divided into risk categories, according to the loan-to-value ratio, for which an appropriate discount rate is determined. Commercial mortgage valuations are reviewed annually by an independent external firm. The fair value of the interest in a mortgage lending subsidiary is determined using the discounted cash flow technique. This technique uses unobservable inputs such as discount rates that take into account the risk associated with the subsidiary as well as future cash flows.

Private equity, infrastructure, fixed-income securities, hedge funds, and stock markets

Enterprise value reflects the fair value of assets held directly by these subsidiaries, which include bonds, corporate debt, listed and unlisted equities as well as funds whose valuation techniques are described above.

CDPQ may also use information about recent transactions carried out in the market for valuations of these financial assets.

Securities sold short

The fair value of bonds and equities that are sold short is determined using the fair value of the security that is sold short. The techniques for valuing these securities have been described above.

Derivative financial instruments

The fair value of derivative financial instruments is determined according to the type of instrument. The fair value of derivative financial instruments traded on exchange markets and on over-the-counter markets that are settled through a clearing house is determined, respectively, using the prices on the major stock exchanges representing the active market and clearing house prices. The fair value of the other derivative financial instruments traded on over-the-counter markets is determined using recognized and commonly used valuation techniques such as the discounted cash flow technique or other financial models. These techniques require the development and use of assumptions that take into account observable inputs such as the interest rate curves and credit spreads that make up the discount rates as well as foreign exchange rate curves, prices of the underlying items, and volatility.

Fair value valuation techniques (cont.)

Net assets attributable to depositors

Demand deposits

The fair value of demand deposits is determined based on their nominal value, as they are repayable at any time at the option of the issuer without penalty.

Term deposits and distributions payable to depositors

The fair value of term deposits and distributions payable to depositors is determined using the discounted cash flow technique. This valuation technique mainly uses observable inputs such as the interest rate curves and credit spreads that make up the discount rates.

Participation deposits

The fair value of depositor participation deposits stems from a valuation of all the financial assets and liabilities held by CDPQ.

c) Fair value hierarchy

CDPQ's financial instruments at FVTPL are classified according to the below-described fair value hierarchy, based on the lowest level of significant input used in measuring fair value.

Level 1: The fair value calculation of the financial instrument is based on observable prices (unadjusted) in active markets that the entity can access at the measurement date for identical assets or liabilities.

Level 2: The fair value of the financial instrument is calculated using valuation techniques for which the significant inputs are observable, either directly or indirectly.

Level 3: The fair value of the financial instrument is calculated using valuation techniques for which the significant inputs are unobservable. This level includes financial instruments whose valuation is based on prices observed for similar financial instruments, substantially adjusted to reflect the characteristics specific to the financial instrument being measured and available market data.

Fair value hierarchy (cont.)

Classification into the fair value hierarchy levels is determined upon initial measurement of the financial instrument and is reviewed on each subsequent measurement date. Transfers between levels of the fair value hierarchy are measured at fair value at the beginning of each fiscal year.

The determination of the fair value hierarchy levels of financial instruments is influenced by prevailing market conditions on the valuation date. Consequently, the classifications by level can vary significantly from one year to the next.

The following tables show an allocation of the fair value of financial instruments into the three levels of the fair value hierarchy:

				December 31, 2021
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Amounts receivable from transactions being settled	-	2,213	-	2,213
Advances to depositors	-	1,011	-	1,011
Investment income, accrued and receivable	-	949	-	949
Investments				
Cash equivalents	-	1,502	-	1,502
Short-term investments	-	605	-	605
Securities purchased under reverse repurchase agreements	-	17,701	-	17,701
Corporate debt	-	-	2,322	2,322
Bonds	62,384	22,770	699	85,853
Equities				
Listed	127,645	512	-	128,157
Unlisted	-	8,230	18,118	26,348
Hedge funds	-	434	57	491
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	-	10,503	42,126	52,629
Investments in real estate debt	-	16,148	4,388	20,536
Private equity investments	-	492	53,924	54,416
Infrastructure investments	-	-	37,735	37,735
Investments in fixed-income securities	-	5,254	23,463	28,717
Investments in hedge funds	-	4,196	-	4,196
Stock market investments	-	3,947	-	3,947
Derivative financial instruments	-	1,002	-	1,002
	190,029	97,469	182,832	470,330
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled	-	3,443	-	3,443
Other financial liabilities	-	1,839	-	1,839
Investment liabilities				
Securities sold under repurchase agreements	-	14,990	-	14,990
Securities sold short	5,519	13	-	5,532
Short-term promissory notes payable	-	9,729	-	9,729
Loans payable	-	203	-	203
Term notes payable	-	15,601	-	15,601
Derivative financial instruments	-	1,232	-	1,232
	5,519	47,050	-	52,569
Net assets attributable to depositors				
Demand deposits	-	782	-	782
Term deposits	-	7	-	7
Distributions payable to depositors	-	1,839	-	1,839
Participation deposits	-	417,169	-	417,169
	-	419,797	-	419,797

Fair value hierarchy (cont.)

				December 31, 2020
	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts receivable from transactions being settled	-	3,116	-	3,116
Advances to depositors	-	281	-	281
Investment income, accrued and receivable	-	1,109	-	1,109
Investments				
Cash equivalents	-	1,389	-	1,389
Short-term investments	-	434	-	434
Securities purchased under reverse repurchase agreements	-	5,583	-	5,583
Corporate debt	-	-	2,359	2,359
Bonds	63,825	24,804	225	88,854
Equities				
Listed	118,759	610	-	119,369
Unlisted	-	6,715	16,717	23,432
Hedge funds	-	395	33	428
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	-	9,755	35,405	45,160
Investments in real estate debt	-	13,768	3,725	17,493
Private equity investments	-	-	40,499	40,499
Infrastructure investments	-	-	25,581	25,581
Investments in fixed-income securities	-	5,122	19,014	24,136
Investments in hedge funds	-	3,886	-	3,886
Stock market investments	-	2,869	1,614	4,483
Derivative financial instruments	1	2,891	-	2,892
	182,585	82,727	145,172	410,484
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled	-	3,290	-	3,290
Other financial liabilities	-	1,205	-	1,205
Investment liabilities				
Securities sold under repurchase agreements	-	14,716	-	14,716
Securities sold short	2,761	-	-	2,761
Short-term promissory notes payable	-	5,983	-	5,983
Loans payable	-	942	-	942
Term notes payable	-	16,113	-	16,113
Derivative financial instruments	-	1,591	-	1,591
	2,761	43,840	-	46,601
Net assets attributable to depositors				
Demand deposits	-	4,042	-	4,042
Term deposits	-	7	-	7
Distributions payable to depositors	-	2,653	-	2,653
Participation deposits	-	358,790	-	358,790
	-	365,492	-	365,492

Fair value hierarchy (cont.)

Transfers between levels of the fair value hierarchy

As at December 31, 2021, due to changes in the characteristics of financial instruments and changes in the availability of observable inputs given changing market conditions, financial instruments with a value of $1,872 million were transferred from Level 1 to Level 2, $2,470 million from Level 2 to Level 1, $63 million from Level 2 to Level 3, and $2,129 million from Level 3 to Level 2.

As at December 31, 2020, due to changes in the availability of observable inputs given changing market conditions, financial instruments with a value of $989 million were transferred from Level 1 to Level 2 and of $771 million from Level 2 to Level 1. Moreover, due to a loss of significant influence in an associate whose securities are quoted, financial instruments with a value of $916 million were transferred from Level 3 to Level 1.

d) Level 3: Reconciliation between opening and closing balances

For financial instruments classified in Level 3 of the hierarchy, reconciliations between the opening and closing balances as at December 31, 2021 and 2020 are as follows:

								2021
	Opening balance (assets/ (liabilities))	**Gains (losses) recognized in comprehensive income[1]**	**Purchases**	**Sales**	**Settlements**	**Transfers**	**Closing balance (assets/ (liabilities))**	**Unrealized gains (losses) on financial instruments held at year-end [1 and 2]**
Corporate debt	**2,359**	**2**	**303**	**(54)**	**(288)**	**-**	**2,322**	**92**
Bonds	**225**	**112**	**311**	**(1)**	**(11)**	**63**	**699**	**106**
Equities	**16,750**	**1,691**	**1,612**	**(1,621)**	**-**	**(257)**	**18,175**	**2,139**
Interests in unconsolidated subsidiaries	**125,838**	**26,967**	**21,393**	**(10,690)**	**-**	**(1,872)**	**161,636**	**27,577**

								2020
	Opening balance (assets/ (liabilities))	Gains (losses) recognized in comprehensive income[1]	Purchases	Sales	Settlements	Transfers	Closing balance (assets/ (liabilities))	Unrealized gains (losses) on financial instruments held at year-end [1 and 2]
Corporate debt	2,015	174	284	-	(114)	-	2,359	73
Bonds	718	(8)	479	(957)	(7)	-	225	(1)
Equities	17,921	(72)	1,338	(1,521)	-	(916)	16,750	74
Interests in unconsolidated subsidiaries	115,970	(1,511)	14,279	(2,900)	-	-	125,838	(1,205)
Derivative financial instruments[3]	(12)	(1)	-	-	13	-	-	-
Securities sold short	(6)	6	-	-	-	-	-	-

[1] Presented under "Net gains on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income.

[2] Includes the change in fair value resulting from measuring financial instruments denominated in their original currency and excludes the amounts of gains (losses) resulting from translating financial instruments denominated in foreign currencies.

[3] The assets and liabilities related to derivative financial instruments are presented on a net basis.

e) Level 3: Fair value measurement based on reasonably possible alternative assumptions

In certain cases, the assumptions used in the valuation techniques are based on unobservable inputs or observable inputs adjusted significantly to reflect the characteristics specific to the financial instrument being measured. While CDPQ considers its fair value measurements to be appropriate, the use of reasonably possible alternative assumptions could result in different fair values. For a given measurement date, it is possible that other market participants could measure a same financial instrument at a different fair value, with the valuation techniques and inputs used by these market participants still meeting the definition of fair value. The fact that different fair value measurements exist reflects the judgment, estimates and assumptions applied as well as the uncertainty involved in determining the fair value of these financial instruments.

Level 3: Fair value measurement based on reasonably possible alternative assumptions (cont.)

The following tables show quantitative information on the primary valuation techniques and unobservable inputs for the main financial instruments classified in Level 3 of the fair value hierarchy that are subject to the sensitivity analysis in Note 6f as well as those that are excluded from the analysis:

					December 31, 2021
	Fair value	Valuation techniques	Unobservable inputs	Range	Weighted average
Included in the sensitivity analysis					
Corporate debt	**2,023**	**Discounted cash flows**	**Credit spreads**	**0.7% to 3.5%**	**1.9%**
			Discount rates	**6.0% to 11.0%**	**8.4%**
Equities					
Private equity investments	**5,150**	**Comparable company multiples**	**EBITDA multiples**	**7.6 to 16.0**	**12.6**
Infrastructure investments	**5,190**	**Discounted cash flows**	**Discount rates**	**6.5% to 13.3%**	**9.9%**
Interests in unconsolidated subsidiaries					
Investments in real estate holdings	**42,126**	**Discounted cash flows**	**Discount rates**	**4.2% to 13.8%**	**6.4%**
			Credit spreads	**0.0% to 8.6%**	**1.8%**
		Capitalization of revenue	**Capitalization rate**	**2.7% to 11.1%**	**5.3%**
		Net real estate assets	**Discounts to net asset value**	**0.0% to 22.3%**	**4.9%**
Investments in real estate debt	**1,621**	**Discounted cash flows**	**Discount rates**	**14.0%**	**n.a.**
Private equity investments	**18,969**	**Comparable company multiples**	**EBITDA multiples**	**7.0 to 15.5**	**11.9**
Infrastructure investments	**20,591**	**Discounted cash flows**	**Discount rates**	**6.0% to 14.0%**	**9.2%**
Investments in fixed-income securities	**17,770**	**Discounted cash flows**	**Discount rates**	**7.3%**	**n.a.**
			Credit spreads	**1.1% to 10.1%**	**4.5%**
	113,440				
Excluded from the sensitivity analysis					
Financial instruments[1]	**69,392**	**Recent transactions[2]**	**n.a.**	**n.a.**	**n.a.**
		Broker quotes[3]	**n.a.**	**n.a.**	**n.a.**
		Net assets[3]	**n.a.**	**n.a.**	**n.a.**
Net financial instruments classified in Level 3	**182,832**				

n.a.: not applicable

[1] The fair value of financial instruments presented in this item includes corporate debt, bonds, equities, and interests in unconsolidated subsidiaries.

[2] When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. Consequently, CDPQ did not conduct a sensitivity analysis.

[3] When fair value is determined using broker quotes or net asset value, this value is the only reasonable indication of fair value. Consequently, CDPQ is unable to conduct a sensitivity analysis.

Level 3: Fair value measurement based on reasonably possible alternative assumptions (cont.)

December 31, 2020

	Fair value	Valuation techniques	Unobservable inputs	Range	Weighted average
Included in the sensitivity analysis					
Corporate debt	2,303	Discounted cash flows	Credit spreads	0.6% to 3.4%	1.9%
			Discount rates	5.5% to 11.0%	8.1%
Equities					
Private equity investments	4,953	Comparable company multiples	EBITDA multiples	7.8 to 16.0	11.8
Infrastructure investments	5,145	Discounted cash flows	Discount rates	6.5% to 13.3%	9.9%
Investments in unconsolidated subsidiaries					
Investments in real estate holdings	35,405	Discounted cash flows	Discount rates	4.1% to 13.8%	6.5%
			Credit spreads	0.0% to 6.8%	2.0%
		Capitalization of revenue	Capitalization rate	2.1% to 10.7%	5.3%
		Net real estate assets	Discounts to net asset value	0.0% to 14.4%	4.0%
Private equity investments	12,471	Comparable company multiples	EBITDA multiples	6.3 to 15.6	11.9
Infrastructure investments	19,027	Discounted cash flows	Discount rates	6.0% to 14.0%	9.1%
Investments in fixed-income securities	14,066	Discounted cash flows	Discount rates	7.0%	n.a.
			Credit spreads	1.1% to 8.8%	4.5%
	93,370				
Excluded from the sensitivity analysis					
Financial instruments[1]	51,802	Recent transactions[2]	n.a.	n.a.	n.a.
		Broker quotes[3]	n.a.	n.a.	n.a.
		Net assets[3]	n.a.	n.a.	n.a.
Net financial instruments classified in Level 3	145,172				

n.a.: not applicable

[1] The fair value of financial instruments presented in this item includes corporate debt, bonds, equities, and interests in unconsolidated subsidiaries.

[2] When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. Consequently, CDPQ did not conduct a sensitivity analysis.

[3] When fair value is determined using broker quotes or net asset value, this value is the only reasonable indication of fair value. Consequently, CDPQ is unable to conduct a sensitivity analysis.

f) Sensitivity analysis of fair value

The following analysis shows the sensitivity of fair value measurements to reasonably possible alternative assumptions for the significant unobservable inputs shown in the preceding tables of Note 6e. CDPQ identified reasonably possible alternative assumptions using its judgment and knowledge of the markets. The following table shows the increases and decreases in fair value that would result from these alternative assumptions for the main financial instruments classified in Level 3 of the fair value hierarchy that are subject to a sensitivity analysis:

	December 31, 2021		December 31, 2020	
	Increase	**Decrease**	Increase	Decrease
Sensitivity of fair value	**7,803**	**(7,033)**	6,324	(6,099)

As at December 31, 2021, the fair value sensitivity analysis above shows an increase in fair value of $3,225 million ($2,551 million as at December 31, 2020) and a decrease in fair value of $2,535 million ($2,325 million as at December 31, 2020) attributable to investments in real estate holdings.

There is a correlation between unobservable inputs and the determination of fair value. Therefore, an increase (decrease) in discount rates, credit spreads, capitalization rates, and discounts to net asset value would result in a decrease (increase) in fair value. Furthermore, an increase (decrease) in EBITDA multiples would result in an increase (decrease) in fair value. There is no predictable correlation between unobservable inputs.

7. OFFSETTING FINANCIAL ASSETS AND LIABILITIES

A financial asset and a financial liability must be offset in the Consolidated Statements of Financial Position when CDPQ has a legally enforceable right of set-off and intends either to settle on a net basis or to realize the financial asset and settle the financial liability simultaneously with the counterparty. CDPQ has a legally enforceable right of set-off when this right is exercisable in the normal course of business and in the event of default, insolvency or bankruptcy.

Amounts receivable from and amounts payable on transactions being settled, securities purchased under reverse repurchase agreements, securities sold under repurchase agreements and derivative financial instruments traded on over-the-counter markets in accordance with agreements of the International Swaps and Derivatives Association (ISDA) are subject to master netting agreements that do not meet the criteria for offsetting in the Consolidated Statements of Financial Position as they give a right of set-off that is enforceable only in the event of default, insolvency or bankruptcy.

Securities purchased under reverse repurchase agreements and securities sold under repurchase agreements settled through a clearing house satisfy the offsetting criteria. Derivative financial instruments traded on exchange markets as well as those settled by clearing houses through brokers also satisfy offsetting criteria.

The following tables show information about financial assets and liabilities that are offset and not offset in the Consolidated Statements of Financial Position and that are subject to master netting agreements or similar arrangements:

						December 31, 2021
	Gross amounts recognized	Amounts offset	Net amounts presented in the Consolidated Statements of Financial Position[1]	Amounts subject to master netting agreements	Collateral received/pledged[2]	Net amounts
Financial assets						
Amounts receivable from transactions being settled	**2,213**	**-**	**2,213**	**(458)**	**-**	**1,755**
Securities purchased under repurchase agreements[3]	**21,920**	**(2,716)**	**19,204**	**(10,472)**	**(8,732)**	**-**
Derivative financial instruments[3]	**1,009**	**-**	**1,009**	**(809)**	**(22)**	**178**
	25,142	**(2,716)**	**22,426**	**(11,739)**	**(8,754)**	**1,933**
Financial liabilities						
Amounts payable on transactions being settled	**3,443**	**-**	**3,443**	**(458)**	**-**	**2,985**
Securities sold under repurchase agreements[3]	**17,708**	**(2,716)**	**14,992**	**(10,472)**	**(4,520)**	**-**
Derivative financial instruments[3]	**1,238**	**-**	**1,238**	**(809)**	**(345)**	**84**
	22,389	**(2,716)**	**19,673**	**(11,739)**	**(4,865)**	**3,069**

[1] Net amounts presented in the Consolidated Statements of Financial Position or in Notes 4a and 4b.

[2] The financial collateral received or pledged cannot include a net amount per counterparty less than zero. The total amounts of financial collateral received or pledged are disclosed in Notes 13 and 14.

[3] The amounts presented in this item include amounts receivable and payable presented, respectively, under “Investment income, accrued and receivable” and “Other financial liabilities”.

Offsetting Financial Assets and Liabilities (cont.)

						December 31, 2020
	Gross amounts recognized	Amounts offset	Net amounts presented in the Consolidated Statements of Financial Position[1]	Amounts subject to master netting agreements	Collateral received/pledged[2]	Net amounts
Financial assets						
Amounts receivable from transactions being settled	3,116	-	3,116	(1,164)	-	1,952
Securities purchased under reverse repurchase agreements[3]	16,119	(9,346)	6,773	(5,471)	(1,302)	-
Derivative financial instruments[3]	2,903	-	2,903	(1,308)	(1,003)	592
	22,138	(9,346)	12,792	(7,943)	(2,305)	2,544
Financial liabilities						
Amounts payable on transactions being settled	3,290	-	3,290	(1,164)	-	2,126
Securities sold under repurchase agreements[3]	24,072	(9,346)	14,726	(5,471)	(9,255)	-
Derivative financial instruments[3]	1,596	-	1,596	(1,308)	(176)	112
	28,958	(9,346)	19,612	(7,943)	(9,431)	2,238

[1] Net amounts presented in the Consolidated Statements of Financial Position or in Notes 4a and 4b.

[2] The financial collateral received or pledged cannot include a net amount per counterparty less than zero. The total amounts of financial collateral received or pledged are disclosed in Notes 13 and 14.

[3] The amounts presented in this item include amounts receivable and payable presented, respectively, under “Investment income, accrued and receivable” and “Other financial liabilities”.

8. INVESTMENT RESULT BEFORE DISTRIBUTIONS TO DEPOSITORS

The following table shows the net investment income, net gains (losses) on financial instruments at FVTPL as well as operating expenses:

			2021			2020
	Net investment income	**Net gains (losses)**	**Total**	Net investment income	Net gains (losses)	Total
Cash management activities	**3**	**1**	**4**	14	2	16
Investing activities						
Short-term investments	**-**	**2**	**2**	-	2	2
Securities purchased under reverse repurchase agreements	**40**	**112**	**152**	58	106	164
Corporate debt	**92**	**3**	**95**	105	174	279
Bonds	**2,377**	**(5,381)**	**(3,004)**	2,438	5,024	7,462
Equities	**3,569**	**16,225**	**19,794**	3,573	10,454	14,027
Interests in unconsolidated subsidiaries	**6,697**	**26,764**	**33,461**	3,352	(406)	2,946
Net derivative financial instruments	**-**	**72**	**72**	-	2,052	2,052
Other	**19**	**(173)**	**(154)**	8	(28)	(20)
	12,797	**37,625**	**50,422**	9,548	17,380	26,928
Investment liability activities						
Securities sold under repurchase agreements	**(42)**	**(1)**	**(43)**	(154)	(492)	(646)
Securities sold short	**(42)**	**(604)**	**(646)**	(36)	(340)	(376)
Financing activities						
Short-term promissory notes payable	**-**	**(19)**	**(19)**	-	(6)	(6)
Loans payable	**(1)**	**1**	**-**	(2)	(23)	(25)
Term notes payable	**(322)**	**535**	**213**	(387)	236	(151)
Other						
Management fees – stock markets	**(98)**	**(76)**	**(174)**	(74)	(74)	(148)
Transaction costs	**-**	**(306)**	**(306)**	-	(216)	(216)
	(505)	**(470)**	**(975)**	(653)	(915)	(1,568)
	12,292	**37,155**	**49,447**	8,895	16,465	25,360
Operating expenses (Note 9)			**(718)**			(609)
Investment result before distributions to depositors			**48,729**			24,751

External audit fees for audit services, audit-related services and tax services amount to $4 million for the year ended December 31, 2021 ($4 million for the year ended December 31, 2020).

9. OPERATING EXPENSES

The following table shows the operating expenses:

	2021	2020
Salaries and employee benefits	**510**	391
Information technology and professional services	**83**	68
Maintenance, equipment and amortization	**33**	64
Data services and subscriptions	**30**	29
Rent	**20**	19
Other expenses	**21**	19
	697	590
Safekeeping of securities	**21**	19
	718	609

10. SEGMENT INFORMATION

CDPQ enables its depositors to allocate their funds to specialized portfolios that hold securities of the same type. These portfolios represent operating segments that have been grouped into three separate segments according to management approach, economic characteristics, and performance targets:

- Fixed Income: This segment's objective is to reduce the overall risk level of CDPQ's portfolio and match its depositors' assets and liabilities while providing a significant source of liquidity. This segment consists of the Rates, Credit, Short Term Investments, Long Term Bonds, and Real Return Bonds specialized portfolios.
- Real Assets: This segment's objective is to expose CDPQ to markets for which investment income is indexed to inflation and to partially hedge the inflation risk associated with the liabilities of several depositors. This segment consists of the Real Estate and Infrastructure specialized portfolios.
- Equities: This segment's objective is to increase the depositors' long-term target returns. This segment consists of the Equity Markets and Private Equity specialized portfolios.

The following table shows the allocation of net assets attributable to depositors according to each of CDPQ's segments:

	December 31, 2021	December 31, 2020
Fixed Income	**129,433**	110,237
Real Assets	**87,406**	67,176
Equities	**201,195**	182,257
Other[1]	**1,763**	5,822
Net assets attributable to depositors	**419,797**	365,492

The following table shows the allocation of the investment result before distributions to depositors for each of CDPQ's segments:

	2021	2020
Fixed Income	**(521)**	8,742
Real Assets	**10,017**	(4,951)
Equities	**40,526**	20,049
Other[1]	**(1,293)**	911
Investment result before distributions to depositors	**48,729**	24,751

[1] The Other item includes the Asset Allocation specialized portfolio, cash activities, and the customized operations of individual funds, which consist of direct holdings of derivative financial instruments by the individual funds for the customized management of the desired exposure of each depositor.

11. RISK IDENTIFICATION AND MANAGEMENT

Risk management policies, directives and procedures related to investment activities

CDPQ is responsible for managing deposits in accordance with service agreements and depositor investment policies, the investment policies for specialized portfolios and the integrated risk management policy. To do so, it has implemented various policies, directives and procedures to oversee the management of the risks relating to its operations.

The integrated risk management policy is adopted by CDPQ's Board of Directors. The purpose of this policy is to promote a rigorous risk management culture and practices that help CDPQ carry out its mission on behalf of its depositors. The integrated risk management policy defines market risk, concentration risk, credit risk, counterparty risk associated with derivative financial instruments, and financing-liquidity risk.

Specifically, this policy aims to:

- Establish the guiding principles that support CDPQ's integrated risk management framework and promote a sound risk management culture at all levels of the organization
- Set out the risk management model and governance structure
- Define the roles and responsibilities of stakeholders
- Establish oversight of the main risks to which CDPQ is exposed

CDPQ's governance and risk management are based on the following twelve guiding principles:

- A risk tolerance framework
- The roles of the Board of Directors and senior executives
- A client-centric approach that focuses on the needs of depositors
- A long-term investment strategy
- Liquidity and financing management
- In-depth knowledge of assets and markets
- Independent functions and stakeholder accountability
- Collaboration for comprehensive risk management
- Operational excellence
- Use of derivative financial instruments and counterparty risk management
- Oversight of new investment activities and new financial instruments
- A responsible investment framework

The levels of control and parties responsible for risk management governance are as follows:

1. Investment groups have the primary responsibility for managing the risks related to their operations.
2. Independent teams and internal committees are responsible for supporting investment group employees and setting appropriate control mechanisms.
3. The Board of Directors and its committees ensure a management framework is adopted, and the Internal Audit group ensures execution and compliance with the established risk management framework.

The integrated risk management policy sets out risk limits and authorization levels for CDPQ as a whole as well as limits applicable to cross-functional activities. In addition, CDPQ develops and periodically reviews the specialized portfolio investment policies that are designed to oversee the work of the specialized portfolio managers. A separate investment policy sets out investment strategy, management style, eligible investments, target returns, benchmark index, and concentration and risk limits.

Furthermore, each investment group must adopt an investment strategy. Global strategic planning (GSP) seeks to strengthen the decision-making process by achieving a better matching of return to risk when choosing investments. GSP sets future directions, strengthens the collaboration and information sharing processes required to make strategic investment decisions, and ensures a better alignment between the directions and strategies. The GSP process is conducted continuously and includes the following steps: 1) Diagnostic and strategic directions; 2) Strategic plans; 3) Review and approval; and 4) Execution and accountability. Investment plans are communicated to the Executive Committee and presented to the Investment-Risk Committee (IRC) and Board of Directors for approval.

CDPQ is exposed to various financial risks. Detailed information regarding these risks is disclosed in the following sections.

Market risk

Market risk is the risk of financial loss arising from fluctuations in the fair value of financial instruments. Volatility in financial instrument prices stems from changes in market risk factors, in particular interest rates, credit spreads, exchange rates, share prices and commodity prices.

CDPQ manages market risk according to an integrated approach for all specialized portfolios. The main factors contributing to risk, such as industry sector, geographic region and issuer, are taken into account. CDPQ's market risk is managed and calculated according to factors that can influence the fair value of investments and investment liabilities.

CDPQ measures its market risk using Value-at-Risk (VaR), which is based on a statistical estimate of the volatility of the fair value of each position and of correlations between market risk factors. VaR is a statistical estimate of the potential financial loss that could be incurred by CDPQ's actual portfolio, based on a predetermined confidence level and a given exposure period. The market VaR is estimated with a 95% confidence level over an exposure period of one year. Moreover, due to the methodology, the effects on the portfolio of the unfavourable events seen over a one-month horizon are repeated several times during the year. To summarize, VaR indicates the level of loss that the actual portfolio of CDPQ could exceed in 5% of cases over the forthcoming year. CDPQ estimates VaR for each instrument held in its specialized portfolios and aggregates the information for CDPQ's actual portfolio.

The historical-simulation method is used to measure VaR. This method is based mainly on the assumption that the future will be similar to the past. It requires that historical data series on all the risk factors needed to estimate the returns on financial instruments be available. In the absence of historical data, alternative methods are used.

The calculation results obtained by applying this methodology do not make it possible to estimate the amount of loss, based on a specific event, that would be incurred by CDPQ's portfolio if this event re-occurred. For example, if future conditions and market risk factors were substantially different from past economic conditions, actual losses could differ substantially from estimated losses. Moreover, these estimates at a given date do not take into account all possible losses resulting from exceptional market events or losses that could arise over and above the 95% confidence level. Consequently, in light of these limitations, CDPQ's actual portfolio losses could exceed the estimates.

A risk factor observation history over a period from 2006 to the reporting date is being used to assess the volatility of returns and the correlation between the performance of financial instruments.

Two risk measures are calculated and analyzed:

- The absolute risk of the actual portfolio represents the total risk associated with the categories of financial instruments that make up CDPQ's actual portfolio.
- The absolute risk of the benchmark portfolio targeted by depositors represents the total risk of the benchmark indexes associated with the categories of financial instruments that make up CDPQ's benchmark portfolio.

The absolute risks of CDPQ's actual and benchmark portfolios are measured regularly and used to calculate the absolute risk ratio, which is subject to certain limitations. The absolute risk ratio is obtained by dividing the absolute risk of the actual portfolio by the absolute risk of the benchmark portfolio.

The absolute risk of CDPQ's actual and benchmark portfolio, including the risk associated with the underlying investments of unconsolidated subsidiaries whose risk is managed by CDPQ, as a percentage of net assets, according to a 95% confidence level and a history of observation over a period from 2006 to the reporting date, as well as the absolute risk ratio, are as follows:

			December 31, 2021			December 31, 2020
	Absolute risk of the actual portfolio	**Absolute risk of the benchmark portfolio**	**Absolute risk ratio**	Absolute risk of the actual portfolio	Absolute risk of the benchmark portfolio	Absolute risk ratio
Value at risk	**14.9%**	**14.5%**	**1.03**	14.0%	13.6%	1.03

Moreover, when managing market risk, CDPQ uses stress tests that allow it to evaluate the consequences of specific circumstances on the returns of CDPQ's actual portfolio based on historical, hypothetical or risk factor sensitivity scenarios. Using various types of scenarios, stress tests measure the gains or losses in value of a financial instrument following a change in one or more often-related risk factors, such as share prices, interest rates, rate spreads, exchange rates, commodity prices and market volatility. The hypothetical scenarios are also continuously enriched to integrate new issues, such as the impact of the COVID-19 pandemic on the global economy.

Market risk (cont.)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk is integrated into the VaR measurement.

CDPQ uses a dynamic management approach for the main currencies of developed countries. Dynamic management is used to protect certain specialized portfolios when the Canadian dollar appears to be significantly undervalued or overvalued compared to its equilibrium value according to the valuation models. Dynamic hedging should therefore be less frequent, but the duration of the hedge, being unforeseeable, may vary widely and last for a few weeks to several months. Certain specialized portfolios may therefore be partially hedged against foreign exchange risk.

To strategically manage currency risk, CDPQ uses currency derivatives to manage its exposure to the main currencies of developed countries according to hedging targets. For other currencies, a discretionary hedge may be implemented to manage the foreign currency exposures of the specialized portfolios or of certain investments. Moreover, currency risk can be managed by way of natural hedging activities, including the financing of investments in the same currency.

The net exposure to foreign currencies takes into account the effects of currency derivatives, natural hedging and the underlying investments in currencies of unconsolidated subsidiaries whose currency risk is managed by CDPQ. CDPQ's net exposure to foreign currencies, as a percentage of net assets including purchases and cancellations of participation units of the specialized portfolios completed at the beginning of each month, is as follows:

	December 31, 2021	December 31, 2020
Canadian dollar	**45%**	53%
U.S. dollar	**29%**	23%
Euro	**6%**	4%
Brazilian real	**2%**	2%
Chinese yuan	**2%**	2%
Hong Kong dollar	**1%**	1%
Indian rupee	**1%**	2%
Mexican peso	**1%**	2%
Pound sterling	**5%**	4%
Yen	**2%**	1%
Other	**6%**	6%
	100%	100%

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk is integrated into the VaR measurement.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors that affect all similar financial instruments traded on the market. This risk is integrated into the VaR measurement.

Concentration risk

CDPQ analyzes overall concentration risk for the entire group of specialized portfolios it manages. The integrated risk management policy sets out exposure limits according to category of financial instrument and according to issuer for growth markets and for certain countries. Moreover, the investment policies of the specialized portfolios set out specific limits for each issuer, industry sector, and geographic region.

The concentration limit by issuer is 3% of CDPQ's total assets, with the exception of securities issued by the Canadian or U.S. governments or by their agencies and that feature an explicit guarantee or those issued by a Canadian province or territory of Canada or a ministry or agency thereof or by sovereign issuers rated AAA, which are not included in the concentration limit. Concentration by issuer is monitored monthly or upon initiation of a transaction requiring approval of the IRC or the Board of Directors, as appropriate.

The following table shows the main geographic concentrations as a percentage of total net exposure, established according to the country of the issuers' principal place of business, after the effects of certain derivative financial instruments and including the underlying investments in unconsolidated subsidiaries whose concentration risk is managed by CDPQ:

	December 31, 2021	December 31, 2020
United States	**44%**	35%
Canada	**26%**	32%
Europe	**13%**	14%
Asia Pacific[1]	**11%**	12%
Latin America[1]	**4%**	4%
Other[1]	**2%**	3%
	100%	100%

[1] Comparative information has been restated to conform to the new geographical grouping presented.

The following table shows the principal industry sector concentrations as a percentage of total net exposure, established according to the industry sector in which the issuers operate, after the effects of certain derivative financial instruments and including the underlying investments in unconsolidated subsidiaries whose concentration risk is managed by CDPQ:

	December 31, 2021	December 31, 2020
Industry sector		
Real estate	**14%**	14%
Industrials	**11%**	11%
Financials	**9%**	10%
Information technologies	**10%**	7%
Consumer discretionary	**6%**	6%
Utilities	**5%**	5%
Health care	**5%**	5%
Consumer staples	**3%**	4%
Real estate debt	**4%**	4%
Communication services	**5%**	4%
Energy	**2%**	3%
Materials	**2%**	2%
Other	**2%**	2%
Government sector		
Government of the United States	**13%**	9%
Government of Canada	**4%**	7%
Government of Québec	**2%**	3%
Government corporations and other public administrations in Québec	**1%**	2%
Other	**2%**	2%
	100%	100%

Credit risk

Credit risk is the possibility of incurring a loss in value should a borrower, endorser, or guarantor experience a deterioration in financial position, fail to meet an obligation to repay a loan or fail to meet any other financial commitment.

Maximum credit risk exposure is measured based on the fair value of financial instruments without taking into account guarantees or other credit enhancements. For the other items, the maximum exposure to credit risk is the total amount guaranteed or committed.

The following table shows the maximum exposure to credit risk:

	December 31, 2021	December 31, 2020
Cash	**1,073**	1,021
Amounts receivable from transactions being settled	**2,213**	3,116
Advances to depositors	**1,011**	281
Investment income, accrued and receivable	**949**	1,109
Investments		
Cash equivalents	**1,502**	1,389
Fixed-income securities	**106,481**	97,230
Interests in unconsolidated subsidiaries in the form of debt instruments	**32,767**	30,525
Derivative financial instruments	**1,002**	2,892
	146,998	137,563
Other items		
Commitments and financial guarantees (Note 18)	**2,918**	1,976
	149,916	139,539

CDPQ enters into master netting agreements (Note 7), receives guarantees (Note 14) and may also use derivative financial instruments such as credit default swaps to reduce its total credit risk exposure.

In addition, to manage credit risk, CDPQ closely monitors changes in the credit cycle of issuers and uses a credit VaR to calculate the potential financial loss related to possible changes in the credit quality of issuers of fixed-income securities.

Concentration of credit risk

A credit risk concentration analysis measures the fair value of all financial instruments related to a same issuer. The investment policy of the specialized portfolios sets out concentration limits according to credit rating. The credit risk analysis considers the probability of default and the recovery rate on debt securities held by CDPQ and monitors changes in the credit quality of issuers.

The following table shows the credit risk concentration according to the credit ratings of issuers of fixed-income securities and certain derivative financial instruments used to manage credit risk, as a percentage of the total exposure to credit concentration risk:

	December 31, 2021	December 31, 2020
Credit rating		
AAA - AA	**64%**	61%
A	**4%**	5%
BBB	**11%**	13%
BB or lower	**16%**	17%
No credit rating	**5%**	4%
	100%	100%

The credit ratings of securities issued or guaranteed by governments are obtained from recognized credit rating agencies. For corporate sector securities, credit ratings are determined using an internal rating process that monitors changes in the credit cycle annually when the necessary information is available. Otherwise, CDPQ uses recognized credit rating agencies.

Credit risk (cont.)

Counterparty risk related to derivative financial instruments

Certain over-the-counter financial instruments give rise to counterparty risk because they are negotiated by contract without being traded or settled through a clearing house. Counterparty risk related to derivative financial instruments is the credit risk created by current or potential exposures arising from derivative financial instrument transactions where the counterparty becomes unable to honour the terms of the contracts.

To limit its exposure to the counterparty risk arising from transactions involving over-the-counter derivative financial instruments, CDPQ carries out transactions with financial institutions in accordance with management's criteria regarding the quality of the issuer. Moreover, CDPQ enters into legal agreements based on ISDA standards under which it benefits from the compensating effects between at-risk amounts and the collateral exchanged in order to limit its net exposure to this risk.

This risk is measured by counterparty, pursuant to the applicable legal agreement, from which it is possible to calculate the net exposure created by all of the over-the-counter derivative financial instruments and collateral exchanged. Actual exposure to counterparty risk is measured on a daily basis, whereas potential exposure to counterparty risk is measured on a monthly basis.

As at December 31, 2021 and 2020, the legal agreements and the collateral received helped reduce exposure to the counterparty risk of over-the-counter derivative financial instruments. The maximum exposure to this risk is $421 million as at December 31, 2021 ($385 million as at December 31, 2020).

Liquidity risk

Liquidity risk is the possibility of CDPQ not always being able to honour its financial liability commitments without having to obtain funds at abnormally high prices or having to sell assets through forced liquidation. It is also the risk of CDPQ not being able to quickly sell investments without having a significant unfavourable effect on the price of the investment in question.

Liquidity is managed across all of CDPQ's cash activities. On a daily basis, liquidity status is determined and compliance with the established rules is analyzed. Managers are responsible for evaluating the liquidity of the markets in which CDPQ obtains financing for its operations.

To ensure that sources of liquidity and potential liquidity requirements are properly aligned, CDPQ has a number of sources of liquidity in addition to its cash and cash equivalents, including receipt of investment income, the sale of bonds, sales under repurchase agreements, and liquid money market securities. In addition, CDPQ may issue short-term promissory notes and term notes payable as well as a committed credit facility totalling US$4 billion to meet its contractual commitments and financial obligations. As at December 31, 2021, CDPQ has close to $50 billion in liquidity in the form of government bonds and money market securities ($50 billion as at December 31, 2020).

Furthermore, to manage liquidity risk, CDPQ conducts simulations of scenarios over different horizons and examines events that could lead to a liquidity crisis. CDPQ rigorously and frequently monitors its potential liquidity needs and proactively ensures permanent access to stable and resilient sources of liquidity.

An analysis of undiscounted contractual cash flows of financial liabilities, shown in the table below, is a component of liquidity and financing management. However, this by-maturity allocation is not necessarily representative of the manner in which CDPQ manages its liquidity risk and financing requirements.

Liquidity risk (cont.)

The following tables show the maturities of the undiscounted contractual cash flows of non-derivative financial liabilities, derivative financial instruments, and other items:

					December 31, 2021
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivative financial liabilities					
Amounts payable on transactions being settled	-	3,443	-	-	3,443
Other financial liabilities	-	1,226	133	563	1,922
Investment liabilities					
Securities sold under repurchase agreements	-	14,998	-	-	14,998
Securities sold short	-	5,532	-	-	5,532
Short-term promissory notes payable	-	9,735	-	-	9,735
Loans payable	-	203	-	-	203
Term notes payable	-	2,814	11,575	2,722	17,111
Net assets attributable to depositors					
Demand and term deposits	782	7	-	-	789
Distributions payable to depositors	-	1,839	-	-	1,839
	782	39,797	11,708	3,285	55,572
Derivative financial instruments					
Derivative financial instruments with net settlement	-	(287)	5	(3)	(285)
Derivative financial instruments with gross settlement					
Contractual cash flows receivable	-	(101,832)	(7,717)	(3,373)	(112,922)
Contractual cash flows payable	-	102,036	7,729	3,453	113,218
	-	(83)	17	77	11
Other items					
Commitments (Note 18)	8	21,864	67	411	22,350
Financial guarantees (Note 18)	-	1,928	834	156	2,918
	8	23,792	901	567	25,268
	790	63,506	12,626	3,929	80,851

Liquidity risk (cont.)

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
					December 31, 2020
Non-derivative financial liabilities					
Amounts payable on transactions being settled	-	3,290	-	-	3,290
Other financial liabilities	-	749	84	451	1,284
Investment liabilities					
Securities sold under repurchase agreements	-	14,721	-	-	14,721
Securities sold short	-	2,761	-	-	2,761
Short-term promissory notes payable	-	5,985	-	-	5,985
Loans payable	-	942	-	-	942
Term notes payable	-	2,867	11,633	2,549	17,049
Net assets attributable to depositors					
Demand and term deposits	4,042	7	-	-	4,049
Distributions payable to depositors	-	2,653	-	-	2,653
	4,042	33,975	11,717	3,000	52,734
Derivative financial instruments					
Derivative financial instruments with net settlement	-	18	(107)	(147)	(236)
Derivative financial instruments with gross settlement					
Contractual cash flows receivable	-	(120,747)	(5,625)	(771)	(127,143)
Contractual cash flows payable	-	119,727	5,649	807	126,183
	-	(1,002)	(83)	(111)	(1,196)
Other items					
Commitments (Note 18)	-	21,021	75	426	21,522
Financial guarantees (Note 18)	-	1,446	440	90	1,976
	-	22,467	515	516	23,498
	4,042	55,440	12,149	3,405	75,036

Moreover, concerning net assets attributable to depositors, the Regulation states that CDPQ may set monthly limits for cancelling participation units, i.e., a depositor is limited to a maximum reimbursement of all their participation units in all of CDPQ's specialized portfolios of $50 million. Any participation units that are not cancelled given the maximum amount permitted are carried forward to the first days of the subsequent months and are cancelled as soon as the limit permits. The purpose of the limits is to ensure optimal management of CDPQ's overall liquidity.

Liquidity risk (cont.)

Financing-liquidity risk

The following tables show the main terms and conditions and interest rates of the investment liabilities related to CDPQ's financing activities:

				December 31, 2021
	Currency	**Nominal value[1]**	**Maturity**	**Interest rates**
Loans payable	**USD**	**199**	**Less than one year**	**0.07%**
	CAD	**4**	**Less than one year**	**0.17%**
		203		
Short-term promissory notes payable	**CAD**	**662**	**Less than one year**	**0.23%**
	USD	**9,070**	**Less than one year**	**0.17%**
		9,732		
Term notes payable[2]	**USD**	**2,526**	**March 2022**	**2.75%**
	USD	**2,526**	**April 2023**	**1.00%**
	USD	**2,526**	**July 2024**	**3.15%**
	USD	**3,158**	**June 2025**	**0.88%**
	USD	**1,263**	**May 2026**	**1.00%**
	CAD	**1,250**	**October 2026**	**1.50%**
	USD	**1,579**	**November 2039**	**5.60%**
		14,828		

				December 31, 2020
	Currency	Nominal value[1]	Maturity	Interest rate
Loans payable	USD	428	Less than one year	0.54%
	CAD	514	Less than one year	0.56%
		942		
Short-term promissory notes payable	CAD	707	Less than one year	0.20%
	USD	5,279	Less than one year	0.30%
		5,986		
Term notes payable	USD	2,548	June 2021	2.13%
	USD	2,548	March 2022	2.75%
	USD	2,548	April 2023	1.00%
	USD	2,548	July 2024	3.15%
	USD	3,185	June 2025	0.88%
	USD	1,593	November 2039	5.60%
		14,970		

[1] The amounts shown are translated into Canadian dollars and are amounts to be repaid at maturity.

[2] As at December 31, 2021, term notes include $1,263 million in green bonds that will be allocated to a selection of investments that are compliant with the eligible project categories established under CDPQ's Green Bond Framework, which is aligned with the Green Bond Principles of the International Capital Market Association (nil as at December 31, 2020).

Short-term promissory notes are issued at fixed rates, with maturities not exceeding 12 months, and are guaranteed by CDPQ's assets. In accordance with the limit prescribed in the short-term promissory notes issuance information document, the nominal value of all such outstanding notes may never exceed US$10 billion for the U.S. program, and the equivalent of CA$3 billion for short-term promissory notes issued in Canada and abroad, excluding the United States.

Term notes payable are repayable at maturity and secured by CDPQ's assets.

Furthermore, during the year ended December 31, 2021, CDPQ renewed the credit facility that it arranged with a banking syndicate for a total amount of approximately CA$5 billion, i.e., two US$2 billion tranches that are renewable annually for terms of two and three years, respectively. The credit facility bears interest at a variable rate and is entirely secured, unconditionally and irrevocably, by CDPQ. As at December 31, 2021 and 2020, no amount had been drawn on this credit facility.

12. CAPITAL MANAGEMENT

CDPQ defines its capital as net assets attributable to depositors. CDPQ's capital may fluctuate according to depositor demands for cancellations and issuances of participation deposit units and for deposits and withdrawals of demand and term deposits. CDPQ's capital management objective is to invest contributions and deposits in the best interests of the depositors in accordance with the Act in order to achieve an optimal return while respecting the depositor investment policies.

CDPQ is not subject to external capital requirements.

Furthermore, CDPQ's objective is to maintain its AAA credit rating to ensure access to capital markets at the best cost through its CDP Financial Inc. subsidiary. Consequently, the Board of Directors has limited the amount of notes that CDPQ may issue on capital markets to 10% of its net assets attributable to depositors, to which is added the fair value of outstanding notes (adjusted net assets).

13. FINANCIAL ASSETS TRANSFERRED BUT NOT DERECOGNIZED

CDPQ enters into securities lending and borrowing transactions as well as securities repurchase agreements whereby it transfers financial assets to counterparties. The transferred securities do not meet derecognition criteria since CDPQ retains most of the risks such as credit risk, interest rate risk, currency risk, and price risk, as well as most of the related rewards such as cash flows.

The following table shows the fair values of the financial assets transferred but not derecognized from the Consolidated Statements of Financial Position as well as the fair values of the associated financial liabilities:

	December 31, 2021	December 31, 2020
Financial assets transferred but not derecognized		
Bonds	**31,607**	36,388
Equities	**9,719**	7,476
	41,326	43,864
Associated financial liabilities		
Loans payable[1]	**203**	942
Securities sold under repurchase agreements[2]	**17,708**	24,072
	17,911	25,014

[1] The amount presented corresponds to cash received as collateral on securities lending transactions and derivative financial instrument transactions.

[2] The net amount is disclosed in Notes 4 and 7.

14. GUARANTEES

Financial assets pledged as collateral

In the normal course of business, CDPQ pledges financial assets as collateral for transactions involving securities borrowings, securities sold under repurchase agreements, and derivative financial instruments. The counterparties are authorized, by way of legal contract or market practices, to either sell or repledge certain securities as collateral. Under certain conditions, CDPQ may have to pledge additional collateral if the pledged securities lose value. In addition, CDPQ complies with the regulations applicable to financial assets pledged as collateral for transactions involving certain over-the-counter derivative financial instruments.

The following table shows the fair value of collateral pledged by CDPQ according to transaction type:

	December 31, 2021	December 31, 2020
Securities borrowing	**369**	98
Securities sold under repurchase agreements	**18,309**	24,539
Exchange-traded derivative financial instruments	**2,329**	1,384
Over-the-counter derivative financial instruments	**1,872**	1,112
	22,879	27,133

Financial assets received as collateral

CDPQ receives financial assets as collateral for transactions involving securities lending, securities purchased under reverse repurchase agreements, and derivative financial instruments. If the fair value of the collateral received decreases, CDPQ may, in certain cases, request additional collateral. CDPQ is authorized to sell or repledge as collateral these securities in the absence of default by the counterparty. However, no security received as collateral was sold or repledged as collateral for the years ended December 31, 2021 and 2020.

The following table shows the fair value of collateral received by CDPQ according to transaction type:

	December 31, 2021	December 31, 2020
Securities lending	**22,954**	20,091
Securities purchased under reverse repurchase agreements	**22,174**	16,217
Over-the-counter derivative financial instruments	**22**	1,050
	45,150	37,358

15. RELATED PARTY DISCLOSURES

Related party transactions

CDPQ's primary related parties include unconsolidated subsidiaries, joint ventures, associates, and CDPQ's key management personnel.

CDPQ enters into various transactions with related parties. These transactions are concluded under the same conditions as those prevailing in the market with unrelated parties and are measured at fair value. Given the very nature of CDPQ's activities as an investment entity, it may make investments in several investment categories, including investments in unconsolidated subsidiaries, joint ventures and associates.

Compensation of key management personnel

CDPQ's key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly. These persons are the members of the Board of Directors, the President and Chief Executive Officer, and key members of the Executive Committee.

The following table shows the compensation of CDPQ's key management personnel:

	2021	2020
Salaries and other short-term employee benefits	**12**	10
Post-employment benefits	**1**	1
Other long-term employee benefits	**7**	4
	20	15

Other related parties

CDPQ is governed by the Act, and the Government of Québec appoints the Board of Director members, at least two-thirds of whom must be independent. The Government of Québec also approves the appointment of the President and Chief Executive Officer. Consequently, CDPQ has availed itself of the exemption set out in IAS 24 – *Related Party Disclosures* regarding the disclosure of transactions with a related government and with any entities related to the related government. The transactions carried out with the Government of Québec and its related entities are investment activities involving bonds issued by or guaranteed by the government and are carried out under normal market conditions through external brokers. These bonds are included in the "Governments" and "Government corporations and other public administrations" bond categories of Note 4a. In addition, CDPQ discloses information on the Government sector category in the "Government of Québec" and "Government corporations and other public administrations in Québec" items of Note 11. Furthermore, the Government of Québec and its related entities have entered into agreements related to a public infrastructure project in Québec being carried out through CDPQ Infra Inc, a subsidiary of CDPQ. These agreements were signed in the subsidiary's normal course of business.

16. INTERESTS IN OTHER ENTITIES

Subsidiaries

Consolidated subsidiary

CDP Financial Inc. is a wholly owned subsidiary that issues debt securities in order to finance CDPQ's investments at an optimal financing cost.

Unconsolidated subsidiaries

The subsidiaries presented in this category are entities controlled either directly or indirectly by CDPQ through subsidiaries in accordance with IFRS 10 criteria.

Intermediate subsidiaries

As part of certain investment activities, CDPQ may use intermediate subsidiaries, whose sole purpose is to hold investments for CDPQ. They are therefore not included in the information shown in the following tables, while the main underlying ownership interests in subsidiaries, joint ventures, associates and non-controlled structured entities are shown.

Subsidiaries (cont.)

The following table shows the ownership interests held in the main consolidated and unconsolidated subsidiaries as at December 31, 2021 as well as the comparative ownership interests as at December 31, 2020:

		December 31, 2021	December 31, 2020
	Principal place of business	Ownership interest	Ownership interest
Consolidated subsidiary			
CDP Financial Inc	Canada	**100.0%**	100.0%
Unconsolidated subsidiaries			
Real estate debt			
Otéra Capital Inc[1]	Canada	**97.5%**	97.5%
Energy			
Azure Power Global Ltd	India[5]	**50.2%**	50.5%
Southern Star Acquisition Corporation	United States	**79.9%**	79.9%
Tenedora de Energía Renovable Sol y Viento S.A.P.I. de C.V.[2]	Mexico	**67.1%**	67.1%
Trencap LP (Énergir)[3]	Canada	**71.0%**	64.7%
Velto Renewables S.L. (formerly CDPQ Renovables Iberia S.L.)	Spain	**100.0%**	100.0%
Financials			
KKR FSK Co-Invest (Unlev) LP, KKR FSK II Co-Invest (Unlev) LP	United States	**83.0%**	83.0%
Hedge funds			
EMN CDM Fund LP	United States	**-**	100.0%
EMN CNM Fund LP	United States	**-**	100.0%
GMAC ASO Fund Inc	Singapore[6]	**100.0%**	100.0%
MS LPR Fund LP	United States	**100.0%**	100.0%
Debt funds			
Franklin Emerging Market Debt Opportunities Fund III	Canada	**100.0%**	100.0%
Global Credit Opportunities (Canada) LP	Canada	**100.0%**	100.0%
HC Direct Lending Fund LP	Canada	**100.0%**	-
Private Debt SMA (C) SLP	Luxembourg	**100.0%**	100.0%
Private investment funds			
Apollo Hercules Partners LP	United States[6]	**97.6%**	97.6%
EC Partners LP	Singapore	**100.0%**	100.0%
KKR-CDP Partners LP	United States[6]	**90.1%**	90.1%
Real estate - Ivanhoé Cambridge Group			
Careit Canada DCR GP	Canada	**96.0%**	95.5%
Careit Canada GP	Canada	**96.0%**	95.5%
IC Australia Trust	Australia	**96.0%**	95.5%
IC Investments US GP	Canada	**96.0%**	95.5%
IC Multi Equities LP	Canada	**96.0%**	95.5%
Ivanhoé Cambridge Inc	Canada	**96.0%**	95.5%
SITQ E.U. LP	United States	**95.9%**	95.4%
Industrials			
CDPQ Infra Inc	Canada	**100.0%**	100.0%
Einn Volant Aircraft Leasing Holdings Ltd	Ireland[7]	**90.5%**	90.5%
Patina Rail LLP[4]	United Kingdom	**75.0%**	75.0%
Spinner US AcquireCo Inc (Student Transportation of America)	United States	**79.9%**	79.9%
Utilities			
Plenary Americas Holdings Ltd (Plenary Group Canada)	Canada	**100.0%**	100.0%
Information technology			
Wizeline Inc	United States	**56.5%**	-

[1] Otéra Capital Inc indirectly holds 78.0% of MCAP Commercial LP as at December 31, 2021 (78.5% as at December 31, 2020).

[2] Voting rights amount to 60.0%.

[3] As at December 31, 2021, Trencap LP holds 100.0% of Noverco Inc (61.1% as at December 31, 2020), which indirectly holds 100.0% of Énergir, L.P.

[4] Patina Rail LLP holds 40.0% of Eurostar International Limited.

[5] Constituted in Mauritius.

[6] Constituted in the Cayman Islands in accordance with the structure of the limited partner.

[7] Constituted in Bermuda.

Joint ventures

The following table shows the ownership interests held in the main joint ventures as at December 31, 2021 as well as the comparative ownership interests as at December 31, 2020:

		December 31, 2021	December 31, 2020
	Principal place of business	**Ownership interest**	Ownership interest
Consumer discretionary			
ICR Opco LLC[1]	United States	**45.0%**	-
Energy			
Invenergy Renewables Holdings LLC[1]	United States	**59.4%**	64.4%
Transportadora Associada de Gas SA[1]	Brazil	**35.0%**	35.0%
Financials			
Greenstone Ltd[2]	Australia	**34.0%**	44.0%
USI Advantage Corp[1]	United States	**25.0%**	26.4%
Industrials			
Delachaux SA[1]	France	**43.0%**	43.0%
DP World Australia B.V.[3]	Australia[4]	**45.0%**	45.0%
DP World Canada Investment Inc[3]	Canada	**45.0%**	45.0%
DP World Caucedo (Caucedo Investments Inc, Caucedo Services Inc)[3]	Dominican Republic[5]	**45.0%**	45.0%
DP World Holding UK Limited (UK)[3]	Chile[6]	**44.6%**	44.6%
Ermewa Holding[1]	France	**49.7%**	-
Health			
Medical Solutions LLC[1]	United States	**41.4%**	-
Information technology			
Kiwi Holdco Cayco Ltd (FNZ)[1]	United Kingdom[7]	**69.1%**	72.0%

[1] Voting rights amount to 50.0%.

[2] Presented in the 'Associates' category as at December 31, 2020.

[3] Voting rights amount to 50.0%. CDPQ has joint control over investment decisions that require unanimous shareholder agreement.

[4] Constituted in the Netherlands.

[5] Constituted in the British Virgin Islands.

[6] Constituted in the United Kingdom.

[7] Constituted in the Cayman Islands.

Associates

The following table shows the ownership interests held in the main associates as at December 31, 2021 as well as the comparative ownership interests as at December 31, 2020:

	Principal place of business	**December 31, 2021** Ownership interest	December 31, 2020 Ownership interest
Consumer discretionary			
Cogeco Communications USA Inc	United States	**21.0%**	21.0%
SGU Holdings LP	United States[12]	**46.7%**	46.7%
Energy			
Fluxys SA	Belgium	**20.0%**	20.0%
IPALCO Enterprises Inc	United States	**30.0%**	30.0%
London Array Ltd, London Array Unincorporated JV	United Kingdom	**25.0%**	25.0%
NSW Electricity Networks Assets Holding Trust, NSW Electricity Networks Operations Holding Trust (TransGrid)	Australia	**22.5%**	22.5%
Suez Water Technologies and Solutions S.A.	France	**30.0%**	30.0%
Techem GmbH	Germany	**24.5%**	24.5%
Financials			
Avison Young (Canada) Inc	Canada	**33.3%**	33.3%
First Lion Holdings Inc[1]	Canada	**30.0%**	25.7%
Howden Group Holding Limited	United Kingdom	**22.3%**	29.1%
Industrials			
Airport Holding Kft	Hungary	**21.2%**	21.2%
Alix Partners LLP[2]	United States	**16.2%**	21.0%
Allied Universal Holdco LLC[3]	United States	**27.7%**	35.3%
Alvest International Equity SAS[1]	France	**39.9%**	39.9%
Barrette Outdoor Living[1]	United States	**34.0%**	34.0%
Clarios Power Solutions Holdings LP	United States[12]	**30.0%**	30.0%
Groupe Keolis SAS	France	**30.0%**	30.0%
Groupe Solmax Inc	Canada	**33.3%**	30.0%
Knowlton Development Corporation Inc[4]	Canada	**24.7%**	24.7%
NDT Québec Inc (formerly Eddyfi NDT Inc)[5]	Canada	**34.0%**	34.7%
Organización de Proyectos de Infraestructura, S.A.P.I. de C.V. (OPI), OPCEM, S.A.P.I. de C.V. (OPCEM)	Mexico	**45.5%**	45.5%
QPH Hold Trust, QPH Hold Co PTY Limited (Port of Brisbane)	Australia	**26.7%**	26.7%
Zevia PBC[6]	United States	**34.1%**	36.4%
Health care			
ANZ Hospital Topco	Australia	**21.3%**	21.3%
Sanfer Farma S.A.P.I. de C.V. (formerly Invekra S.A.P.I. de C.V.)	Mexico	**22.7%**	22.7%
Services			
Datamars SA[7]	Switzerland	**30.0%**	64.8%
Utilities			
Apraava Energy Private Limited (formerly CLP India Pvt Ltd)	India	**40.0%**	40.0%
Real estate services			
Groupe Foncia[8]	France	**11.9%**	29.1%
Information technology			
Nuvei Corporation[9]	Canada	**12.4%**	16.3%
Telecommunications			
ATC Europe C.V.[10]	Germany[13]	**28.6%**	-
Vertical Bridge Reit LLC[11]	United States	**37.3%**	34.7%
Rail transport			
Bombardier Transportation (Investment) UK Limited	Germany[14]	**-**	34.1%

[1] Voting rights amount to 28.6%.
[2] Voting rights amount to 25.0%.
[3] Voting rights amount to 23.0%.
[4] Voting rights amount to 27.8%.
[5] Voting rights amount to 34.5%.
[6] Following the initial public offering, the shares held in Zevia LLC were converted into shares in Zevia PBC. The voting rights amount to 30.0% as at December 31, 2021 (25.0% as at December 31, 2020).
[7] Presented in the 'Subsidiaries' category as at December 31, 2020. The voting rights amount to 22.2% as at December 31, 2021 (55.0% as at December 31, 2020).
[8] As at December 31, 2021, CDPQ no longer had significant influence.
[9] Voting rights amount to 21.3% as at December 31, 2021 (22.1% as at December 31, 2020).
[10] Voting rights amount to 33.3% as at December 31, 2021.
[11] Voting rights amount to 33.3% as at December 31, 2021 (20.0% as at December 31, 2020).
[12] Constituted in Canada.
[13] Constituted in the Netherlands.
[14] Constituted in the United Kingdom.

Non-controlled structured entities

CDPQ holds interests in non-controlled structured entities, the majority of which represent private investment funds or investments in the form of equities held through limited partnerships. The interests held by CDPQ do not give it power over the relevant activities of these entities, as control is established by contractual agreement that is generally in favour of a general partner or administrator. The fair value of investments held by CDPQ in non-controlled structured entities was $45,496 million as at December 31, 2021 ($34,003 million as at December 31, 2020). These entities are held as investments and do not expose CDPQ to greater risks than the interests held in the non-structured entities.

17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following tables show changes in liabilities arising from financing activities, including non-cash changes:

			Non-cash changes		
	December 31, 2020	**Cash flows from financing activities**	**Changes in foreign exchange**	**Changes in fair value**	**December 31, 2021**
Short-term promissory notes payable	**5,983**	**3,420**	**329**	**(3)**	**9,729**
Loans payable	**942**	**(740)**	**1**	**-**	**203**
Term notes payable	**16,113**	**23**	**(166)**	**(369)**	**15,601**
	23,038	**2,703**	**164**	**(372)**	**25,533**

			Non-cash changes		
	December 31, 2019	Cash flows from financing activities	Changes in foreign exchange	Changes in fair value	December 31, 2020
Short-term promissory notes payable	8,794	(2,696)	(93)	(22)	5,983
Loans payable	368	573	1	-	942
Term notes payable	12,332	4,018	(550)	313	16,113
	21,494	1,895	(642)	291	23,038

18. COMMITMENTS AND FINANCIAL GUARANTEES

Given the nature of its activities, CDPQ enters into various investment purchase commitments that will be settled in the coming fiscal years in accordance with the terms and conditions in the related agreements.

For CDPQ, financial guarantees consist of providing guarantees, to financial institutions and corporations, on derivative financial instrument transactions, repayment of loans taken by companies in which it has an economic interest, and certain letters of credit of its subsidiaries. As part of certain investment transactions, CDPQ may also provide financial guarantees or issue letters of credit to third parties. The maturities of the commitments and financial guarantees are disclosed in Note 11.

Commitments and financial guarantees are detailed as follows:

	December 31, 2021	December 31, 2020
Investment purchase commitments	**21,853**	21,002
Commitments under leases	**497**	520
Financial guarantees	**2,918**	1,976
	25,268	23,498

Litigation

In the normal course of business, CDPQ may be subject to legal actions. Although CDPQ cannot predict the outcomes of any ongoing legal proceedings as at December 31, 2021, it has no reason to believe that the settlement of any one of these proceedings could have a material impact on its financial position.

19. SUPPLEMENTARY INFORMATION

The following statements present the financial information of the specialized portfolios:

	SHORT TERM INVESTMENTS (740)		RATES (765)		CREDIT (766)	
STATEMENT OF FINANCIAL POSITION	**2021**	2020	**2021**	2020	**2021**	2020
Total assets	**1,584**	1,580	**66,535**	49,135	**104,999**	103,172
Total liabilities excluding net assets attributable to holders of participation units	**-**	1	**22,567**	18,856	**21,353**	29,418
NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS	**1,584**	1,579	**43,968**	30,279	**83,646**	73,754
STATEMENT OF COMPREHENSIVE INCOME	**2021**	2020	**2021**	2020	**2021**	2020
Net income	**5**	15	**640**	530	**2,044**	2,711
Net gains (losses) on financial instruments at fair value	**-**	-	**(1,536)**	1,751	**(1,369)**	3,272
Investment result before recoveries from (distributions to) holders of participation units	**5**	15	**(896)**	2,281	**675**	5,983
Recoveries (distributions)	**(5)**	(15)	**(640)**	(530)	**(2,044)**	(2,711)
Net income and comprehensive income attributable to holders of participation units	**-**	-	**(1,536)**	1,751	**(1,369)**	3,272
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS	**2021**	2020	**2021**	2020	**2021**	2020
Balance at beginning of the year	**1,579**	881	**30,279**	31,191	**73,754**	65,930
Net change in participation units for the year	**5**	698	**15,225**	(2,663)	**11,261**	4,552
Net income and comprehensive income attributable to holders of participation units	**-**	-	**(1,536)**	1,751	**(1,369)**	3,272
BALANCE AT END OF THE YEAR	**1,584**	1,579	**43,968**	30,279	**83,646**	73,754

	LONG TERM BONDS (764)[1]		REAL RETURN BONDS (762)[1]		INFRASTRUCTURE (782)	
STATEMENT OF FINANCIAL POSITION	**2021**	2020	**2021**	2020	**2021**	2020
Total assets	**-**	4,104	**-**	972	**46,792**	34,120
Total liabilities excluding net assets attributable to holders of participation units	**-**	760	**-**	236	**1,630**	2,798
NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS	**-**	3,344	**-**	736	**45,162**	31,322
STATEMENT OF COMPREHENSIVE INCOME	**2021**	2020	**2021**	2020	**2021**	2020
Net income	**47**	87	**6**	21	**756**	1,084
Net gains (losses) on financial instruments at fair value	**(319)**	254	**(39)**	101	**4,649**	355
Investment result before recoveries from (distributions to) holders of participation units	**(272)**	341	**(33)**	122	**5,405**	1,439
Recoveries (distributions)	**(47)**	(87)	**(6)**	(21)	**(756)**	(1,084)
Net income and comprehensive income attributable to holders of participation units	**(319)**	254	**(39)**	101	**4,649**	355
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS	**2021**	2020	**2021**	2020	**2021**	2020
Balance at beginning of the year	**3,344**	3,064	**736**	1,280	**31,322**	27,375
Net change in participation units for the year	**(3,025)**	26	**(697)**	(645)	**9,191**	3,592
Net income and comprehensive income attributable to holders of participation units	**(319)**	254	**(39)**	101	**4,649**	355
BALANCE AT END OF THE YEAR	**-**	3,344	**-**	736	**45,162**	31,322

[1] The Real Return Bonds (762) and Long Term Bonds (764) specialized portfolios ceased operations on November 1, 2021 and December 1, 2021, respectively, and were closed on December 31, 2021.

19. Supplementary information (cont.)

STATEMENT OF FINANCIAL POSITION	REAL ESTATE (710) 2021	REAL ESTATE (710) 2020	EQUITY MARKETS (737) 2021	EQUITY MARKETS (737) 2020	PRIVATE EQUITY (780) 2021	PRIVATE EQUITY (780) 2020
Total assets	**50,197**	44,821	**127,060**	122,528	**83,078**	64,569
Total liabilities excluding net assets attributable to holders of participation units	**8,105**	9,342	**8,667**	4,832	**1,257**	485
NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS	**42,092**	35,479	**118,393**	117,696	**81,821**	64,084

STATEMENT OF COMPREHENSIVE INCOME	REAL ESTATE (710) 2021	REAL ESTATE (710) 2020	EQUITY MARKETS (737) 2021	EQUITY MARKETS (737) 2020	PRIVATE EQUITY (780) 2021	PRIVATE EQUITY (780) 2020
Net income	**59**	144	**2,145**	2,429	**5,834**	1,169
Net gains (losses) on financial instruments at fair value	**4,553**	(6,534)	**14,832**	6,812	**17,715**	9,639
Investment result before recoveries from (distributions to) holders of participation units	**4,612**	(6,390)	**16,977**	9,241	**23,549**	10,808
Recoveries (distributions)	**(59)**	(144)	**(2,145)**	(2,429)	**(5,834)**	(1,169)
Net income and comprehensive income attributable to holders of participation units	**4,553**	(6,534)	**14,832**	6,812	**17,715**	9,639

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS	REAL ESTATE (710) 2021	REAL ESTATE (710) 2020	EQUITY MARKETS (737) 2021	EQUITY MARKETS (737) 2020	PRIVATE EQUITY (780) 2021	PRIVATE EQUITY (780) 2020
Balance at beginning of the year	**35,479**	39,699	**117,696**	116,687	**64,084**	49,133
Net change in participation units for the year	**2,060**	2,314	**(14,135)**	(5,803)	**22**	5,312
Net income and comprehensive income attributable to holders of participation units	**4,553**	(6,534)	**14,832**	6,812	**17,715**	9,639
BALANCE AT END OF THE YEAR	**42,092**	35,479	**118,393**	117,696	**81,821**	64,084

STATEMENT OF FINANCIAL POSITION	ASSET ALLOCATION (771) 2021	ASSET ALLOCATION (771) 2020
Total assets	**8,568**	5,094
Total liabilities excluding net assets attributable to holders of participation units	**6,637**	3,482
NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS	**1,931**	1,612

STATEMENT OF COMPREHENSIVE INCOME	ASSET ALLOCATION (771) 2021	ASSET ALLOCATION (771) 2020
Net income	**(5)**	(1)
Net gains (losses) on financial instruments at fair value	**(190)**	(476)
Investment result before recoveries from (distributions to) holders of participation units	**(195)**	(477)
Recoveries (distributions)	**5**	1
Net income and comprehensive income attributable to holders of participation units	**(190)**	(476)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATION UNITS	ASSET ALLOCATION (771) 2021	ASSET ALLOCATION (771) 2020
Balance at beginning of the year	**1,612**	1,638
Net change in participation units for the year	**509**	450
Net income and comprehensive income attributable to holders of participation units	**(190)**	(476)
BALANCE AT END OF THE YEAR	**1,931**	1,612