

Condensed Interim Consolidated
Financial Statements of
Canada Pension Plan Investment Board

SEPTEMBER 30, 2023



Condensed Interim Consolidated Balance Sheet

(Unaudited)

<i>(CAD millions)</i>	As at September 30, 2023	As at March 31, 2023
Assets		
Investments (Note 2)	\$ 729,732	\$ 702,533
Pending trades receivable (Note 2)	3,446	2,945
Premises and equipment	513	527
Other assets	316	281
Total assets	734,007	706,286
Liabilities		
Investment liabilities (Note 2)	148,797	133,583
Pending trades payable (Note 2)	8,382	1,599
Accounts payable and accrued liabilities	722	1,062
Total liabilities	157,901	136,244
Net assets	\$ 576,106	\$ 570,042
Net assets, represented by:		
Share capital	\$ -	\$ -
Accumulated net income and comprehensive income	381,830	385,911
Accumulated net transfers from the Canada Pension Plan	194,276	184,131
Net assets	\$ 576,106	\$ 570,042

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Condensed Interim Consolidated Statement of Comprehensive Income (Loss)

(Unaudited)

<i>(CAD millions)</i>	For the three months ended September 30,		For the six months ended September 30,	
	2023	2022 ¹	2023	2022 ¹
Income (Loss):				
Interest, dividends, and other income	\$ 3,273	\$ 4,201	\$ 7,319	\$ 6,590
Net gains (losses) on private investments	(746)	958	(1,114)	851
Net (losses) on public and other investments	(6,772)	(10,605)	(9,705)	(33,436)
Net gains on investment holding subsidiaries (note 4)	6,604	7,338	3,273	5,494
	2,359	1,892	(227)	(20,501)
Expenses:				
Personnel	255	247	506	513
General and administrative	122	116	230	238
Management fees	5	5	9	11
Performance fees	-	-	57	70
Transaction-related	47	56	108	165
Taxes	61	87	313	79
Financing	1,381	460	2,631	322
	1,871	971	3,854	1,398
Net income (loss) and comprehensive income (loss)	\$ 488	\$ 921	\$ (4,081)	\$ (21,899)

¹ Certain comparatives have been reclassified to conform to the current period's presentation.

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Condensed Interim Consolidated Statement of Changes in Net Assets

(Unaudited)

	For the three months ended					
	Number of shares outstanding	Share capital	Accumulated net transfers from the Canada Pension Plan	Accumulated net income and comprehensive income	Total net assets	
(CAD millions)						
As at July 1, 2023	10	\$ -	\$ 193,576	\$ 381,342	\$	574,918
Total net income and comprehensive income		-	-	488		488
Canada Pension Plan transfers:						
Transfers from the Canada Pension Plan		-	13,077	-		13,077
Transfers to the Canada Pension Plan		-	(12,377)	-		(12,377)
As at September 30, 2023	10	\$ -	\$ 194,276	\$ 381,830	\$	576,106

	For the six months ended					
	Number of shares outstanding	Share capital	Accumulated net transfers from the Canada Pension Plan	Accumulated net income (loss) and comprehensive income (loss)	Total net assets	
(CAD millions)						
As at April 1, 2022	10	\$ -	\$ 161,231	\$ 378,080	\$	539,311
Total net (loss) and comprehensive (loss)		-	-	(21,899)		(21,899)
Canada Pension Plan transfers:						
Transfers from the Canada Pension Plan		-	31,935	-		31,935
Transfers to the Canada Pension Plan		-	(20,371)	-		(20,371)
As at September 30, 2022	10	\$ -	\$ 172,795	\$ 356,181	\$	528,976
As at April 1, 2023	10	\$ -	\$ 184,131	\$ 385,911	\$	570,042
Total net (loss) and comprehensive (loss)		-	-	(4,081)		(4,081)
Canada Pension Plan transfers:						
Transfers from the Canada Pension Plan		-	34,592	-		34,592
Transfers to the Canada Pension Plan		-	(24,447)	-		(24,447)
As at September 30, 2023	10	\$ -	\$ 194,276	\$ 381,830	\$	576,106

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Condensed Interim Consolidated Statement of Cash Flows

(Unaudited)

<i>(CAD millions)</i>	For the six months ended September 30,	
	2023	2022 ³
Cash flows from operating activities		
Net (loss) and comprehensive (loss)	\$ (4,081)	\$ (21,899)
Adjustments for non-cash items:		
Amortization of premises and equipment	36	34
(Gains) on debt financing liabilities (Note 10)	(1,859)	(2,558)
Adjustments for net changes in operating assets and liabilities:		
(Increase) decrease in investments	(28,066)	21,978
(Increase) in pending trades receivable	(501)	(1,870)
Decrease (Increase) in other assets	7	(13)
Increase in investment liabilities	11,157	7,204
Increase (decrease) in pending trades payable	6,783	(13,958)
(Decrease) in accounts payable and accrued liabilities	(340)	(127)
Net cash flows (used in) operating activities	(16,864)	(11,209)
Cash flows from financing activities		
Transfers from the Canada Pension Plan	34,592	31,935
Transfers to the Canada Pension Plan	(24,447)	(20,371)
Proceeds from debt financing liabilities (Note 10)	14,992	7,694
Repayment of debt financing liabilities (Note 10)	(9,076)	(2,194)
Net cash flows provided by financing activities	16,061	17,064
Cash flows from investing activities		
Acquisition of premises and equipment	(22)	(97)
Net cash flows (used in) investing activities	(22)	(97)
Effect of exchange rate changes on cash and cash equivalents	(321)	126
Net (decrease) increase in cash and cash equivalents	(1,146)	5,884
Cash and cash equivalents at the beginning of the period	11,714	13,595
Cash and cash equivalents at the end of the period	10,568	19,479
Cash and cash equivalents at the end of the period are comprised of:		
Cash and cash equivalents held for operating purposes ¹	240	212
Cash and cash equivalents held for investment purposes ²	10,328	19,267
Total	\$ 10,568	\$ 19,479

¹ Presented as a component of Other assets on the Condensed Interim Consolidated Balance Sheet.

² Presented as a component of Investments on the Condensed Interim Consolidated Balance Sheet.

³ Certain comparatives have been reclassified to conform to the current period's presentation.

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Condensed Interim Consolidated Schedule of Investment Portfolio

(Unaudited)

The schedule below provides information on investments and investment liabilities held by Canada Pension Plan Investment Board and its investment holding subsidiaries on a combined basis. The nature of these investments and investment liabilities is further described in Note 2.

<i>(CAD millions)</i>	As at September 30, 2023	As at March 31, 2023
Cash and cash equivalents	\$ 11,845	\$ 12,866
Equities		
Private equities	186,227	187,126
Public equities	177,940	165,958
Total equities	364,167	353,084
Fixed income		
Bonds	134,171	128,103
Other debt	51,175	48,819
Money market securities	7,336	2,576
Total fixed income	192,682	179,498
Absolute return strategies	50,230	42,673
Infrastructure	46,523	46,690
Real estate	43,255	45,508
Investment receivables		
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	21,853	23,522
Derivative assets	3,295	2,862
Other	4,536	4,002
Total investment receivables	29,684	30,386
Total investments¹	\$ 738,386	\$ 710,705
Investment liabilities		
Debt financing liabilities	64,049	59,362
Securities and loans sold under repurchase agreements and cash collateral received on securities lent	62,131	54,515
Securities sold short	23,798	22,065
Derivative liabilities	4,088	2,710
Other	3,474	3,411
Total investment liabilities¹	157,540	142,063
Pending trades receivable ¹	3,691	3,526
Pending trades payable ¹	8,538	1,872
Net investments	\$ 575,999	\$ 570,296

¹ Consists of all the financial assets and liabilities held by both Canada Pension Plan Investment Board and its investment holding subsidiaries. In contrast, the Condensed Interim Consolidated Balance Sheet presents all financial assets and liabilities held by investment holding subsidiaries as investments. This results in a difference of \$8,654 million (March 31, 2023 - \$8,172 million), \$8,743 million (March 31, 2023 - \$8,480 million), \$245 million (March 31, 2023 - \$581 million) and \$156 million (March 31, 2023 - \$273 million) as compared to Investments, Investment liabilities, Pending trades receivable and Pending trades payable, respectively, as presented in the Condensed Interim Consolidated Balance Sheet. Refer to Notes 1.2, 2.1 and 2.2 for further details.

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

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Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

General information

Canada Pension Plan Investment Board (CPP Investments) was established in December 1997 pursuant to the *Canada Pension Plan Investment Board Act* (CPPIB Act). CPP Investments is responsible for assisting the Canada Pension Plan (CPP) in meeting its obligations to contributors and beneficiaries under the legislation *Canada Pension Plan* (CPP Act).

In December 2016, Royal Assent was given to Bill C-26 titled *An Act to Amend the Canada Pension Plan, the Canada Pension Plan Investment Board Act and the Income Tax Act*. The CPP Act now defines two separate parts of the CPP. The “base CPP” refers to the benefits and contributions established before 2019. The “additional CPP” refers to the additional benefits and additional contributions that began on January 1, 2019. All references to “CPP Investments” mean base CPP and additional CPP together.

The Condensed Interim Consolidated Financial Statements (Interim Financial Statements) provide information on the net assets managed by CPP Investments and do not include the liabilities and other assets of the CPP.

The Interim Financial Statements for the three months ended September 30, 2023 were approved by the Board of Directors and authorized for issue on November 8, 2023.

1. Summary of material accounting policies

1.1 Basis of presentation

The Interim Financial Statements have been prepared in compliance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* and do not include all of the information and disclosures required in the Annual Consolidated Financial Statements. The Interim Financial Statements should be read in conjunction with CPP Investments’ 2023 Annual Consolidated Financial Statements included on pages 90 to 133 of CPP Investments’ 2023 Annual Report. The Interim Financial Statements follow the same accounting policies and methods as the most recent Annual Consolidated Financial Statements.

1.2 Subsidiaries

CPP Investments qualifies as an investment entity and reports the results of its operations in accordance with International Financial Reporting Standards (IFRS) 10, *Consolidated Financial Statements*. As a consequence, the Interim Financial Statements represent the results of operations of CPP Investments and its wholly owned subsidiaries that were created to provide investment-related services to support its operations. Operating subsidiaries of this nature include those that provide investment advisory services or subsidiaries that were created to provide financing to CPP Investments.

Wholly owned subsidiaries that are managed by CPP Investments to hold investments are referred to herein as investment holding subsidiaries. Such subsidiaries are not consolidated in these Interim Financial Statements but instead are measured and reported at fair value through profit and loss in accordance with IFRS 9, *Financial Instruments* (IFRS 9). Fair value for unconsolidated investment holding subsidiaries is based on the fair value of the underlying investments, investment liabilities and pending trades held by the investment holding subsidiary together with its accumulated net income less dividends paid.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

1.3 Interbank Offered Rates (IBORs) reform

In May 2022, Refinitiv Benchmark Services (UK) Limited, the administrator of the Canadian Dollar Offered Rate (CDOR), published a CDOR cessation notice stating that the publication of all tenors of CDOR will cease in June 2024. As at September 30, 2023, CPP Investments and its investment holding subsidiaries' exposure to financial instruments subject to CDOR reform that have yet to transition to alternative benchmark interest rates with a maturity date beyond June 28, 2024 was \$1 billion and \$8 billion relating to non-derivative investments (fair value) and derivatives (notional), respectively. The non-derivative investments are recognized in Other debt.

2. Fair value measurement

This note categorizes the fair value of investments and investment liabilities into the following hierarchy based on the level of significant inputs used in the fair value measurement:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

2.1 Fair value hierarchy of investments and investment liabilities held directly by CPP Investments

	As at September 30, 2023			
<i>(CAD millions)</i>	Level 1	Level 2	Level 3	Total
Cash and cash equivalents¹	\$ -	\$ 10,328	\$ -	\$ 10,328
Equities				
Private equities ²	-	2,837	4,401	7,238
Public equities ²	159,436	3,142	722	163,300
Total equities	159,436	5,979	5,123	170,538
Fixed income				
Bonds	90,342	39,940	-	130,282
Other debt ²	-	338	9,907	10,245
Money market securities	-	7,336	-	7,336
Total fixed income	90,342	47,614	9,907	147,863
Absolute return strategies²	-	23,389	1,655	25,044
Infrastructure²	-	-	10,682	10,682
Real estate²	-	-	8,426	8,426
Investment receivables				
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	-	21,566	-	21,566
Derivative assets	2	3,285	-	3,287
Other ³	-	3,699	-	3,699
Total investment receivables	2	28,550	-	28,552
Investments in investment holding subsidiaries (Note 2.2)	-	-	328,299	328,299
Total investments	\$ 249,780	\$ 115,860	\$ 364,092	\$ 729,732
Investment liabilities				
Debt financing liabilities	57,086	427	-	57,513
Securities sold under repurchase agreements and cash collateral received on securities lent	-	61,909	-	61,909
Securities sold short	23,798	-	-	23,798
Derivative liabilities	108	3,980	-	4,088
Other ³	-	1,280	209	1,489
Total investment liabilities	80,992	67,596	209	148,797
Pending trades receivable ¹	-	3,446	-	3,446
Pending trades payable ¹	-	8,382	-	8,382
Net investments	\$ 168,788	\$ 43,328	\$ 363,883	\$ 575,999

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

(CAD millions)	As at March 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents¹	\$ -	\$ 11,516	\$ -	\$ 11,516
Equities				
Private equities ²	-	2,974	4,979	7,953
Public equities ²	146,280	2,827	710	149,817
Total equities	146,280	5,801	5,689	157,770
Fixed income				
Bonds	86,104	38,391	-	124,495
Other debt ²	-	338	8,979	9,317
Money market securities	-	2,576	-	2,576
Total fixed income	86,104	41,305	8,979	136,388
Absolute return strategies²	-	19,586	1,754	21,340
Infrastructure²	-	-	10,064	10,064
Real estate²	-	-	9,153	9,153
Investment receivables				
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	-	23,390	-	23,390
Derivative assets	-	2,839	-	2,839
Other ³	-	3,210	-	3,210
Total investment receivables	-	29,439	-	29,439
Investments in investment holding subsidiaries (Note 2.2)	-	-	326,863	326,863
Total investments	\$ 232,384	\$ 107,647	\$ 362,502	\$ 702,533
Investment liabilities				
Debt financing liabilities	53,027	429	-	53,456
Securities sold under repurchase agreements and cash collateral received on securities lent	-	54,303	-	54,303
Securities sold short	22,065	-	-	22,065
Derivative liabilities	41	2,669	-	2,710
Other ³	-	933	116	1,049
Total investment liabilities	75,133	58,334	116	133,583
Pending trades receivable ¹	-	2,945	-	2,945
Pending trades payable ¹	-	1,599	-	1,599
Net investments	\$ 157,251	\$ 50,659	\$ 362,386	\$ 570,296

¹ Cash and cash equivalents, Pending trades receivable and Pending trades payable are measured at amortized cost, which approximates fair value.

² Includes investments in funds.

³ Included in Other investment receivables are cash pledged as collateral on derivative transactions of \$1,698 million (March 31, 2023 - \$1,426 million) and interest receivable of \$1,348 million (March 31, 2023 - \$1,112 million). Included in Other investment liabilities is cash held as collateral of \$1,114 million (March 31, 2023 - \$777 million) on derivative transactions.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

2.2 Supplemental information on fair value hierarchy relating to investment holding subsidiaries

The following table presents the fair value hierarchy of the underlying investments and investment liabilities held by investment holding subsidiaries. For further details on the nature and purpose of investment holding subsidiaries, refer to Note 1.2.

	As at September 30, 2023			
<i>(CAD millions)</i>	Level 1	Level 2	Level 3	Total
Cash and cash equivalents¹	\$ -	\$ 1,517	\$ -	\$ 1,517
Equities				
Private equities ²	-	6,661	172,328	178,989
Public equities ²	11,134	3,411	95	14,640
Total equities	11,134	10,072	172,423	193,629
Fixed income				
Bonds	-	3,604	285	3,889
Other debt ²	-	7,189	33,741	40,930
Total fixed income	-	10,793	34,026	44,819
Absolute return strategies²	-	21,431	3,755	25,186
Infrastructure²	-	-	35,841	35,841
Real estate²	-	-	34,829	34,829
Investment receivables				
Securities purchased under reverse repurchase agreements	-	161	126	287
Derivative assets	-	8	-	8
Other ³	-	805	32	837
Total investment receivables	-	974	158	1,132
Total investments held by investment holding subsidiaries	\$ 11,134	\$ 44,787	\$ 281,032	\$ 336,953
Investment liabilities				
Debt financing liabilities	-	6,484	52	6,536
Loans sold under repurchase agreements	-	222	-	222
Other ³	-	427	1,558	1,985
Total investment liabilities held by investment holding subsidiaries	-	7,133	1,610	8,743
Pending trades receivable ¹	-	245	-	245
Pending trades payable ¹	-	156	-	156
Investments in investment holding subsidiaries	\$ 11,134	\$ 37,743	\$ 279,422	\$ 328,299

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

(CAD millions)	As at March 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents¹	\$ -	\$ 1,350	\$ -	\$ 1,350
Equities				
Private equities ²	-	3,623	175,550	179,173
Public equities ²	11,472	3,937	732	16,141
Total equities	11,472	7,560	176,282	195,314
Fixed income				
Bonds	-	3,352	256	3,608
Other debt ²	-	6,443	33,059	39,502
Total fixed income	-	9,795	33,315	43,110
Absolute return strategies²	-	17,907	3,426	21,333
Infrastructure²	-	-	36,626	36,626
Real estate²	-	294	36,061	36,355
Investment receivables				
Securities purchased under reverse repurchase agreements	-	132	-	132
Derivative assets	-	23	-	23
Other ³	-	756	36	792
Total investment receivables	-	911	36	947
Total investments held by investment holding subsidiaries	\$ 11,472	\$ 37,817	\$ 285,746	\$ 335,035
Investment liabilities				
Debt financing liabilities	-	5,846	60	5,906
Loans sold under repurchase agreements	-	212	-	212
Other ³	-	430	1,932	2,362
Total investment liabilities held by investment holding subsidiaries	-	6,488	1,992	8,480
Pending trades receivable ¹	-	581	-	581
Pending trades payable ¹	-	273	-	273
Investments in investment holding subsidiaries	\$ 11,472	\$ 31,637	\$ 283,754	\$ 326,863

¹ Cash and cash equivalents, Pending trades receivable and Pending trades payable are recorded at amortized cost, as it approximates fair value.

² Includes investments in funds.

³ Included in Other investment receivables and Other investment liabilities is interest receivable of \$715 million (March 31, 2023 - \$673 million) and deferred tax liabilities of \$1,531 million (March 31, 2023 - \$1,714 million) on investments, respectively.

2.3 Transfers between Level 1 and Level 2

Transfers between levels in the fair value hierarchy are deemed to have occurred at the end of the reporting period. During the six months ended September 30, 2023, there were no transfers from Level 1 to Level 2 of investments or investment liabilities held directly by CPP Investments (during the year ended March 31, 2023 - nil). During the six months ended September 30, 2023, there were no transfers from Level 2 to Level 1 of investments or investment liabilities held directly by CPP Investments (during the year ended March 31, 2023 - \$240 million and nil, respectively). Transfers between Level 1 and Level 2 are driven by the availability of quoted market prices in active markets and valuation techniques using inputs other than quoted prices that are observable.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

2.4 Level 3 reconciliation

The following table presents the reconciliations for investments held directly by CPP Investments included in Level 3 of the fair value hierarchy:

For the six months ended September 30, 2023									
	Fair value as at April 1, 2023	Gain (loss) included in net income (loss)	Purchases	Sales ²	Transfers into Level 3	Transfers out of Level 3	Fair value as at September 30, 2023	Change in unrealized gains (losses) on investments still held at September 30, 2023 ³	
(CAD millions)									
Equities									
Private equities	\$ 4,979	\$ (499)	\$ -	\$ -	\$ -	\$ (79)	\$ 4,401	\$ (507)	
Public equities	710	12	-	-	-	-	722	12	
Total equities	5,689	(487)	-	-	-	(79)	5,123	(495)	
Fixed income									
Other debt	8,979	42	4,252	(3,366)	-	-	9,907	(49)	
Absolute return strategies	1,754	123	-	(222)	-	-	1,655	120	
Infrastructure	10,064	401	298	(81)	-	-	10,682	403	
Real estate	9,153	(691)	161	(197)	-	-	8,426	(585)	
Investment receivables									
Other	-	-	-	-	-	-	-	-	
Investments in investment holding subsidiaries¹	326,863	3,273	-	(1,837)	-	-	328,299	3,273	
Total investments	\$ 362,502	\$ 2,661	\$ 4,711	\$ (5,703)	\$ -	\$ (79)	\$ 364,092	\$ 2,667	
Investment liabilities									
Other	116	106	-	(13)	-	-	209	106	
Net investments	\$ 362,386	\$ 2,555	\$ 4,711	\$ (5,690)	\$ -	\$ (79)	\$ 363,883	\$ 2,561	

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the year ended March 31, 2023									
(CAD millions)	Fair value as at April 1, 2022	Gain (loss) included in net income (loss)	Purchases	Sales ²	Transfers into Level 3	Transfers out of Level 3	Fair value as at March 31, 2023	Change in unrealized gains (losses) on investments still held at March 31, 2023 ³	
Equities									
Private equities	\$ 6,479	\$ (802)	\$ 162	\$ -	\$ -	\$ (860)	\$ 4,979	\$ (187)	
Public equities	-	-	-	-	710	-	710	60	
Total equities	6,479	(802)	162	-	710	(860)	5,689	(127)	
Fixed income									
Other debt	4,163	279	6,188	(1,755)	104	-	8,979	(121)	
Absolute return									
strategies	809	2	-	(155)	1,098	-	1,754	203	
Infrastructure	10,550	69	2,227	(2,782)	-	-	10,064	(149)	
Real estate	10,336	(58)	376	(1,501)	-	-	9,153	(127)	
Investment									
receivables									
Other	22	9	-	-	-	(31)	-	-	
Investments in									
investment holding									
subsidiaries¹	299,556	17,155	13,986	(3,834)	-	-	326,863	17,155	
Total investments	\$ 331,915	\$ 16,654	\$ 22,939	\$ (10,027)	\$ 1,912	\$ (891)	\$ 362,502	\$ 16,834	
Investment liabilities									
Other	267	(105)	-	-	-	(46)	116	(114)	
Net investments	\$ 331,648	\$ 16,759	\$ 22,939	\$ (10,027)	\$ 1,912	\$ (845)	\$ 362,386	\$ 16,948	

¹ Purchases relating to investment holding subsidiaries represent capital contributions or net loan funding provided to these subsidiaries. Sales relating to investment holding subsidiaries represent return of capital or payment of dividends from these subsidiaries.

² Includes return of capital and repayments.

³ Included in income (loss). Includes or excludes investments transferred into or out of Level 3, respectively.

During the six months ended September 30, 2023, there were no transfers of investments or investment liabilities from Level 2 to Level 3 (during the year ended March 31, 2023 - \$1,912 million and nil, respectively) and \$79 million of transfers of investments and nil transfers of investment liabilities from Level 3 to Level 2 (during the year ended March 31, 2023 - \$594 million and nil, respectively). Transfers into and out of Level 3 are driven by changes in the availability of market observable inputs used to determine fair value. Transfers are deemed to have occurred at the end of the reporting period.

2.5 Level 3 – Significant unobservable inputs

The table below presents the fair value of investments held directly by CPP Investments and its investment holding subsidiaries, including valuation techniques used to determine their fair values and the ranges and weighted averages of unobservable inputs used in the calculation of their fair values.

While investment holding subsidiaries are classified as Level 3 given the nature of their underlying holdings, certain investments held by these subsidiaries are based on quoted prices in an active market (Level 1) or are valued using observable inputs (Level 2). These amount to \$11,134 million (March 31, 2023 - \$11,472 million) and \$37,743 million (March 31, 2023 - \$31,637 million), respectively. Refer to Note 2.2 for further details on Level 1 and Level 2 investments relating to investment holding subsidiaries.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

As at September 30, 2023

(CAD millions)	Fair value of investments held by:		Primary valuation techniques used ²	Significant unobservable inputs	Range of input values ³	Weighted average ³
	CPP Investments	Investment holding subsidiaries				
Cash and cash equivalents	\$ -	\$ 1,517	Cost with accrued interest	-	-	-
Private equities						
Direct	4,398	80,462	Earnings multiples of comparable companies	EBITDA multiple	10.5X-25.1X	16.0X
	3	22,300	Discounted cash flow	Discount rate	8.7%-29.4%	11.9%
			Net asset value provided by investment manager	-	-	-
Fund investments	-	76,227	Net asset value provided by investment manager	-	-	-
Public equities						
Direct	-	11,135	Quoted market price	-	-	-
Fund investments	722	3,505	Net asset value provided by investment manager	-	-	-
Bonds	-	3,889	Quoted market prices or discounted cash flow using observable inputs	-	-	-
Other debt						
Direct private debt	203	32,032	Discounted cash flow	Discount rate	3.1%-50.0%	12.5%
	-	3,913	Net asset value provided by investment manager	-	-	-
Asset-backed securities	9,405	321	Comparable pricing	Price	85.8%-106.0%	99.0%
Fund investments	299	4,664	Net asset value provided by investment manager	-	-	-
Absolute return strategies						
Fund investments	1,655	25,186	Net asset value provided by investment manager	-	-	-
Infrastructure						
Direct	10,682	35,740	Discounted cash flow	Discount rate	7.4%-15.8%	9.4%
Fund investments	-	101	Net asset value provided by investment manager	-	-	-
Real estate						
Direct	6,963	4,292	Discounted cash flow	Discount rate	5.8%-13.1%	8.1%
				Terminal capitalization rate	4.5%-8.8%	6.2%
	1,451	29,446	Net asset value provided by investment partner	-	-	-
Fund investments	12	1,091	Net asset value provided by investment manager	-	-	-
Investment receivables						
Securities purchased under reverse repurchase agreements	-	287	Discounted cash flow	-	-	-
Derivative assets	-	8	Option model	-	-	-
Other	-	837	Cost with accrued interest	-	-	-
Investment liabilities						
Debt financing liabilities	-	6,536	Discounted cash flow	Discount rate	4.6%-4.8%	4.8%
Loans sold under repurchase agreements	-	222	Cost with accrued interest	-	-	-
Other ¹	209	1,985	Amortized cost	-	-	-
Pending trades net receivable/(payable)	-	89	Amortized cost	-	-	-
Total	\$ 35,584	\$ 328,299				

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

As at March 31, 2023⁴

(CAD millions)	Fair value of investments held by:		Primary valuation techniques used ²	Significant unobservable inputs	Range of input values ³	Weighted average ³
	CPP Investments	Investment holding subsidiaries				
Cash and cash equivalents	\$ -	\$ 1,350	Cost with accrued interest	-	-	-
Private equities						
Direct	4,968	79,846	Earnings multiples of comparable companies	EBITDA multiple	6.3X-25.0X	16.0X
	11	20,362	Discounted cash flow	Discount rate	7.1%-20.0%	11.3%
Fund investments	-	78,965	Net asset value provided by investment manager	-	-	-
Public equities						
Direct	-	11,472	Quoted market price	-	-	-
Fund investments	710	4,669	Net asset value provided by investment manager	-	-	-
Bonds	-	3,608	Quoted market prices or discounted cash flow using observable inputs	-	-	-
Other debt						
Direct private debt	203	31,451	Discounted cash flow	Discount rate	3.1%-33.9%	12.4%
	-	3,198	Net asset value provided by investment manager	-	-	-
Asset-backed securities	8,457	616	Comparable pricing	Price	53.8%-104.0%	97.5%
Fund investments	319	4,237	Net asset value provided by investment manager	-	-	-
Absolute return strategies						
Fund investments	1,754	21,333	Net asset value provided by investment manager	-	-	-
Infrastructure						
Direct	10,064	36,546	Discounted cash flow	Discount rate	7.4%-15.8%	9.3%
Fund investments	-	80	Net asset value provided by investment manager	-	-	-
Real estate						
Direct	7,651	5,218	Discounted cash flow	Discount rate	5.5%-15.9%	7.6%
	1,482	29,426	Terminal capitalization rate	Terminal capitalization rate	4.3%-12.3%	5.9%
Fund investments	20	1,711	Net asset value provided by investment partner	-	-	-
			Net asset value provided by investment manager	-	-	-
Investment receivables						
Securities purchased under reverse repurchase agreements	-	132	Discounted cash flow	-	-	-
Derivative assets	-	23	Option model	-	-	-
Other	-	792	Cost with accrued interest	-	-	-
Investment liabilities						
Debt financing liabilities	-	5,906	Discounted cash flow	Discount rate	2.1%-6.8%	3.3%
Loans sold under repurchase agreements	-	212	Cost with accrued interest	-	-	-
Other ¹	116	2,362	Amortized cost	-	-	-
Pending trades net receivable/(payable)	-	308	Amortized cost	-	-	-
Total	\$ 35,523	\$ 326,863				

¹ Primarily includes deferred tax liabilities related to investments.

² May include certain recently acquired investments held at cost, which approximates fair value.

³ The range of input values represents the highest and lowest inputs used to value the investments in a particular asset class. The weighted average of the input values is calculated based on the relative fair values of the investments within the asset class. The diversity of investments reported within each asset class, such as the geographic location and industry sector of the investments, may result in certain ranges of inputs being wide and unevenly distributed across the range.

⁴ Certain comparatives have been reclassified to conform to the current period's presentation.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

2.6 Sensitivity analysis of valuations using unobservable inputs

Significant changes in any of the above unobservable inputs would result in a significantly higher or lower fair value measurement. The interrelationship of significant unobservable inputs and fair value measurement for the most significant key inputs identified in the table above is as follows:

- An increase (decrease) in the EBITDA multiple will result in a higher (lower) fair value.
- An increase (decrease) in the discount rate and terminal capitalization rate will result in a lower (higher) fair value.

The fair values of the investments classified within Level 3 of the fair value hierarchy in Note 2.1 and 2.2 are based on accepted industry valuation methods that may include the use of estimates made by Management, appraisers or both where significant judgment is required. The use of valuation methods based on reasonable alternative assumptions could have a significant impact on the resulting fair values.

With all other variables held constant, the use of reasonable alternative assumptions would result in a decrease of \$10,200 million (March 31, 2023 - \$10,300 million) or an increase of \$10,700 million (March 31, 2023 - \$9,900 million) in net assets. This sensitivity analysis is subject to the exercise of judgment and excludes investments where fair values are provided by investment managers as the underlying assumptions used are not available to CPP Investments.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

3. Derivatives

The fair value of derivative contracts held by CPP Investments and its investment holding subsidiaries is as follows:

<i>(CAD millions)</i>	As at September 30, 2023		As at March 31, 2023	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Equity contracts				
Futures	\$ 1	\$ -	\$ -	\$ -
Swaps	1,636	(2,178)	1,610	(1,562)
Options:				
Over-the-counter – purchased	4	-	1	-
Over-the-counter – written	-	(88)	-	(73)
Warrants	3	-	18	-
Total equity contracts	1,644	(2,266)	1,629	(1,635)
Foreign exchange contracts				
Forwards	1,145	(766)	848	(292)
Options:				
Over-the-counter – purchased	64	-	73	-
Over-the-counter – written	-	(47)	-	(27)
Total foreign exchange contracts	1,209	(813)	921	(319)
Interest rate contracts				
Futures	-	-	-	-
Swaps	64	(658)	66	(545)
Options:				
Exchange-traded – purchased	1	-	-	-
Exchange-traded – written	-	(3)	-	-
Over-the-counter – purchased	352	-	220	-
Over-the-counter – written	-	(216)	-	(127)
Total interest rate contracts	417	(877)	286	(672)
Credit contracts				
Credit default swaps:				
Over-the-counter – purchased	1	(2)	2	(2)
Over-the-counter – written	22	(7)	21	(23)
Options:				
Over-the-counter – purchased	2	-	3	-
Over-the-counter – written	-	(17)	-	(18)
Total credit contracts	25	(26)	26	(43)
Commodity contracts				
Futures	-	-	-	-
Options:				
Exchange-traded – purchased	-	-	-	-
Exchange-traded – written	-	(106)	-	(41)
Total commodity contracts	-	(106)	-	(41)
Total¹	\$ 3,295	\$ (4,088)	\$ 2,862	\$ (2,710)

¹ Includes \$3 million (March 31, 2023 - \$18 million) relating to warrants and \$5 million (March 31, 2023 - \$5 million) relating to interest rate swaps transacted by investment holding subsidiaries.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

4. Net gains (losses) on investment holding subsidiaries

(CAD millions)	For the three months ended September 30,		For the six months ended September 30,	
	2023	2022 ¹	2023	2022 ¹
Income:				
Interest, dividends, and other income	\$ 1,710	\$ 1,995	\$ 4,112	\$ 3,957
Net gains (losses) on private investments	4,258	7,079	(339)	5,719
Net gains (losses) on public and other investments	1,200	915	736	(1,096)
	7,168	9,989	4,509	8,580
Expenses:				
Transaction-related	44	35	89	41
Taxes	(63)	146	(118)	56
Financing	112	37	181	72
	93	218	152	169
Net gains before dividends paid to CPP Investments	7,075	9,771	4,357	8,411
Dividends paid to CPP Investments	471	2,433	1,084	2,917
Net gains on investment holding subsidiaries	\$ 6,604	\$ 7,338	\$ 3,273	\$ 5,494

¹ Certain comparatives have been reclassified to conform to the current period's presentation.

5. Segment information

5.1 Net income (loss) by investment segment

The table below presents the income (loss) and expenses incurred by each investment department.

(CAD millions)	For the three months ended September 30, 2023								
	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets	Adjustment	Total	
Income (loss):	\$ (5,167)	\$ 1,980	\$ 374	\$ 2,415	\$ 3,357	\$ 316	\$ (916)	\$ 2,359	
Expenses¹:									
Personnel	24	26	39	34	59	73	-	255	
General and administrative	17	16	24	16	22	27	-	122	
Management fees ²	8	147	4	4	165	35	(358)	5	
Performance fees ²	-	248	-	-	180	37	(465)	-	
Transaction-related ³	24	6	13	15	15	18	(44)	47	
Taxes ³	27	2	21	17	6	(75)	63	61	
Financing ³	1,381	-	-	73	35	4	(112)	1,381	
	1,481	445	101	159	482	119	(916)	1,871	
Net income (loss)	\$ (6,648)	\$ 1,535	\$ 273	\$ 2,256	\$ 2,875	\$ 197	\$ -	\$ 488	

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended September 30, 2022 ⁴									
(CAD millions)	Capital							Adjustment	Total
	Total Fund Management	Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets			
Income (loss):	\$ (8,606)	\$ 1,789	\$ (1,064)	\$ 1,862	\$ 4,623	\$ 4,328	\$ (1,040)	\$ 1,892	
Expenses¹:									
Personnel	23	34	34	32	58	66	-	247	
General and administrative	25	13	17	15	21	25	-	116	
Management fees ²	-	135	6	9	182	39	(366)	5	
Performance fees ²	-	282	-	-	173	1	(456)	-	
Transaction-related ³	23	5	15	6	23	19	(35)	56	
Taxes ³	24	3	42	12	43	109	(146)	87	
Financing ³	460	-	-	26	5	6	(37)	460	
	555	472	114	100	505	265	(1,040)	971	
Net income (loss)	\$ (9,161)	\$ 1,317	\$ (1,178)	\$ 1,762	\$ 4,118	\$ 4,063	\$ -	\$ 921	

For the six months ended September 30, 2023									
(CAD millions)	Capital							Adjustment	Total
	Total Fund Management	Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets			
Income (loss):	\$ (6,539)	\$ 2,843	\$ 845	\$ 2,801	\$ 2,780	\$ (1,387)	\$ (1,570)	\$ (227)	
Expenses¹:									
Personnel	44	54	76	69	119	144	-	506	
General and administrative	32	30	49	30	41	48	-	230	
Management fees ²	8	287	7	10	295	80	(678)	9	
Performance fees ²	-	422	-	-	336	39	(740)	57	
Transaction-related ³	49	14	32	27	29	46	(89)	108	
Taxes ³	76	8	77	38	(1)	(3)	118	313	
Financing ³	2,631	-	-	123	52	6	(181)	2,631	
	2,840	815	241	297	871	360	(1,570)	3,854	
Net income (loss)	\$ (9,379)	\$ 2,028	\$ 604	\$ 2,504	\$ 1,909	\$ (1,747)	\$ -	\$ (4,081)	

For the six months ended September 30, 2022 ⁴									
(CAD millions)	Capital							Adjustment	Total
	Total Fund Management	Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets			
Income (loss):	\$ (29,175)	\$ 4,082	\$ (1,903)	\$ 1,317	\$ 3,644	\$ 3,409	\$ (1,875)	\$ (20,501)	
Expenses¹:									
Personnel	52	63	73	69	121	135	-	513	
General and administrative	46	35	39	29	39	50	-	238	
Management fees ²	-	264	8	39	323	72	(695)	11	
Performance fees ²	-	663	-	-	413	5	(1,011)	70	
Transaction-related ³	44	10	33	26	45	48	(41)	165	
Taxes ³	21	3	58	27	46	(20)	(56)	79	
Financing ³	322	-	-	44	17	11	(72)	322	
	485	1,038	211	234	1,004	301	(1,875)	1,398	
Net income (loss)	\$ (29,660)	\$ 3,044	\$ (2,114)	\$ 1,083	\$ 2,640	\$ 3,108	\$ -	\$ (21,899)	

¹ Includes expenses borne by CPP Investments and its investment holding subsidiaries in relation to the respective departments.

² Adjustment consists of costs incurred within funds.

³ Adjustments consist of expenses borne by investment holding subsidiaries, which are reclassified into income (loss).

⁴ Certain comparatives have been reclassified to conform to the current period's presentation.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

5.2 Net investments by investment segment

(CAD millions)	Net investments ¹							Total
	Total Fund Management	Capital Markets and Factor Investing	Active Equities	Credit Investments	Private Equity	Real Assets		
As at:								
September 30, 2023	\$ 234,644	\$ 1,686	\$ 380	\$ 60,332	\$ 146,462	\$ 132,495	\$ 575,999	
March 31, 2023	\$ 228,554	\$ 1,254	\$ 1,474	\$ 57,714	\$ 146,070	\$ 135,230	\$ 570,296	

¹ Net investments excludes net corporate assets of \$107 million (March 31, 2023 – net corporate liabilities of \$254 million).

5.3 Geographic information

Net investments are presented in the table below based on the region to which they have primary economic exposure:

(CAD millions)	Net investments ¹						Total
	Canada	U.S.	Asia Pacific	Europe	Latin America		
As at:							
September 30, 2023	\$ 80,367	\$ 215,450	\$ 140,646	\$ 102,532	\$ 37,004	\$ 575,999	
March 31, 2023	\$ 83,236	\$ 206,144	\$ 147,578	\$ 100,462	\$ 32,876	\$ 570,296	

¹ Net investments excludes net corporate assets of \$107 million (March 31, 2023 – net corporate liabilities of \$254 million).

6. Risk management

CPP Investments manages investment risks in accordance with the Risk Policy (Policy). This Policy establishes accountability of the Board of Directors, the various committees, including the Risk Committee, and departments to manage investment-related risks. The Policy is updated and approved by the Board of Directors at least once every fiscal year, and contains risk appetite (in the form of limits, statements and targets) and risk management provisions that govern investment decisions in accordance with CPP Investments' mandate.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

6.1 Total fund risk

A suite of risk measures is used within CPP Investments to monitor and assess the risk profile of the base CPP Investment Portfolio and the additional CPP Investment Portfolio (collectively the Investment Portfolios). Regular risk reports are provided to senior management and the Board of Directors to support the governance of the various dimensions of risk to which the Investment Portfolios are exposed.

Key investment risk measures include:

- Market risk: The target level of market risk, expressed in terms of an equity/debt risk equivalence ratio, which is the proportion of equity (versus debt) in a simple two-asset reference portfolio that would give the same market risk and credit risk as that of the applicable Investment Portfolio. The target level of market risk of the base CPP Investment Portfolio is currently set at 85%/15%, while the additional CPP Investment Portfolio target level is set at 55%/45%.
- Potential investment loss: The loss of the Investment Portfolios over a one-year horizon is not expected to exceed the established limit 19 times out of 20.
- Liquidity and leverage risk measures, which are further described in Note 9.

The monitoring of adherence to investment risk limits is conducted independent of the investment departments by the Risk department, reporting to the Chief Risk Officer, using both industry standard and internally developed risk models. The tables below provide a summary of the key investment risk measures of the Investment Portfolios.

			As at September 30, 2023		As at March 31, 2023
	Limit		base CPP		base CPP
Market risk	80 - 90 %		85 %		85 %
One-year potential investment loss ¹	21 %		19 %		19 %

			As at September 30, 2023		As at March 31, 2023
	Limit		additional CPP		additional CPP
Market risk	50 - 60 %		53 %		56 %
One-year potential investment loss ¹	15 %		13 %		13 %

¹ Percentage of investment value.

7. Market risk

Market risk is the risk that the fair value of an investment or investment liability will fluctuate because of changes in market prices and rates. Market risk includes equity risk, interest rate risk, credit spread risk and currency risk.

7.1 Equity risk

Equity risk is the risk that the fair value of an investment or investment liability will fluctuate because of changes in equity prices, which is a significant source of risk of the Investment Portfolios.

7.2 Interest rate risk

Interest rate risk is the risk that the fair value of an investment or investment liability will fluctuate because of changes in market interest rates. The Investment Portfolios are exposed to interest rate risk primarily through holdings of fixed income securities, certain investment liabilities and interest rate derivatives.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

7.3 Credit spread risk

Credit spread risk is the difference in yield on certain securities compared to a comparable risk-free security (i.e., government issued) with the same maturity date. Credit spread risk is the risk that the fair value of these securities will fluctuate because of changes in credit spread. With all other variables held constant, an increase in credit spread rates would result in a decrease in investments.

7.4 Currency risk

The Investment Portfolios are exposed to currency risk through holdings of investments or investment liabilities in various foreign currencies. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value or future cash flows of these investments and investment liabilities.

7.4.1 Currency risk exposures

The net currency exposures after allocating foreign currency derivatives, in Canadian dollars, are as follows:

<i>(CAD millions)</i>	As at September 30, 2023		As at March 31, 2023	
	Net exposure	% of total ¹	Net exposure	% of total ¹
U.S. dollar	\$ 295,725	51 %	\$ 276,146	48 %
Euro	40,467	7	45,124	8
Japanese Yen	20,150	3	17,324	3
Chinese renminbi	17,340	3	20,384	4
Other	79,770	15	89,164	16
Total foreign exposure	453,452	79	448,142	79
Canadian dollar	122,547	21	122,154	21
Total	\$ 575,999	100 %	\$ 570,296	100 %

¹ May not reflect actual percentage of total due to rounding.

8. Credit risk

Credit risk represents the potential loss of investment value due to direct or indirect counterparty exposure to a defaulted entity and/or financial losses due to deterioration of an entity's credit quality. The Investment Portfolios' credit risk arises primarily through its investments in non-investment grade entities. The carrying amounts of these investments as presented in the Condensed Interim Consolidated Schedule of Investment Portfolio represent the maximum direct credit risk exposure at the Condensed Interim Consolidated Balance Sheet date. Credit risk is also incorporated as a component of the potential investment loss measure in Note 6.1.

8.1 Credit value-at-risk

In addition to incorporating credit risk within the potential investment loss measures as described in Note 6.1, a standalone measure for losses due to defaults and credit rating migration is also monitored. A Monte Carlo simulation that incorporates likelihood of default, credit rating migration and recovery in the event of default for underlying investments is adopted to quantify this dimension of risk. Credit value-at-risk, at a 95% confidence level, implies there is a 5% chance that the underlying investments in the Investment Portfolios will lose more than the amounts shown below, expressed as a percentage of each Investment Portfolio, in any given year due to default and credit migration risk.

	As at September 30, 2023		As at March 31, 2023	
	base CPP	additional CPP	base CPP	additional CPP
Credit value-at-risk	3.4 %	2.2 %	3.4 %	2.3 %

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

9. Liquidity and leverage risk

9.1 Liquidity risk

Liquidity risk is defined as the risk of incurring unacceptable losses while obtaining the funds needed to (i) meet payment obligations as they become due, (ii) fund new investments or (iii) rebalance the portfolio in periods of stress.

The liquidity coverage ratio measures the amount of available liquid securities relative to CPP Investments' investment obligations and obligations to transfer funds to CPP over various time horizons including any 10-day period.

	Limit	As at September 30, 2023	As at March 31, 2023
Liquidity coverage ratio	1.0x	3.5x	3.5x

Liquidity risk is impacted by the use of various forms of leverage which CPP Investments uses to manage certain other risks and enhance fund returns. The use of leverage is governed directly through leverage measures as outlined in Note 9.2.

Liquidity risk is managed by investing certain assets in a liquid portfolio of publicly traded equities, money market securities and marketable bonds. It is supplemented by the ability to raise funds through activities such as the issuance of unsecured debt, including term debt, as well as transacting in securities sold under repurchase agreements. CPP Investments also maintains unsecured credit facilities to meet potential liquidity requirements. There were no credit facilities drawn as at September 30, 2023 and March 31, 2023.

(CAD millions)	As at September 30, 2023	As at March 31, 2023
Unsecured credit facilities held	\$ 1,500	\$ 1,500

9.2 Leverage risk

Leverage risk is the risk that excessive financial obligations heighten market and liquidity risks during periods of stress. Leverage risk is monitored by recourse and limited recourse measures. Recourse leverage is a notional-based measure with direct recourse to CPP Investments, which represents the net amount of borrowed funds and synthetic financing used by CPP Investments to increase its investment exposure. Limited recourse leverage generally refers to the debt issued through CPP Investments' investment holding subsidiaries that limits recourse to specific investments held within these subsidiaries. The recourse leverage measures are as follows:

	Limit	As at September 30, 2023	As at March 31, 2023
Recourse leverage:			
base CPP	45 %	28.2 %	28.1 %
additional CPP	30 %	16.9 %	16.8 %

As at September 30, 2023, recourse and limited recourse leverage amounted to \$159,335 million and \$7,117 million, respectively (March 31, 2023 – \$157,301 million and \$6,473 million, respectively).

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(Unaudited)

9.3 Terms to maturity

9.3.1 Terms to maturity of non-derivative investment liabilities held directly by CPP Investments

(CAD millions)	Terms to maturity						As at March 31, 2023	
	As at September 30, 2023						Total contractual amount	Weighted average interest rate
	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total contractual amount	Weighted average interest rate ³		
Debt financing liabilities	\$ 6,422	\$ 36,202	\$ 15,142	\$ 6,214	\$ 63,980	2.4 %	\$ 58,720	1.9 %
Securities sold under repurchase agreements	58,996	-	-	-	58,996	4.0	50,785	2.7
Cash collateral received on securities lent	4,172	-	-	-	4,172	n/a	3,910	n/a
Securities sold short ^{1,2}	23,798	-	-	-	23,798	n/a	22,065	n/a
Total	\$ 93,388	\$ 36,202	\$ 15,142	\$ 6,214	\$ 150,946	2.6 %	\$ 135,480	2.0 %

¹ Considered repayable within one year based on the earliest period in which the counterparty could request payment under certain conditions.

² Includes equities sold short for which the average interest rate is not applicable.

³ Total weighted average interest rate excludes certain investment liabilities for which the average interest rate is not applicable.

9.3.2 Terms to maturity of non-derivative investment liabilities held by investment holding subsidiaries

The following table presents supplemental information relating to the terms to maturity of investment liabilities held by investment holding subsidiaries.

(CAD millions)	Terms to maturity						As at March 31, 2023	
	As at September 30, 2023						Total contractual amount	Weighted average interest rate
	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total contractual amount	Weighted average interest rate		
Debt financing liabilities	\$ 2,609	\$ 2,144	\$ 541	\$ 938	\$ 6,232	6.5 %	\$ 5,845	4.8 %
Loans sold under repurchase agreements	-	221	-	-	221	7.9	211	7.2
Total	\$ 2,609	\$ 2,365	\$ 541	\$ 938	\$ 6,453	6.5 %	\$ 6,056	4.9 %

10. Reconciliation of debt financing liabilities

The following table provides a reconciliation of debt financing liabilities issued by CPP Investments arising from financing activities:

(CAD millions)	For the six months ended September 30,	
	2023	2022 ²
Balance, beginning of period	\$ 53,456	\$ 45,362
Proceeds	14,992	7,694
Repayments	(9,076)	(2,194)
Non-cash changes in fair value ¹	(1,859)	(2,558)
Balance, end of period	\$ 57,513	\$ 48,304

¹ Includes foreign exchange gains of \$514 million (September 30, 2022 – gains of \$1,266 million).

² Certain comparatives have been reclassified to conform to the current period's presentation.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

11. Collateral

11.1 Collateral held and pledged directly by CPP Investments

The fair value of collateral held and pledged directly by CPP Investments was as follows:

<i>(CAD millions)</i>	As at September 30, 2023	As at March 31, 2023
Third-party assets held as collateral on¹:		
Reverse repurchase agreements	\$ 20,299	\$ 22,592
Derivative transactions	1,114	777
Securities lent ^{2,3}	5,792	6,900
Total	\$ 27,205	\$ 30,269
Own and third-party assets pledged as collateral on:		
Repurchase agreements	(57,837)	(50,527)
Securities borrowed ^{3,4}	(25,046)	(26,840)
Derivative transactions	(12,131)	(10,778)
Debt financing liabilities	(1,087)	(953)
Total	\$ (96,101)	\$ (89,098)

¹ The fair value of collateral sold or repledged as at September 30, 2023 was \$4,414 million (March 31, 2023 - \$7,347 million).

² The fair value of securities lent as at September 30, 2023 was \$5,705 million (March 31, 2023 - \$6,800 million).

³ Cash collateral payable on the Condensed Interim Consolidated Balance Sheet of \$4,172 million (March 31, 2023 - \$3,910 million) consists of collateral receivable of nil and collateral payable of \$4,172 million that qualify for netting (March 31, 2023 - nil and \$3,910 million, respectively).

⁴ The fair value of securities borrowed as at September 30, 2023 was \$20,482 million (March 31, 2023 - \$21,313 million) of which \$21,888 million (March 31, 2023 - \$18,914 million) was used for short selling activity.

11.2 Supplemental information on collateral relating to investment holding subsidiaries

The fair value of collateral held and pledged by investment holding subsidiaries was as follows:

<i>(CAD millions)</i>	As at September 30, 2023	As at March 31, 2023
Third-party assets held as collateral on¹:		
Reverse repurchase agreements	\$ 161	\$ 132
Total	\$ 161	\$ 132
Own and third-party assets pledged as collateral		
Repurchase agreements	(377)	(353)
Securities borrowed ^{2,3}	(15,370)	(13,611)
Derivative transactions ³	(1,583)	(785)
Private equities ⁴	(11,142)	(11,715)
Debt financing liabilities	(12,032)	(10,466)
Total	\$ (40,504)	\$ (36,930)

¹ The fair value of collateral sold or repledged as at September 30, 2023 was nil (March 31, 2023 - nil).

² The fair value of securities borrowed as at September 30, 2023 was \$8,800 million (March 31, 2023 - \$8,020 million), which were all used for short selling activity.

³ The cash collateral at the prime brokers may be used for securities borrowed and derivatives transacted by brokers.

⁴ Represents securities pledged as collateral on loan borrowings of the investees.

12. Commitments

CPP Investments and its investment holding subsidiaries have entered into commitments related to the funding of investments. These commitments are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at September 30, 2023, the unfunded commitments for CPP Investments and its investment holding subsidiaries totalled \$568 million (March 31, 2023 - \$1,160 million) and \$54,169 million (March 31, 2023 - \$60,187 million), respectively.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

13. Guarantees

As part of certain investment transactions, CPP Investments and its investment holding subsidiaries agreed to guarantee, as at September 30, 2023, up to \$263 million (March 31, 2023 - \$366 million) and \$6,714 million (March 31, 2023 - \$7,052 million), respectively, to other counterparties in the event certain investee entities default under the terms of loan and other related agreements, or fail to perform under specified non-financial contractual obligations.

14. Base CPP and additional CPP

The following note discloses the net assets, net investments and net income of CPP Investments' base CPP account and additional CPP account.

14.1 Changes in net assets

The accumulated transfers from/to the CPP and its two parts, the base CPP and additional CPP, as well as their accumulated net income (loss) since inception, are as follows:

<i>(CAD millions)</i>	For the three months ended							Total net assets
	Accumulated net transfers from CPP			Accumulated net income and comprehensive income				
	base CPP	additional CPP	Total	base CPP	additional CPP	Total		
As at July 1, 2023	\$ 166,648	\$ 26,928	\$ 193,576	\$ 380,683	\$ 659	\$ 381,342	\$ 574,918	
Total net income (loss) and comprehensive income (loss) for the period	-	-	-	880	(392)	488	488	
Transfers from CPP	10,266	2,811	13,077	-	-	-	13,077	
Transfers to CPP	(12,153)	(224)	(12,377)	-	-	-	(12,377)	
As at September 30, 2023	\$ 164,761	\$ 29,515	\$ 194,276	\$ 381,563	\$ 267	\$ 381,830	\$ 576,106	

<i>(CAD millions)</i>	For the six months ended							Total net assets
	Accumulated net transfers from CPP			Accumulated net income and comprehensive income				
	base CPP	additional CPP	Total	base CPP	additional CPP	Total		
As at April 1, 2022	\$ 149,184	\$ 12,047	\$ 161,231	\$ 377,510	\$ 570	\$ 378,080	\$ 539,311	
Total net (loss) and comprehensive (loss) for the period	-	-	-	(21,290)	(609)	(21,899)	(21,899)	
Transfers from CPP	26,994	4,941	31,935	-	-	-	31,935	
Transfers to CPP	(20,371)	-	(20,371)	-	-	-	(20,371)	
As at September 30, 2022	\$ 155,807	\$ 16,988	\$ 172,795	\$ 356,220	\$ (39)	\$ 356,181	\$ 528,976	
As at April 1, 2023	\$ 161,188	\$ 22,943	\$ 184,131	\$ 385,010	\$ 901	\$ 385,911	\$ 570,042	
Total net (loss) and comprehensive (loss) for the period	-	-	-	(3,447)	(634)	(4,081)	(4,081)	
Transfers from CPP	27,796	6,796	34,592	-	-	-	34,592	
Transfers to CPP	(24,223)	(224)	(24,447)	-	-	-	(24,447)	
As at September 30, 2023	\$ 164,761	\$ 29,515	\$ 194,276	\$ 381,563	\$ 267	\$ 381,830	\$ 576,106	

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

14.2 Net assets of base CPP and additional CPP

The net assets of CPP Investments' base CPP and additional CPP accounts are as follows:

	As at September 30, 2023			As at March 31, 2023		
	base CPP	additional CPP	Total	base CPP	additional CPP	Total
<i>(CAD millions)</i>						
Cash and cash equivalents held for investment purposes	\$ 9,823	\$ 505	\$ 10,328	\$ 10,953	\$ 563	\$ 11,516
Net investments other than cash and cash equivalents	536,378	29,293	565,671	535,479	23,301	558,780
Net investments	546,201	29,798	575,999	546,432	23,864	570,296
Premises and equipment	499	14	513	512	15	527
Other assets ¹	307	9	316	272	9	281
Accounts payable and accrued liabilities	683	39	722	1,018	44	1,062
Net assets	\$ 546,324	\$ 29,782	\$ 576,106	\$ 546,198	\$ 23,844	\$ 570,042

¹ Includes cash held for operating purposes.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

14.3 Schedule of investment portfolio for base CPP and additional CPP

The table below provides details of the investments and investment liabilities for CPP Investments' base CPP and additional CPP accounts:

<i>(CAD millions)</i>	As at September 30, 2023 ¹		
	base CPP	additional CPP	Total
Cash and cash equivalents	\$ 11,290	\$ 555	\$ 11,845
Equities			
Private equities	180,101	6,126	186,227
Public equities	172,087	5,853	177,940
Total equities	352,188	11,979	364,167
Fixed income			
Bonds	119,114	15,057	134,171
Other debt	49,492	1,683	51,175
Money market securities	7,114	222	7,336
Total fixed income	175,720	16,962	192,682
Absolute return strategies	48,578	1,652	50,230
Infrastructure	44,993	1,530	46,523
Real estate	41,832	1,423	43,255
Investment receivables			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	21,134	719	21,853
Derivative assets	3,177	118	3,295
Other	4,289	247	4,536
Total investment receivables	28,600	1,084	29,684
Intracompany investment balances²	(11)	11	-
Total investments	\$ 703,190	\$ 35,196	\$ 738,386
Investment liabilities			
Debt financing liabilities	61,942	2,107	64,049
Securities and loans sold under repurchase agreements and cash collateral received on securities lent	60,087	2,044	62,131
Securities sold short	23,015	783	23,798
Derivative liabilities	3,954	134	4,088
Other	3,360	114	3,474
Total investment liabilities	152,358	5,182	157,540
Pending trades receivable	3,307	384	3,691
Pending trades payable	7,938	600	8,538
Net investments	\$ 546,201	\$ 29,798	\$ 575,999

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

(CAD millions)	As at March 31, 2023 ¹		
	base CPP	additional CPP	Total
Cash and cash equivalents	\$ 12,266	\$ 600	\$ 12,866
Equities			
Private equities	182,026	5,100	187,126
Public equities	161,435	4,523	165,958
Total equities	343,461	9,623	353,084
Fixed income			
Bonds	116,464	11,639	128,103
Other debt	47,488	1,331	48,819
Money market securities	2,506	70	2,576
Total fixed income	166,458	13,040	179,498
Absolute return strategies	41,510	1,163	42,673
Infrastructure	45,417	1,273	46,690
Real estate	44,268	1,240	45,508
Investment receivables			
Securities purchased under reverse repurchase agreements and cash collateral pledged on securities borrowed	22,189	1,333	23,522
Derivative assets	2,784	78	2,862
Other	3,828	174	4,002
Total investment receivables	28,801	1,585	30,386
Intracompany investment balances²	-	-	-
Total investments	\$ 682,181	\$ 28,524	\$ 710,705
Investment liabilities			
Debt financing liabilities	57,744	1,618	59,362
Securities sold under repurchase agreements and cash collateral received on securities lent	52,343	2,172	54,515
Securities sold short	21,464	601	22,065
Derivative liabilities	2,636	74	2,710
Other	3,318	93	3,411
Total investment liabilities	137,505	4,558	142,063
Pending trades receivable	3,430	96	3,526
Pending trades payable	1,674	198	1,872
Net investments	\$ 546,432	\$ 23,864	\$ 570,296

¹ Presented using the same basis as the Condensed Interim Consolidated Schedule of Investment Portfolio, which is different from that of the Condensed Interim Consolidated Balance Sheet. Refer to the Condensed Interim Consolidated Schedule of Investment Portfolio for further details.

² Represents balances between the additional CPP and the base CPP accounts.

