

Investing for Generations

Second Quarter Fiscal 2021 Results

November 16, 2020



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Financial Results

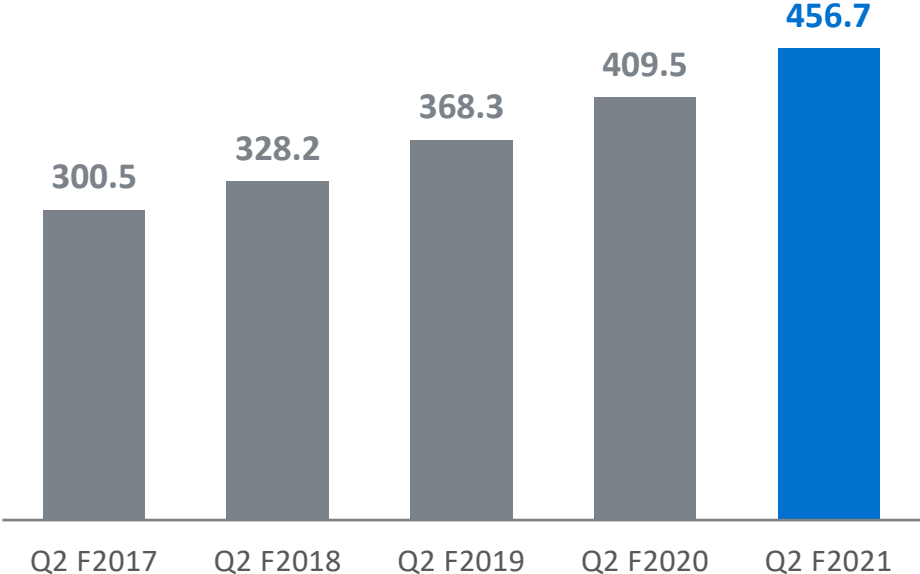
Second Quarter Fiscal 2021



CPP Investments delivered performance gains amid continued global uncertainty

Q2
Fiscal 2021

Q2 Net Assets Year-Over-Year Comparison (C\$ billion)

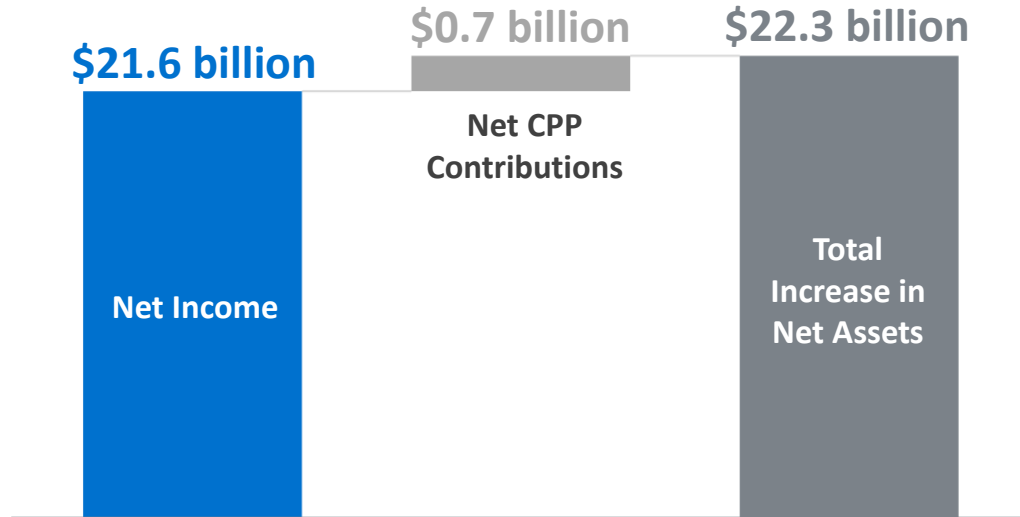


Quarterly increase in
Net Assets

\$22.3
billion

The Fund remains resilient as net assets grow

Q2
Fiscal 2021



Net Return

5.0 %

Longer-term performance remains strong

Q2
Fiscal 2021

**10-year
Net Income**
\$273.0
billion

**10-year
Net Nominal Return**
10.5%

Performance drivers

Q2
Fiscal 2021



CPP Investments' diversified Fund performed well this quarter, generating strong returns. However, we continue to be cautious about the months ahead given the highly uncertain economic fallout of COVID-19 and its effect on markets.

All of our investment departments generated positive returns this quarter. Our investment professionals continue to pursue opportunities that will bring value to the Fund over the long term.



Mark Machin
President & Chief Executive Officer
CPP Investments

Market update

Q2
Fiscal 2021



Both developed and emerging markets delivered strong results during the period, reflecting continued recovery in most major stock markets since the sell-off in March. Almost all major countries in developed markets experienced gains, even through the downturn in September that was caused by renewed concerns over rising coronavirus cases across Europe and North America.



Outperformance in emerging markets in the quarter was led by China and India.



The U.S. dollar depreciated against the Canadian dollar causing a negative currency impact.

Operational Highlights

Second Quarter Fiscal 2021





EXECUTIVE ANNOUNCEMENTS

Appointed Ed Cass as CPP Investments' first dedicated Chief Investment Officer (CIO) and Head of Total Fund Management. The CIO role was created to effectively address the anticipated size and scale of CPP Investments by 2025 and beyond. Total Fund Management comprises the former Total Portfolio Management department and the Balancing & Collateral team formerly residing in the Capital Markets and Factor Investing department. Ed was most recently Global Head of Real Assets.

Appointed Deborah Orida as Senior Managing Director & Global Head of Real Assets, where she will be responsible for the global Real Assets program, which encompasses Energy & Resources, Infrastructure, Power & Renewables, Real Estate and Portfolio Value Creation. Deborah was most recently Senior Managing Director & Global Head of Active Equities.



BOND ISSUANCE

Completed two international debt offerings: GBP one-year term notes totalling £200 million and USD five-year term notes totalling US\$1 billion. CPP Investments uses a conservative amount of short- and medium-term debt as one of several tools to manage our investment operations.

Board Announcements

Q2
Fiscal 2021

Dr. Heather Munroe-Blum was reappointed as Chairperson of the Board for a term of three years ending in October 2023. Dr. Munroe-Blum first became a Director of CPP Investments in 2010 and assumed the role of Chairperson in 2014. She also serves on the board of the Royal Bank of Canada and is Chairperson of the Gairdner Foundation. Dr. Munroe-Blum served as the Principal and Vice-Chancellor (President) of McGill University from 2003-2013.

Mary Phibbs was reappointed to the Board of Directors for a term ending in May 2023. Ms. Phibbs was first appointed a CPP Investments Director in May 2017. She also serves as Chairperson of Virgin Money Unit Trust Managers Limited and is a non-executive Director of Morgan Stanley International Limited, Morgan Stanley & Co International plc and Morgan Stanley Bank International Limited. Ms. Phibbs previously had a 40-year, multidisciplinary career in international banking and finance, both in executive and non-executive roles.

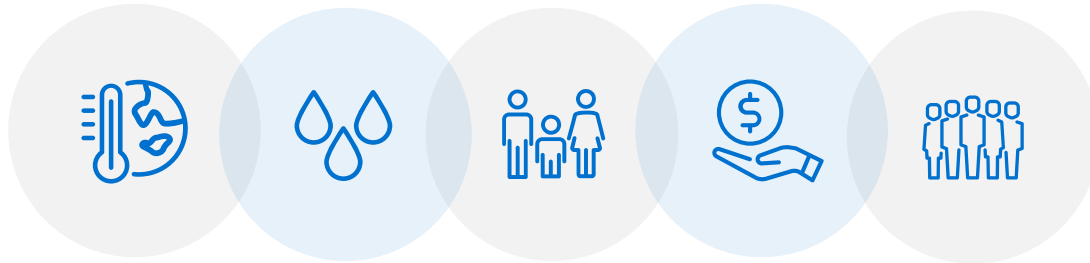
The National Association of Corporate Directors (NACD) named the CPP Investments Board of Directors as a winner of this year's NACD NXT® awards. NACD NXT showcases boards that are leveraging innovation and diversity to elevate company performance and this is the first time the recognition has been awarded to a Canada-based organization.

Board Chairperson Heather Munroe-Blum was appointed to The Committee on the Future of Corporate Governance in Canada, a joint initiative established by TMX Group and the Institute of Corporate Directors to provide updated guidance on corporate governance for Toronto Stock Exchange-listed companies.

Sustainable Investing Report

The 2020 [Report on Sustainable Investing](#) was released during the quarter.

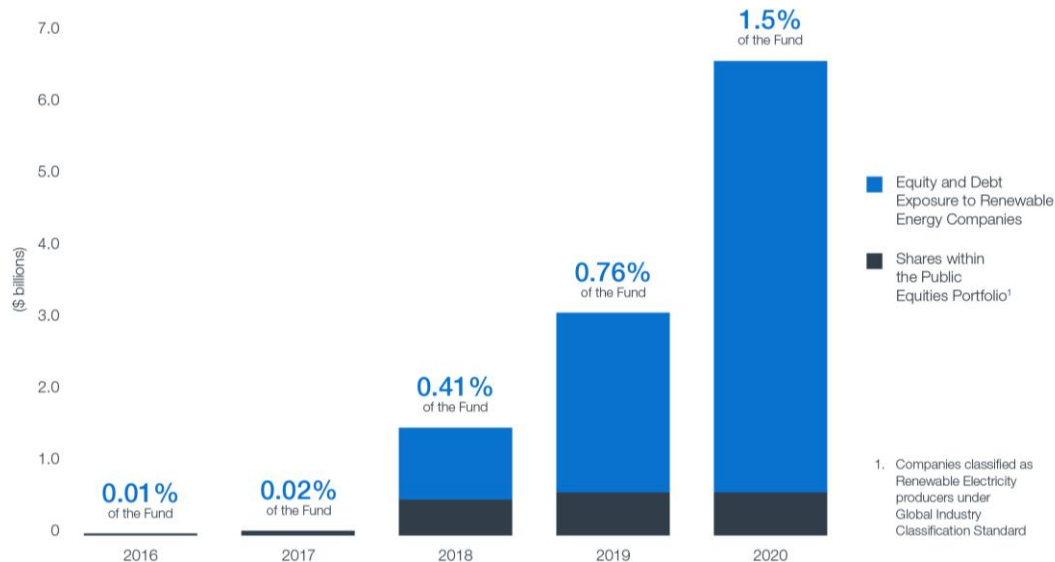
Five key engagement focus areas – *climate change, water, human rights, executive compensation and board effectiveness* – have significant and meaningful impacts on the long-term financial sustainability of our public equities portfolio.



Sustainable Investing Report: Renewable Energy

The energy evolution provides opportunities for attractive long-term, risk-adjusted returns.

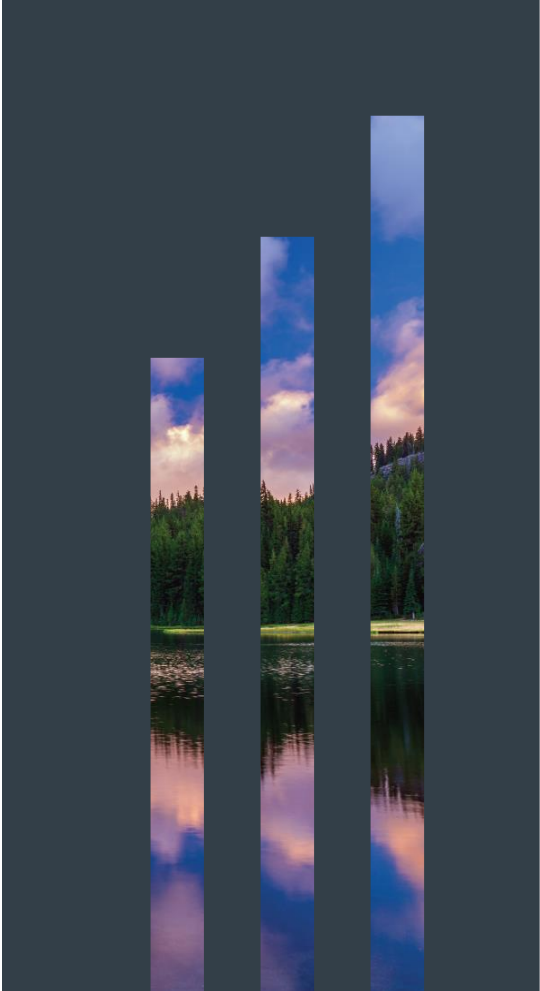
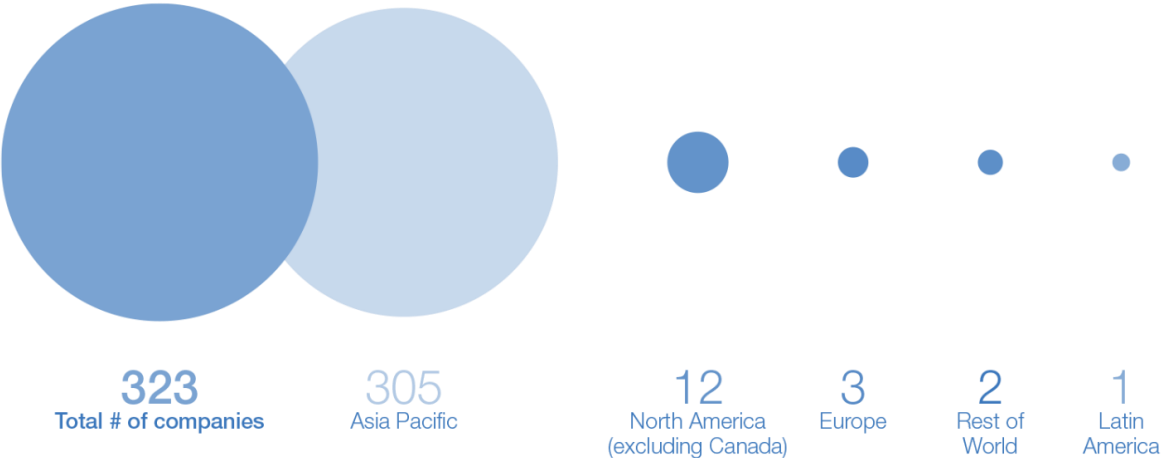
As of the June 30, 2020 reporting period, the combined value of our renewable energy assets was \$6.6 billion.



Sustainable Investing Report: Gender diversity voting practices

We are committed to advancing gender representation on boards. Our goal is to improve the gender balance and the overall effectiveness of public company boards worldwide.

Number of companies, by region, that we voted against for failing to have any women on their boards



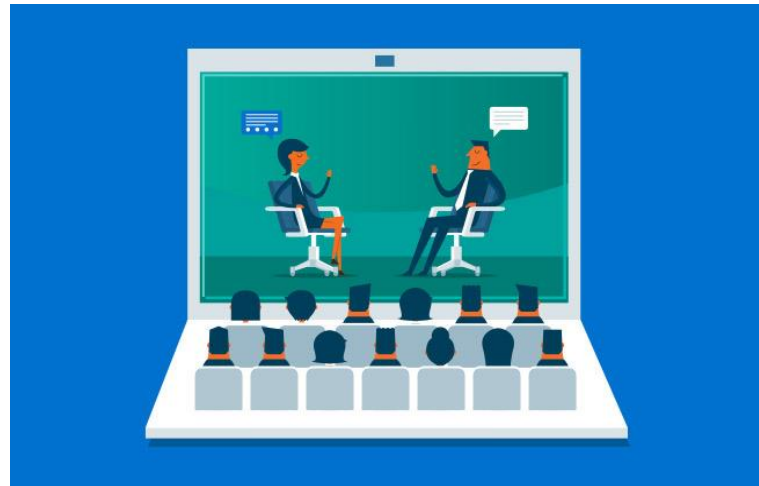
Public Meetings

CPP Investments is committed to transparency and accountability. Public meetings are held every two years to inform Canadians about the Fund's financial performance and investment strategy.

The 2020 public meetings were held virtually in October.

Key topics included:

- The Fund's design for the long term
- How environmental, social and governance (ESG) factors are considered
- The types of investments held in the Fund and why the Fund is invested in global markets



[Click here](#) to view the video recordings for our 10 public meetings – one for each of the nine provinces that participate in the Canada Pension Plan, and one meeting for the three territories.

Thinking Ahead: How COVID-19 is shaping the landscape for long-term investors



Consumer Behaviour



Healthcare and Privacy Policy



Cities and Infrastructure



Supply Chains

Through CPP Investments' signature platform, Thinking Ahead, four new habits and perspectives were identified that are likely to define the post-COVID-19 era. For long-term investors, this will mean both new risks and new opportunities as the transition to recovery occurs.

[How COVID-19 is shaping the landscape for long-term investors](#) analyzes four areas with potential to impact investments: permanent changes to consumer behaviour, long-term impact on healthcare and privacy policy, impacts on cities and infrastructure and new imperatives for global supply chains.

COVID-19 brings both new risks and opportunities as we transition to recovery.



Click here to view the video above.

Investment Portfolios

Second Quarter Fiscal 2021



Second quarter Fund assets by investment department

TOTAL FUND MANAGEMENT

Ensures investing activities collectively produce a total portfolio that maximizes long-term returns without taking undue risk

Net Investments: \$211.2 billion

CREDIT INVESTMENTS

Manages all of CPP Investments' public and private credit investments globally, investing in credit and credit-like products across the capital structure

Net Investments: \$40.8 billion

CAPITAL MARKETS AND FACTOR INVESTING

Ensures CPP Investments has the flexibility to efficiently gain access to a broad array of sources of return in public equities, fixed income securities, currencies, commodities, derivatives and externally managed funds on a global basis

AUM*: \$49.6 billion

PRIVATE EQUITY

Invests in global private equity suitable for large, patient and knowledgeable investors

Net Investments: \$105.8 billion

ACTIVE EQUITIES

Invests globally in public (or soon-to-be public) companies by way of common shares or equity-linked securities, private companies, externally managed funds and securities focused on long-horizon structural changes

AUM*: \$71.1 billion

REAL ASSETS

Consists of investments in real estate, infrastructure, power and renewables and energy and resources sectors

Net Investments: \$98.3 billion

*The Capital Markets and Factor Investing and Active Equities departments have market values that differ from their asset values. The Assets Under Management (AUM) figures, as shown above, use a methodology more indicative of portfolio size for certain active strategies and enable greater comparability with long-only investments.

Asset mix

As at September 30, 2020

Q2
Fiscal 2021



- Public Equities – 31.5%
- Private Equities – 24.6%
- Government bonds, Cash and ARS (1) – 10.3%
- Credit – 12.1%
- Real Estate – 9.5%
- Infrastructure – 8.2%
- Other Real Assets – 3.8%

1. Net of external debt issuances.

Global diversification by region

As at September 30, 2020

Q2
Fiscal 2021



- United States (\$155.8 billion) – 34.1%
- Asia (\$119.1 billion) – 26.1%
- Canada (\$72.6 billion) – 15.9%
- Europe (excluding U.K.) (\$53.2 billion) – 11.7%
- United Kingdom (\$18.0 billion) – 3.9%
- Latin America (\$17.1 billion) – 3.7%
- Australia (\$15.8 billion) – 3.5%
- Other (\$5.0 billion) – 1.1%

Investment Highlights

Second Quarter Fiscal 2021



Active Equities transactions

Q2
Fiscal 2021



Invested an additional C\$309 million in a rights offering by Cellnex Telecom S.A., a leading mobile-tower owner and operator based in Spain, holding total ownership in the company at 4.95%.



Invested US\$50 million in Perfect Day, Inc., an animal-free dairy maker, the first investment in our Climate Change Opportunities strategy.



DISPOSITION

Sold 10,000,000 shares in the capital of Battle North Gold Corporation, a Canadian gold mine developer, through the open markets for net proceeds of approximately C\$19 million.



Sold our ownership interest in Zoox, a U.S. technology company focused on developing a fully integrated autonomous vehicle mobility solution, as part of Amazon.com, Inc.'s acquisition of the company. Our ownership interest was initially acquired in 2018.

Credit Investments transactions

Q2
Fiscal 2021



Invested US\$75 million in a senior secured term loan issued by Global Lending Services LLC, an auto financing solutions provider.



Invested US\$175 million in the first lien term loan, senior secured notes and second lien term loans of LogMeIn, Inc., a provider of remote working, collaboration and customer engagement software-as-a-service solutions.



Committed to acquire up to US\$1 billion of home improvement-focused consumer loans from Service Finance Company, LLC, a sales finance business owned by ECN Capital Corp. Under the agreement, the purchases will be made through 2020 and 2021.

Private Equity transactions

Q2
Fiscal 2021

virtusa

Committed US\$300 million in equity to the proposed acquisition of Virtusa Corporation (Virtusa) for an approximate 24% stake, alongside Baring Private Equity Asia. Virtusa is a global provider of a full spectrum of IT services.

 **VISMA**

Increased our investment in Visma, the software-as-a-service provider headquartered in Norway, to an approximate 6% stake.



Completed the acquisition of Galileo Global Education, a leading international provider of higher education and Europe's largest higher education group, as part of a consortium of investors, with an investment of €550 million for a significant minority stake.

DISPOSITION

Exited the investment in luxury retailer Neiman Marcus Group LTD LLC through Chapter 11 proceedings in U.S. Bankruptcy Court and, as a result, did not realize any net proceeds from the investment. Along with our co-sponsor, we continue to be majority investors in Mytheresa, a high-growth, online ultra-luxury fashion retailer. Our ownership interest was initially acquired in 2013.

Real Assets transactions

Q2
Fiscal 2021



Extended our partnership with GLP through the launch of the GLP Japan Income Fund (GLP JIF), the largest private open-ended logistics fund in Japan. The partnership with GLP was first established in 2011, and at the end of August 2020, CPP Investments successfully exited the investment in GLP JDV I, receiving approximately JPY 48 billion (C\$590 million) of net proceeds. Following the disposition, CPP Investments recommitted JPY 25 billion (C\$307 million) of the proceeds into the newly established GLP JIF.



Expanded the existing multifamily joint venture alongside Cyrela Brazil Realty to include new partner, Greystar Real Estate Partners, LLC, the global leader in rental housing. Together, the joint venture partners will develop a portfolio of world-class rental housing assets across São Paulo and continue to target an investment of up to R\$1 billion in combined equity. We will maintain majority interest in the joint venture.

DISPOSITION

Sold our 45% stakes in AMLI 900, AMLI Lofts, AMLI Champion Trail, and AMLI Arts Center, multifamily properties in the U.S. Combined net proceeds from the sales were approximately US\$224 million. Our ownership interests were initially acquired in 2012 and 2013.

About CPP Investments

Canada Pension Plan Investment Board (CPP Investments™) is a professional investment management organization that manages the Fund in the best interest of the more than 20 million contributors and beneficiaries of the Canada Pension Plan. In order to build diversified portfolios of assets, investments are made around the world in public equities, private equities, real estate, infrastructure and fixed income. Headquartered in Toronto, with offices in Hong Kong, London, Luxembourg, Mumbai, New York City, San Francisco, São Paulo and Sydney, CPP Investments is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At September 30, 2020, the Fund totalled \$456.7 billion.

For more information about CPP Investments, please visit www.cppinvestments.com or follow us on [LinkedIn](#), [Facebook](#) or [Twitter](#).

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