

All figures in Canadian dollars unless otherwise noted.

CPP Investments Net Assets Total \$536 Billion at Third Quarter Fiscal 2023

Third-Quarter Performance¹:

- Net assets increase by \$7 billion
- 10-year annualized net return of 10.0%
- 31st Actuarial Report confirms financial sustainability of the CPP

TORONTO, ON (February 9, 2023): Canada Pension Plan Investment Board ([CPP Investments](#)) ended its third quarter of fiscal 2023 on December 31, 2022, with net assets of \$536 billion, compared to \$529 billion at the end of the previous quarter.

The \$7 billion increase in net assets for the quarter consisted of \$10 billion in net income less \$3 billion in net Canada Pension Plan (CPP) outflows. CPP Investments routinely receives more CPP contributions than required to pay benefits during the first part of the calendar year, partially offset by benefit payments exceeding contributions in the final months of the year.

In the five-year period up to and including the third quarter of fiscal 2023, CPP Investments has contributed \$166 billion in cumulative net income to the Fund, and over a 10-year period, it has contributed \$308 billion to the Fund on a net basis.

The Fund, which includes the combination of the base CPP and additional CPP accounts, achieved five-year and 10-year annualized net returns of 8.1% and 10.0%, respectively. For the quarter, the Fund's net return was 1.9%.

For the nine-month fiscal year-to-date period, the Fund decreased by \$3 billion consisting of a decline in net assets of \$12 billion, plus \$9 billion in net CPP contributions. For the period, the Fund's net return was negative 2.2%.

“Our diversified portfolio delivered gains this quarter due to a rebound in public equity markets, while our private asset values remained relatively flat. Despite the enduring global economic headwinds, our active management strategy enabled us to outperform markets over the first nine months of our fiscal year,” said John Graham, President & CEO. “While we expect these market pressures to persist in 2023, our resilient portfolio continues to deliver strong, long-term results.”

¹ Certain figures may not add up due to rounding.

Performance of the Base and Additional CPP Accounts

The base CPP account ended its third quarter of fiscal 2023 on December 31, 2022, with net assets of \$517 billion, compared to \$512 billion at the end of the previous quarter. The \$5 billion increase in assets consisted of \$10 billion in net income, less \$4 billion in net base CPP outflows. The base CPP account achieved a 1.9% net return for the quarter, and a five-year annualized net return of 8.1%.

The additional CPP account ended its third quarter of fiscal 2023 on December 31, 2022, with net assets of \$19 billion, compared to \$17 billion at the end of the previous quarter. The \$2 billion increase in assets consisted of \$209 million in net income and \$1 billion in net additional CPP contributions. The additional CPP account achieved a 1.2% net return for the quarter, and an annualized net return of 5.0% since inception in 2019.

The additional CPP was designed with a different legislative funding profile and contribution rate compared to the base CPP. Given the differences in their design, the additional CPP has had a different market risk target and investment profile since its inception in 2019. As a result of these differences, we expect the performance of the additional CPP to generally differ from that of the base CPP.

Furthermore, due to the differences in their net contribution profiles, the assets in the additional CPP account are also expected to grow at a much faster rate than those in the base CPP account.

CPP Investments Net Nominal Returns (For the quarter ended December 31, 2022)		
Base CPP	Five-Year	8.1%
	10-Year	10.1%
Additional CPP	Since Inception	5.0%

Long-Term Sustainability

Every three years, the Office of the Chief Actuary of Canada (OCA), an independent federal body that provides checks and balances on the future costs of the CPP, evaluates the financial sustainability of the CPP over a long period. In the most recent triennial review published in December 2022, the Chief Actuary reaffirmed that, as at December 31, 2021, both the base and additional CPP continue to be sustainable over the long term at the legislated contribution rates.

The Chief Actuary’s projections are based on the assumption that, over the 75 years following 2021, the base CPP account will earn an average annual rate of return of 3.69% above the rate of Canadian consumer price inflation. The corresponding assumption is that the additional CPP account will earn an average annual real rate of return of 3.27%.

“The Chief Actuary has concluded through her most recent review that the Canada Pension Plan remains sustainable for the long term at current contribution rates. It is especially important during times of economic uncertainty that contributors and beneficiaries know the CPP Fund will be there to provide a foundation for their retirement income now and for generations to come,” added Mr. Graham. “Notably, the report outlines that due to strong investment performance over the three-year period from 2018 to 2021, investment income was more than \$100 billion higher in 2021 than expected in the previous report.”

CPP Investments Net Real Returns (For the quarter ended December 31, 2022)		
Base CPP	Five-Year	4.8%
	10-Year	7.5%
Additional CPP	Since Inception	1.4%

CPP Investments continues to build a portfolio designed to achieve a maximum rate of return without undue risk of loss, while considering the factors that may affect the funding of the CPP and its ability to pay current benefits. The CPP is designed to serve today’s contributors and beneficiaries while looking ahead to future decades and across multiple generations. Accordingly, long-term results are a more appropriate measure of CPP Investments’ performance and plan sustainability.

Operational Highlights:

Board of Directors appointment

- Welcomed Judith Athaide to the Board of Directors. Appointed in November 2022, Ms. Athaide is President and CEO of The Cogent Group Inc., and a corporate director. She previously held a variety of senior commercial and technical roles in the energy industry, as well as academic positions at the Universities of Alberta, Brandon, Calgary and Mount Royal.

Executive announcement

- Subsequent to quarter end, appointed Kristen Walters as Senior Managing Director & Chief Risk Officer. In this role, Ms. Walters will be responsible for the Fund’s global risk management functions including leading the long-term strategy for effectively incorporating risk perspectives into all investment and operational processes.

Corporate development

- Published [The Decarbonization Imperative](#) through the CPP Investments Insights Institute: an updated proposal for helping corporate boards and management develop transparent and credible plans to achieve net-zero goals and, in turn, create long-term value.

Third-Quarter Investment Highlights:

Credit Investments

- Invested US\$40 million in sustainable home improvement loans originated by GoodLeap LLC through a one-time whole-loan purchase with capital managed by Blackstone's Asset Based Finance Group. GoodLeap LLC is a sustainable home-solutions marketplace based in the U.S.

Private Equity

- Committed US\$100 million to the General Atlantic Investment Partners 2023, L.P. fund, which will focus on growth equity opportunities globally.
- Invested US\$53 million in Howden Group Holdings, a leading international insurance intermediary group, alongside General Atlantic.
- Provided sponsorship across capital structures for an investment in EcoCeres, Inc., an Asia-based leading biorefinery platform that converts waste-based biomass into biofuels and biochemicals.
- Invested US\$150 million into the Hermes GPE Secondaries Opportunities Fund, which will focus on secondaries transactions involving middle-market companies and General Partners within Europe.
- Committed US\$100 million to the Baring Private Equity Asia EQT Mid-Market Growth Fund, a newly established joint middle-market Asia-Pacific private equity investment platform.
- Invested US\$53 million for a 2.7% stake in IIFL Wealth, a leading wealth and asset management firm in India, alongside Bain Capital Asia.
- Invested US\$180 million for a 10% stake in Tricor Group, a leading Asia-focused provider of business and corporate services based in Hong Kong, alongside BPEA EQT.

Real Assets

- Invested approximately US\$200 million in Redaptive, a leading U.S.-based Energy-as-a-Service provider that funds and installs energy efficiency and energy generation solutions for commercial and industrial customers.
- Agreed to sell our 49% stake in L&T Infrastructure Development Projects Limited (L&T IDPL). Gross proceeds to CPP Investments from the sale are expected to be approximately C\$220 million, before closing adjustments and other terms of the transaction. The transaction is subject to customary closing conditions and regulatory approvals.
- Awarded an 80,418-acre floating offshore wind lease off the central coast of California for US\$150 million, through Golden State Wind, our 50%/50% joint venture with Ocean Winds.
- Invested R\$2.5 billion (C\$639 million) for a stake of approximately 9.5% in V.Tal, the largest neutral fibre-to-the-home network provider in Brazil.

- Committed US\$30 million to Chestnut Carbon, a nature-based carbon offset developer focused on retail land across the U.S. through afforestation/reforestation as well as improved forestry management projects.
- Entered into an agreement with Royal Schiphol Group to acquire a stake of 1.59% in Aéroports de Paris, an international airport operator based in Paris. Upon completion, this increases our total ownership stake to 5.64%, valued at €698 million at current market prices (as at December 31, 2022).

Transaction Highlights Following the Quarter:

- Committed an additional C\$322 million to the Japanese Data Centre Development venture with Mitsui & Co. Ltd, established in 2021. The venture is focused on hyper-scale data centre developments in Japan.
- Sold 4.9 million shares of common stock in Civitas Resources, Inc., through a repurchase agreement with the company, resulting in aggregate consideration of approximately US\$300 million. We will continue to own approximately 21% in Civitas Resources, an oil and gas producer in Colorado.
- Committed US\$40 million into Viewpoint Software, an entity engagement software provider headquartered in Malaysia, alongside BPEA EQT Mid-Market Growth Fund.
- Invested US\$50 million in the convertible debt of Netskope. Based in the U.S., Netskope is a leading cloud cybersecurity business within the Secure Access Service Edge market.
- Committed US\$300 million to Bain Capital Asia Fund V, the pan-Asia platform of Bain Capital, which will target mid-to-large companies in diversified sectors.
- Committed US\$205 million to IndoSpace Logistics Park IV, a real estate vehicle managed by India-based real estate company IndoSpace.
- Invested US\$78 million in Shandong Fengxiang Co. Ltd, a fully integrated poultry meat product manufacturer and producer in China, alongside PAG Asia Capital.
- Invested US\$50 million in the Series B funding round for Asimov, a U.S.-based synthetic biology company building tools to design and manufacture next-generation therapeutics.
- Completed a secondary purchase of an approximate US\$180 million interest in Sequoia Global Growth Fund III, which invests globally across asset classes.

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 21 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 December 31, 2022, the Fund totalled \$536 billion. For more information, please visit www.cppinvestments.com or follow us on [LinkedIn](#), [Facebook](#) or [Twitter](#).

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