



BCI

FIXED INCOME

Pooled Fund Financial Statements

DECEMBER 2021

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

FIXED INCOME - POOLED INVESTMENT PORTFOLIOS

GROUP OF FUNDS

Canadian Money Market Fund ST1
Canadian Money Market Fund ST2
U.S. Dollar Money Market Fund ST3
CDOR 1 Floating Rate Fund
CDOR 2 Floating Rate Fund
CDOR 3 Floating Rate Fund
CDOR 4 Floating Rate Fund
Short Term Bond Fund
Canadian Universe Bond Fund
Corporate Bond Fund
Leveraged Bond Fund
Government Bond Fund

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the unitholders of the following Fixed Income – Pooled Investment Portfolios:

Canadian Money Market Fund ST1
Canadian Money Market Fund ST2
U.S. Dollar Money Market Fund ST3
CDOR 1 Floating Rate Fund
CDOR 2 Floating Rate Fund
CDOR 3 Floating Rate Fund
CDOR 4 Floating Rate Fund
Short Term Bond Fund
Canadian Universe Bond Fund
Corporate Bond Fund
Leveraged Bond Fund
Government Bond Fund
(collectively, the “Funds”)

Opinion

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

- the statements of financial position as at December 31, 2021
- the statements of comprehensive income (loss) for the year then ended (period from inception on January 7, 2021 to December 31, 2021 only for the Government Bond Fund)
- the statements of changes in net assets attributable to holders of redeemable units for the year then ended (period from inception on January 7, 2021 to December 31, 2021 only for the Government Bond Fund)
- the statements of cash flows for the year then ended (period from inception on January 7, 2021 to December 31, 2021 only for the Government Bond Fund)
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements”).



In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at end of December 31, 2021, and their financial performance and their cash flows for the year then ended (period from inception on January 7, 2021 to December 31, 2021 only for the Government Bond Fund) in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Funds in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Manager and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, the Manager is responsible for assessing the Funds’ abilities to continue as going concerns, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds’ financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' abilities to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Funds to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada

April 11, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

British Columbia Investment Management Corporation (BCI) manages Pooled Investment Portfolios (the "Funds") on behalf of governing fiduciaries such as pension fund trustees and other public sector clients. This report contains the financial statements for the following Funds for the year ended December 31, 2021:

Canadian Money Market Fund ST1	CDOR 4 Floating Rate Fund
Canadian Money Market Fund ST2	Short Term Bond Fund
U.S. Dollar Money Market Fund ST3	Canadian Universe Bond Fund
CDOR 1 Floating Rate Fund	Corporate Bond Fund
CDOR 2 Floating Rate Fund	Leveraged Bond Fund
CDOR 3 Floating Rate Fund	Government Bond Fund

The financial statements of the Funds have been prepared by management of BCI and approved by the Chief Investment Officer/Chief Executive Officer. All of the financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies used in the preparation of these statements are disclosed in note 3 to the financial statements. The statements include certain amounts that are based on management's judgement and best estimates.

BCI's Board has established an Audit Committee. The Committee's mandate includes making recommendations on the appointment of the external auditor for the Funds, reviewing the external audit plan; reviewing BCI's Service Organization Controls Report for the Investment System of British Columbia Investment Management Corporation, and reviewing the annual audited financial statements of the Funds. The Committee reviews the recommendations of the internal and external auditors with respect to internal controls and the responses of management to those recommendations, and also meets with management and the internal and external auditors to review annual audit plans.

BCI maintains systems of internal control and supporting processes to provide reasonable assurance that assets are safeguarded; that transactions are appropriately authorized and recorded; and that there are no material misstatements in the financial statements. BCI's internal control framework includes: a strong corporate governance structure; a code of conduct that includes conflict of interest guidelines; an organizational structure that provides for appropriate segregation of duties and accountability for performance; an enterprise-wide risk management framework that identifies, monitors and reports on key risks; and Board-approved Fund Policies and client-approved investment mandates. BCI's system of internal control is supported by external auditors who review and evaluate internal controls and report directly to the Audit Committee.

BCI's external auditors, KPMG LLP, have full and unrestricted access to the Audit Committee and BCI management. KPMG LLP discusses with management and the Committee the results of their audit of the Funds' financial statements and related findings with respect to such audits. Each of the Fund financial statements is audited by KPMG LLP in accordance with Canadian generally accepted auditing standards. KPMG LLP has performed such tests and other procedures as they considered necessary to express an opinion on the Fund financial statements.

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer / Chief Investment Officer

[S] Umar Malik

Umar Malik
Senior Vice President, Finance & CFO

Victoria, British Columbia
April 11, 2022

CANADIAN MONEY MARKET FUND ST1

Statement of Financial Position

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

As at December 31, 2021, with comparative information for 2020

Assets	NOTES	2021	2020
Cash		\$ —	\$ 36
Interest receivable		6	12
Investments	4	1,597,076	1,910,903
Total assets		1,597,082	1,910,951
Liabilities			
Payable for redemption of units		—	36
BCI cost recoveries payable	4	4	886
Other accounts payable		130	30
		134	952
Net assets attributable to holders of redeemable units		\$ 1,596,948	\$ 1,909,999
Number of redeemable units outstanding	5	405,370	485,915
Net assets attributable to holders of redeemable units per unit		\$ 3,940	\$ 3,931
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent event</i>	12		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CANADIAN MONEY MARKET FUND ST1**Statement of Comprehensive Loss**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Revenue	NOTES	2021	2020
Interest income		\$ 3,949	\$ 9,774
Securities lending income		2	3
Other income	10	851	—
Change in fair value of investments:			
Net realized gain		—	1
Net change in unrealized appreciation		(8)	(2)
Total revenue		4,794	9,776
Expenses			
BCI cost recoveries	4	47	1,127
Administrative fees		20	60
Total operating expenses		67	1,187
Increase in net assets attributable to holders of redeemable units before distributions		4,727	8,589
Distributions to holders of redeemable units		(4,735)	(8,592)
Decrease in net assets attributable to holders of redeemable units		\$ (8)	\$ (3)

CANADIAN MONEY MARKET FUND ST1**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Balance, beginning of year	\$ 1,909,999	\$ 1,126,577
Decrease in net assets attributable to holders of redeemable units	(8)	(3)
Redeemable unit transactions:		
Proceeds from units issued	45,999,493	52,585,240
Reinvestment of distributions	4,735	8,592
Amounts paid for units redeemed	(46,317,271)	(51,810,407)
Net increase (decrease) from redeemable unit transactions	(313,043)	783,425
Balance, end of year	\$ 1,596,948	\$ 1,909,999

CANADIAN MONEY MARKET FUND ST1**Statement of Cash Flows**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Operating activities	2021	2020
Decrease in net assets attributable to holders of redeemable units	\$ (8)	\$ (3)
Adjustments for:		
Interest income	(3,949)	(9,774)
Net realized gain from investments	—	(1)
Net change in unrealized appreciation of investments	8	2
Amortization of premiums and discounts	183	(1,434)
Non cash distributions	4,735	8,592
BCI cost recoveries payable	(882)	42
Other accounts payable	100	—
Interest received	3,955	9,807
Net sale (purchase) of investments and derivatives	313,636	(782,064)
	317,778	(774,833)
Financing activities		
Proceeds from issuance of redeemable units	45,999,493	52,585,240
Payments on redemption of redeemable units	(46,317,307)	(51,810,371)
	(317,814)	774,869
Net increase (decrease) in cash	(36)	36
Cash, beginning of year	36	—
Cash, end of year	\$ —	\$ 36

CANADIAN MONEY MARKET FUND ST1**Schedule of Investments**

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Money Market Investments				
Provincial Government	\$ 9,799	\$ 9,799	\$ —	\$ —
Municipal Government	\$ 29,997	\$ 29,998	\$ —	\$ —
	39,796	39,797	—	—
Investment Related Receivables				
Securities purchased under reverse repurchase agreements (note 4)	1,557,280	1,557,297	1,910,903	1,910,913
Total Investments	\$ 1,597,076	\$ 1,597,094	\$ 1,910,903	\$ 1,910,913

CANADIAN MONEY MARKET FUND ST1

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Canadian Money Market Fund ST1 (the "Fund") invests in very short-term debt securities that are issued, insured, or guaranteed by the Canadian government and repurchase agreement investments secured by Canadian government debt securities. The Fund assumes minimal risk. The investment objective of the Fund is to minimize market risk and maximize liquidity. The Fund's benchmark is the Canadian Overnight Repo Rate Average ("CORRA").

The Fund can hold the following securities:

- fixed income securities which are issued, insured or guaranteed by the Government of Canada, a provincial or municipal government;
- repurchase agreement investments secured by fixed income securities which are issued, insured, or guaranteed by the Government of Canada or a provincial government;
- exchange-traded and cleared over-the-counter derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- fully hedged US dollar denominated securities that meet investment guideline criteria.

The following restrictions apply to the Fund:

- the maximum term to maturity of the securities is 45 days;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any counterparty is downgraded below the approved credit standard, BCI will have discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

As at December 31, 2021, the Fund invested in debt instruments with the following security or issuer credit ratings. As at December 31, 2020, the Fund did not hold any fixed income instruments.

MONEY MARKET INVESTMENTS BY CREDIT RATING	2021		2020	
	Total	% of Total	Total	% Total
A	\$ 39,796	100.0 %	\$ —	— %
Total	\$ 39,796	100.0 %	\$ —	— %

Collateral Pledged and Received

Credit risk relating to securities purchased under reverse repurchase agreements is considered low due to the amount and quality of collateral, as well as high counterparty credit ratings. As at December 31, 2021, 100% of securities purchased under reverse repurchase agreements were concentrated among four issuers whose credit rating was at least A. As at December 31, 2020, 100% of securities purchased under reverse repurchase agreements were concentrated among three issuers whose credit rating was at least A.

Liquidity Risk

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

CANADIAN MONEY MARKET FUND ST1

Interest Rate Risk

As at December 31, 2021, the Fund invested in fixed income instruments with terms to maturity within 45 days, and a weighted average effective yield of 0.2%. As at December 31, 2020, the Fund did not hold any fixed income instruments. The Fund also holds securities purchased through reverse repurchase agreements, which have a short term to maturity and therefore are not subject to significant interest rate risk.

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$160 (2020 - \$191), representing 0.0% of the Fund's net assets (2020 - 0.0%). In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

Currency Risk

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

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Investments by geographic region

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

CANADIAN MONEY MARKET FUND ST1

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

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

	2021			2020		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market investments	—	39,796	39,796	—	—	—
Securities purchased under reverse repurchase agreements	—	1,557,280	1,557,280	—	1,910,903	1,910,903
Total investments	—	1,597,076	1,597,076	—	1,910,903	1,910,903
Total	\$ —	\$ 1,597,076	\$ 1,597,076	\$ —	\$ 1,910,903	\$ 1,910,903

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

During 2021 and 2020 there were no significant transfers between the three levels in the hierarchy.

CANADIAN MONEY MARKET FUND ST2

Statement of Financial Position

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

As at December 31, 2021, with comparative information for 2020

Assets	NOTES	2021	2020
Interest receivable		\$ 2,914	\$ 965
Investments	4	4,190,459	3,863,886
Total assets		4,193,373	3,864,851
Liabilities			
Payable for purchase of investments		—	59,990
BCI cost recoveries payable	4	49	1,418
Other accounts payable		150	21
		199	61,429
Net assets attributable to holders of redeemable units		\$ 4,193,174	\$ 3,803,422
Number of redeemable units outstanding	5	984,743	895,487
Net assets attributable to holders of redeemable units per unit		\$ 4,258	\$ 4,247
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent event</i>	12		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CANADIAN MONEY MARKET FUND ST2**Statement of Comprehensive Income (Loss)**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Revenue	NOTES	2021	2020
Interest income		\$ 8,817	\$ 28,209
Securities lending income		13	120
Other income	10	1,365	1
Change in fair value of investments:			
Net realized gain		30	8,425
Net change in unrealized appreciation		2,678	(2,829)
Total revenue		12,903	33,926
Expenses			
BCI cost recoveries	4	542	546
Administrative fees		106	45
Total operating expenses		648	591
Increase in net assets attributable to holders of redeemable units before distributions		12,255	33,335
Distributions to holders of redeemable units		(9,577)	(36,164)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 2,678	\$ (2,829)

CANADIAN MONEY MARKET FUND ST2**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Balance, beginning of year	\$ 3,803,422	\$ 3,725,877
Increase (decrease) in net assets attributable to holders of redeemable units	2,678	(2,829)
Redeemable unit transactions:		
Proceeds from units issued	9,234,186	12,427,256
Reinvestment of distributions	9,577	36,164
Amounts paid for units redeemed	(8,856,689)	(12,383,046)
Net increase from redeemable unit transactions	387,074	80,374
Balance, end of year	\$ 4,193,174	\$ 3,803,422

CANADIAN MONEY MARKET FUND ST2

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Operating activities	2021	2020
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 2,678	\$ (2,829)
Adjustments for:		
Interest income	(8,817)	(28,209)
Net realized gain from investments	(30)	(8,425)
Net change in unrealized appreciation of investments	(2,678)	2,829
Amortization of premiums and discounts	5,153	(10,761)
Non cash distributions	9,577	36,164
Security lending revenue receivable	—	11
BCI cost recoveries payable	(1,369)	22
Other accounts payable	129	(2)
Interest received	6,868	32,874
Net purchase of investments and derivatives	(389,008)	(65,884)
	(377,497)	(44,210)
Financing activities		
Proceeds from issuance of redeemable units	9,234,186	12,427,256
Payments on redemption of redeemable units	(8,856,689)	(12,383,046)
	377,497	44,210
Net increase in cash	—	—
Cash, beginning and end of year	\$ —	\$ —

CANADIAN MONEY MARKET FUND ST2

Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Federal Government	\$ 24,915	\$ 24,901	\$ —	\$ —
Provincial Government	40,265	40,269	—	—
Municipal Government	21,617	21,619	—	—
Corporate	842,693	842,932	121,630	125,031
	929,490	929,721	121,630	125,031
Money Market Investments				
Federal Government	448,900	449,200	—	—
Provincial Government	265,312	265,571	—	—
Municipal Government	504,899	504,917	14,998	14,997
Corporate	709,239	709,171	488,281	488,290
	1,928,350	1,928,859	503,279	503,287
Investment Related Receivables				
Securities purchased under reverse repurchase agreements (note 4)	1,332,619	1,332,634	3,238,977	3,239,001
Total Investments	\$ 4,190,459	\$ 4,191,214	\$ 3,863,886	\$ 3,867,319

CANADIAN MONEY MARKET FUND ST2

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Canadian Money Market Fund ST2 (the "Fund") invests in government and corporate debt securities, including commercial paper. The investment objective of the Fund is to exceed the returns of the benchmark, the FTSE Canada 91 Day T-Bill Index, by 11 basis points per annum, net of all investment expenses incurred.

The Fund can hold the following securities:

- fixed income securities that are issued, insured or guaranteed by the Government of Canada or a provincial or municipal government;
- Canadian dollar denominated fixed income securities issued or guaranteed by a sovereign government;
- Canadian dollar denominated fixed income securities which are issued, insured, or guaranteed by supranational entities including, but not limited to, the World Bank, the International Bank for Reconstruction and Development, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, or the Inter-American Development bank;
- corporate bonds, issued in Canadian dollars;
- corporate commercial paper, issued in Canadian dollars;
- interest-bearing money market investments such as term deposits that meet investment guideline criteria;
- asset-backed securities issued in Canadian dollars;
- unrated Canadian dollar denominated corporate paper, up to 1% of the Fund's assets;
- repurchase agreement investments secured by fixed income securities which are issued, insured or guaranteed by the Government of Canada or a provincial government;
- derivative instruments for the purpose of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- fully hedged US dollar denominated securities that meet investment guideline criteria.

The following restrictions apply to the Fund:

- the maximum term to maturity is 15 months, unless it is a callable bond which has a high probability of being called within 15 months;
- no more than 10% of money market investments can be invested in one corporation, with the exception that the Fund may hold up to 15% of the Fund's assets in any one Schedule One bank;
- no more than 25% of the total portfolio can be invested in corporate commercial paper rated A-1 (low) by Standard & Poor's or an equivalent rating from another credit rating agency;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- corporate short term debt securities, and government short term debt securities issued by non-Canadian entities, must be rated A-1(Low) or higher by Standard & Poor's or have an equivalent rating from another credit rating agency;
- longer term corporate and foreign government issued debt investments must be rated A- or higher by Standard & Poor's or have an equivalent rating from another credit rating agency;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have the discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

CANADIAN MONEY MARKET FUND ST2

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

INVESTMENTS BY CREDIT RATING	2021		2020	
	Total	% of Total	Total	% Total
AAA/AA	\$ 995,134	34.8 %	\$ 80,908	12.9 %
A	1,690,709	59.2	394,001	63.1
BBB	21,997	0.8	—	—
Not rated	150,000	5.2	150,000	24.0
Total	\$ 2,857,840	100.0 %	\$ 624,909	100.0 %

Collateral Pledged and Received

Credit risk relating to securities purchased under reverse repurchase agreements is considered low due to the amount and quality of collateral, as well as high counterparty credit ratings. As at December 31, 2021, 100% of securities purchased under reverse repurchase agreements were concentrated among one issuer whose credit rating was AA. As at December 31, 2020, 100% of securities purchased under reverse repurchase agreements were concentrated among two issuers whose credit rating was at least A.

Liquidity Risk

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

Interest Rate Risk

As at December 31, the Fund invested in fixed income instruments with an effective term to maturity within 11 months (2020 - 15 months), and a weighted average effective yield of 0.4% (2020 - 0.5%).

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$10,057 (2020 - \$3,864), representing 0.2% of the Fund's net assets (2020 - 0.1%). In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

Currency Risk

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

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Investments by geographic region

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

CANADIAN MONEY MARKET FUND ST2

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

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

	2021			2020		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market investments	—	1,928,350	1,928,350	—	503,279	503,279
Bonds	—	929,490	929,490	—	121,630	121,630
Securities purchased under reverse repurchase agreements	—	1,332,619	1,332,619	—	3,238,977	3,238,977
Total investments	—	4,190,459	4,190,459	—	3,863,886	3,863,886
Total	\$ —	\$ 4,190,459	\$ 4,190,459	\$ —	\$ 3,863,886	\$ 3,863,886

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

During 2021 and 2020 there were no significant transfers between the three levels in the hierarchy.

U.S. DOLLAR MONEY MARKET FUND ST3

Statement of Financial Position

(Expressed in thousands of U.S. dollars, except numbers of units)

As at December 31, 2021, with comparative information for 2020

Assets	NOTES	2021	2020
Cash		\$ 24	\$ —
Interest receivable		2	1
Other receivables		—	13
Investments	4	2,934,752	780,974
Total assets		2,934,778	780,988
Liabilities			
BCI cost recoveries payable	4	10	172
Other accounts payable		74	—
Derivative liabilities			
Forwards		—	324
		84	496
Net assets attributable to holders of redeemable units		\$ 2,934,694	\$ 780,492
Number of redeemable units outstanding	5	1,276,337	339,560
Net assets attributable to holders of redeemable units per unit		\$ 2,299	\$ 2,299
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent event</i>	12		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

U.S. DOLLAR MONEY MARKET FUND ST3**Statement of Comprehensive Income (Loss)**

(Expressed in thousands of U.S. dollars)

Year ended December 31, 2021, with comparative information for 2020

Revenue	NOTES	2021	2020
Interest income		\$ 662	\$ 4,226
Other income	10	133	3
Foreign exchange loss		(51)	(578)
Change in fair value of investments and derivatives:			
Net realized gain		400	245
Net change in unrealized appreciation		(363)	340
Total revenue		781	4,236
Expenses			
BCI cost recoveries	4	114	139
Administrative fees		23	43
Total operating expenses		137	182
Increase in net assets attributable to holders of redeemable units before distributions		644	4,054
Distributions to holders of redeemable units		(1,008)	(3,708)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ (364)	\$ 346

U.S. DOLLAR MONEY MARKET FUND ST3**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of U.S. dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Balance, beginning of year	\$ 780,492	\$ 543,214
Increase (decrease) in net assets attributable to holders of redeemable units	(364)	346
Redeemable unit transactions:		
Proceeds from units issued	24,618,301	15,572,901
Reinvestment of distributions	1,008	3,708
Amounts paid for units redeemed	(22,464,743)	(15,339,677)
Net increase from redeemable unit transactions	2,154,566	236,932
Balance, end of year	\$ 2,934,694	\$ 780,492

U.S. DOLLAR MONEY MARKET FUND ST3

Statement of Cash Flows

(Expressed in thousands of U.S. dollars)

Year ended December 31, 2021, with comparative information for 2020

Operating activities	2021	2020
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (364)	\$ 346
Adjustments for:		
Foreign exchange loss	51	578
Interest income	(662)	(4,226)
Net realized gain from investments and derivatives	(400)	(245)
Net change in unrealized appreciation of investments and derivatives	363	(340)
Amortization of premiums and discounts	(139)	(1,313)
Non cash distributions	1,008	3,708
Other receivables	13	(13)
BCI cost recoveries payable	(162)	45
Other accounts payable	74	(20)
Interest received	661	4,243
Net purchase of investments and derivatives	(2,153,926)	(235,409)
	(2,153,483)	(232,646)
Financing activities		
Proceeds from issuance of redeemable units	24,618,301	15,572,901
Payments on redemption of redeemable units	(22,464,743)	(15,339,677)
	2,153,558	233,224
Net increase in cash	75	578
Effect of exchange rate changes on cash	(51)	(578)
Cash, beginning of year	—	—
Cash, end of year	\$ 24	\$ —

U.S. DOLLAR MONEY MARKET FUND ST3**Schedule of Investments**

(Expressed in thousands of U.S. dollars)

As at December 31, 2021, with comparative information for 2020

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Money Market Investments				
Federal Government	\$ 225,988	\$ 225,992	\$ 89,245	\$ 88,855
Provincial Government	—	—	28,255	27,975
Corporate	938,779	938,779	53,477	53,477
	1,164,767	1,164,771	170,977	170,307
Investment Related Receivables				
Securities purchased under reverse repurchase agreements (note 4)	1,769,985	1,770,001	609,997	610,000
Total Investments	\$ 2,934,752	\$ 2,934,772	\$ 780,974	\$ 780,307

U.S. DOLLAR MONEY MARKET FUND ST3

Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021			2020		
	Notional Value ^(a)	Fair Value		Notional Value ^(a)	Fair Value	
Derivative Assets ^(b)		Derivative Liabilities	Derivative Assets ^(b)		Derivative Liabilities	
Currency derivatives						
OTC						
Forwards	\$ —	\$ —	\$ —	\$ 67,183	\$ —	\$ (324)
Total	\$ —	\$ —	\$ —	\$ 67,183	\$ —	\$ (324)

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

	2021	2020
Less than 1 year	\$ —	\$ 67,183
Total	\$ —	\$ 67,183

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

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

U.S. DOLLAR MONEY MARKET FUND ST3

Financial Risk Management Discussion

(Expressed in thousands of U.S. dollars)

The U.S. Dollar Money Market Fund ST3 (the "Fund") invests in short term government and corporate debt securities, including commercial paper. The Fund's benchmark is the Secured Overnight Financing Rate ("SOFR").

The Fund can hold the following securities:

- US dollar denominated securities which are issued, insured, or guaranteed by the Government of Canada or a provincial or municipal government;
- United States Treasury Bills (T-bills);
- US dollar denominated corporate commercial paper and asset-backed securities, issued by a Canadian corporation, that is rated A-1 (low) or higher by Standard & Poor's or has an equivalent rating from another credit rating agency;
- unrated Canadian corporate paper, up to 1% of the Fund's assets;
- interest-bearing money market investments, such as term deposits, that meet investment guideline criteria;
- repurchase agreement investments secured by fixed income securities which are issued, insured, or guaranteed by the United States Government;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- fully hedged Canadian-dollar denominated securities that meet investment guideline criteria.

The following restrictions apply to the Fund:

- the maximum term to maturity of any one security is 45 days;
- no more than 10% of money market investments can be invested in one corporation, with the exception that the Fund may hold up to 15% of fund assets in any one Schedule One bank;
- no more than 25% of the total portfolio can be invested in corporate commercial paper rated A-1 (low) by Standard & Poor's or an equivalent rating from another credit rating agency;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

U.S. DOLLAR MONEY MARKET FUND ST3

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

MONEY MARKET INVESTMENTS BY CREDIT RATING	2021		2020	
	Total	% of Total	Total	% Total
AAA/AA	\$ 149,996	12.9 %	\$ 50,000	29.2 %
A	1,014,771	87.1	120,977	70.8
Total	\$ 1,164,767	100.0 %	\$ 170,977	100.0 %

The Fund invests in derivative contracts, which inherently have counterparty risk. Futures derivative contracts are not exposed to counterparty risk as they are settled daily. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of derivative instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

DERIVATIVES BY CREDIT RATING	2021			2020		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ —	\$ —	\$ —	\$ 67,183	\$ —	\$ (324)
Total Derivatives	\$ —	\$ —	\$ —	\$ 67,183	\$ —	\$ (324)

Collateral Pledged and Received

Credit risk relating to securities purchased under reverse repurchase agreements is considered low due to the amount and quality of collateral, as well as high counterparty credit ratings. As at December 31, 2021, 100% of securities purchased under reverse repurchase agreements were concentrated among three issuers whose credit rating was at least A. As at December 31, 2020, 100% of securities purchased under reverse repurchase agreements were concentrated among two issuers whose credit rating was AAA.

U.S. DOLLAR MONEY MARKET FUND ST3

Liquidity Risk

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

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

2021					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ —	\$ —	\$ —	\$ —	—
Derivative liabilities	—	—	—	—	—
	\$ —	\$ —	\$ —	\$ —	—

2020					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ —	\$ —	\$ —	\$ —	—
Derivative liabilities	(324)	(324)	—	—	(324)
	\$ (324)	\$ (324)	\$ —	\$ —	(324)

Interest Rate Risk

As at December 31, the Fund invested in fixed income instruments with terms to maturity within 45 days, and a weighted average effective yield of 0.1% (2020 - 0.1%).

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$293 (2020 - \$78), representing 0.0% of the Fund's net assets (2020 - 0.0%). In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

Currency Risk

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

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Investments by geographic region

The Fund's investments are exposed to the Canadian market, as all of the investments are U.S. dollar denominated instruments issued by Canadian governments and corporations.

U.S. DOLLAR MONEY MARKET FUND ST3

Fair Value Measurement Discussion

(Expressed in thousands of U.S. dollars)

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

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

	2021			2020		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market investments	\$ —	\$ 1,164,767	\$ 1,164,767	\$ —	\$ 170,977	\$ 170,977
Securities purchased under reverse repurchase agreements	—	1,769,985	1,769,985	—	609,997	609,997
Total investments	—	2,934,752	2,934,752	—	780,974	780,974
Forwards, net	—	—	—	—	(324)	(324)
Total derivatives	—	—	—	—	(324)	(324)
Total	\$ —	\$ 2,934,752	\$ 2,934,752	\$ —	\$ 780,650	\$ 780,650

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

During 2021 and 2020 there were no significant transfers between the three levels in the hierarchy.

CDOR 1 FLOATING RATE FUND**Statement of Financial Position**

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

As at December 31, 2021, with comparative information for 2020

Assets	NOTES	2021	2020
Receivable from issuance of units		\$ —	\$ 30,036
Interest receivable		16,445	32,109
Other receivables		—	10
Derivative assets			
Swaps		27,642	771
Forwards		—	1,049
Investments		14,066,046	14,626,485
Total assets		14,110,133	14,690,460
Liabilities			
Payable for redemption of units		332	30,036
BCI cost recoveries payable	4	62	247
Other accounts payable		54	43
Derivative liabilities			
Swaps		16,623	106,549
Forwards		—	106
		17,071	136,981
Net assets attributable to holders of redeemable units		\$ 14,093,062	\$ 14,553,479
Number of redeemable units outstanding	5	13,149.430	13,635.495
Net assets attributable to holders of redeemable units per unit		\$ 1,072	\$ 1,067
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent event</i>	12		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CDOR 1 FLOATING RATE FUND**Statement of Comprehensive Loss**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Revenue	NOTES	2021	2020
Interest income		\$ 87,092	\$ 294,184
Dividend income		171,754	23,172
Securities lending income		9,597	11,715
Other income	10	249	1
Foreign exchange gain (loss)		(4,115)	12,660
Change in fair value of investments and derivatives:			
Net realized loss		(89,631)	(65,656)
Net change in unrealized appreciation		(114,821)	2,546
Total revenue		60,125	278,622
Expenses			
BCI cost recoveries	4	847	1,169
Administrative fees		45	102
Commissions and stock exchange fees		7	5
Other expenses		—	12
Total operating expenses		899	1,288
Increase in net assets attributable to holders of redeemable units before distributions		59,226	277,334
Distributions to holders of redeemable units		(264,370)	(340,445)
Decrease in net assets attributable to holders of redeemable units		\$ (205,144)	\$ (63,111)

CDOR 1 FLOATING RATE FUND**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Balance, beginning of year	\$ 14,553,479	\$ 20,580,634
Decrease in net assets attributable to holders of redeemable units	(205,144)	(63,111)
Redeemable unit transactions:		
Proceeds from units issued	23,703,548	15,331,388
Reinvestment of distributions	264,370	340,445
Amounts paid for units redeemed	(24,223,191)	(21,635,877)
Net decrease from redeemable unit transactions	(255,273)	(5,964,044)
Balance, end of year	\$ 14,093,062	\$ 14,553,479

CDOR 1 FLOATING RATE FUND**Statement of Cash Flows**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Operating activities	2021	2020
Decrease in net assets attributable to holders of redeemable units	\$ (205,144)	\$ (63,111)
Adjustments for:		
Foreign exchange (gain) loss	4,115	(12,660)
Interest income	(87,092)	(294,184)
Dividend income	(171,754)	(23,172)
Net realized loss from investments	89,631	65,656
Net change in unrealized appreciation of investments	114,821	(2,546)
Amortization of premiums and discounts	77,283	29,862
Non cash distributions	264,370	340,445
Security lending revenue receivable	—	1,523
Other receivables	10	(10)
BCI cost recoveries payable	(185)	14
Other accounts payable	11	4
Interest received	102,756	308,968
Dividends received	171,754	23,172
Net sale of investments and derivatives	162,850	5,923,685
	523,426	6,297,646
Financing activities		
Proceeds from issuance of redeemable units	23,733,584	15,314,790
Payments on redemption of redeemable units	(24,252,895)	(21,625,274)
	(519,311)	(6,310,484)
Net increase (decrease) in cash	4,115	(12,838)
Effect of exchange rate changes on cash	(4,115)	12,660
Cash, beginning of year	—	178
Cash, end of year	\$ —	\$ —

CDOR 1 FLOATING RATE FUND**Schedule of Investments**

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Federal Government	6,723,410	6,732,447	5,789,632	5,757,665
Provincial Government	1,647,636	1,647,674	3,078,591	3,034,072
Corporate	828,949	827,844	2,941,265	2,900,214
Supranational and Sovereign	100	100	40,018	39,756
	9,200,095	9,208,065	11,849,506	11,731,707
Money Market Investments				
Federal Government	454,388	465,967	271,538	272,422
Provincial Government	105,445	105,616	—	—
Municipal Government	—	—	45,974	45,994
Corporate	250,000	250,000	764,977	764,930
Units in BCI Pooled Investment Portfolio				
Fund ST1	167,827	167,829	248,022	248,023
	977,660	989,412	1,330,511	1,331,369
Floating Rate Funds				
Units in BCI Pooled Investment Portfolio				
CDOR 2 Floating Rate Fund	3,888,291	3,988,242	1,446,468	1,452,407
Total Investments	\$ 14,066,046	\$ 14,185,719	\$ 14,626,485	\$ 14,515,483

CDOR 1 FLOATING RATE FUND**Schedule of Derivative Assets and Liabilities**

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021			2020		
	Notional Value ^(a)	Fair Value		Notional Value ^(a)	Fair Value	
Derivative Assets ^(b)		Derivative Liabilities	Derivative Assets ^(b)		Derivative Liabilities	
Currency derivatives						
OTC						
Forwards	—	—	—	272,562	1,049	(106)
Swaps	280,576	19,693	—	104,958	771	(365)
Interest rate derivatives						
OTC						
Swaps	7,206,822	7,949	(16,623)	8,104,000	—	(106,184)
Total	\$ 7,487,398	\$ 27,642	\$ (16,623)	\$ 8,481,520	\$ 1,820	\$ (106,655)

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

	2021	2020
Less than 1 year	\$ 6,848,270	\$ 1,303,392
1 to 2 years	569,128	5,285,000
Over 2 years	70,000	1,893,128
Total	\$ 7,487,398	\$ 8,481,520

- (a) Notional value represents the net absolute value of the contractual amount to which a rate or price is applied in order to calculate the exchange of cash flows and is therefore not recorded in the financial statements. Notional amounts do not necessarily indicate the amounts of future cash flows or the current fair value of the derivative contracts and, therefore do not necessarily indicate the Fund's exposure to credit or market risk.
- (b) The fair value of derivative contracts recorded as an asset represents the credit risk or the loss to which the Fund is potentially exposed should counterparties fail to perform under the derivative contract.
- (c) As futures derivative contracts are fair valued through profit and loss and settled daily, the gain or loss recognized on December 31 is recorded in other receivables or other accounts payable on the Statement of Financial Position.

CDOR 1 FLOATING RATE FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The CDOR 1 Floating Rate Fund (the "Fund") allows participating BCI pooled Funds to earn a floating rate return that is linked to the benchmark reference rate, the Canadian Dollar Offered Rate. Ownership of the Fund is limited to BCI pooled funds and BCI clients through segregated investment accounts. The functional currency of the Fund is Canadian dollars.

The Fund can hold the following securities:

- government and corporate fixed income securities;
- money market investments;
- repurchase agreement investments secured by fixed income securities which are issued, insured, or guaranteed by the Government of Canada or a Provincial Government;
- publicly traded common stock, common stock equivalents or exchange traded funds of companies whose country is included in the Morgan Stanley Capital International All Country World Constituent Index, paired with derivative instruments;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- agreements to finance other BCI and QuadReal-managed entities and accounts; and
- Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), US Dollar Money Market Fund (ST3), and other BCI short-term fixed income pooled funds for cash, currency hedging, and collateral management purposes.

The following restrictions apply to the Fund:

- fixed income investments are limited to issuers or entities with a minimum long-term credit rating of "BBB-" by Standard & Poor's, or short-term credit rating of A- 1 (low), or have an equivalent credit rating from another credit rating agency;
- the maximum term to maturity of a security is 5 years, unless it is a callable bond which has a high probability of being called within 5 years;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have the discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

CDOR 1 FLOATING RATE FUND

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

INVESTMENTS BY CREDIT RATING	2021		2020	
	Total	% of Total	Total	% Total
AAA/AA	\$ 7,001,537	69.9 %	\$ 8,800,116	68.0 %
A	2,508,173	25.1	3,447,609	26.7
BBB	295,336	3.0	534,270	4.1
Not rated	204,882	2.0	150,000	1.2
Total	\$ 10,009,928	100.0 %	\$ 12,931,995	100.0 %

The Fund invests in derivative contracts, which inherently have counterparty risk. Futures derivative contracts are not exposed to counterparty risk as they are settled daily. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of derivative instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

DERIVATIVES BY CREDIT RATING	2021				2020			
	Notional Value	Fair Value		Notional Value	Fair Value			
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities		
AAA/AA	\$ 3,344,395	\$ 6,216	\$ (3,422)	\$ 2,745,608	\$ 357	\$ (19,952)		
A	4,143,003	21,426	(13,201)	5,735,912	1,463	(86,703)		
Total Derivatives	\$ 7,487,398	\$ 27,642	\$ (16,623)	\$ 8,481,520	\$ 1,820	\$ (106,655)		

Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 6 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2021	2020
Collateral pledged	96,898	100,731

CDOR 1 FLOATING RATE FUND

Liquidity Risk

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

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

2021					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 27,642	\$ 23,617	\$ 2,888	\$ 1,137	\$ 27,642
Derivative liabilities	(16,623)	(15,248)	(1,375)	—	(16,623)
	\$ 11,019	\$ 8,369	\$ 1,513	\$ 1,137	\$ 11,019

2020					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 1,820	\$ 1,820	\$ —	\$ —	\$ 1,820
Derivative liabilities	(106,655)	(14,699)	(74,468)	(17,488)	(106,655)
	\$ (104,835)	\$ (12,879)	\$ (74,468)	\$ (17,488)	\$ (104,835)

Interest Rate Risk

As at December 31, the Fund invested in fixed income instruments with terms to maturity within 3 years, and a weighted average effective yield of 0.4% (2020 - 0.3%).

The Fund is not exposed to significant interest rate risk as the securities held within the Fund are floating rate instruments or fixed rate instruments whose cash flows have been swapped for a floating rate cash flow through an interest rate derivative.

BONDS BY MATURITY DATE	2021		2020	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 7,991,899	0.4 %	\$ 2,950,957	0.3 %
1 to 2 years	978,500	0.6	6,355,744	0.3
2 to 5 years	229,696	1.0	2,542,805	0.4
Total Bonds	\$ 9,200,095	0.4 %	\$ 11,849,506	0.3 %

Currency Risk

As at December 31, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

2021				
	Net Investments and Investment-Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable	Net Exposure	% of Total Net Assets
British Pound Sterling	\$ 69,078	\$ (68,435)	\$ 643	— %
Japanese Yen	153,742	(153,568)	174	—
United States Dollar	38,654	(37,895)	759	—
Net Foreign Exchange Exposure	\$ 261,474	\$ (259,898)	\$ 1,576	— %

CDOR 1 FLOATING RATE FUND

2020

	Net Investments and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable	Net Exposure	% of Total Net Assets
Japanese Yen	\$ 271,538	\$ (271,471)	\$ 67	— %
United States Dollar	104,851	(101,920)	2,931	—
Net Foreign Exchange Exposure	\$ 376,389	\$ (373,391)	\$ 2,998	— %

As at December 31, 2021, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$16 (2020 - \$30), representing 0.0% (2020 - 0.0%) of the Fund's net assets. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Investments by geographic region

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

CDOR 1 FLOATING RATE FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

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

	2021			2020		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	\$ 167,827	\$ —	\$ 167,827	\$ 248,022	\$ —	\$ 248,022
Floating rate funds	3,888,291	—	3,888,291	1,446,468	—	1,446,468
Money market investments	—	809,833	809,833	—	1,082,489	1,082,489
Bonds	—	9,200,095	9,200,095	—	11,849,506	11,849,506
Total investments	4,056,118	10,009,928	14,066,046	1,694,490	12,931,995	14,626,485
Swaps, net	—	11,019	11,019	—	(105,778)	(105,778)
Forwards, net	—	—	—	—	943	943
Total derivatives	—	11,019	11,019	—	(104,835)	(104,835)
Total	\$ 4,056,118	\$ 10,020,947	\$ 14,077,065	\$ 1,694,490	\$ 12,827,160	\$ 14,521,650

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

During 2021 and 2020 there were no significant transfers between the three levels in the hierarchy.

CDOR 1 FLOATING RATE FUND

Involvement with Structured Entities

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2021 and 2020, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2021			2020		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,596,948	\$ 167,827	1	\$ 1,909,999	\$ 248,022
Investee floating rate funds administered by BCI	1	5,710,010	3,888,291	1	1,707,804	1,446,468

CDOR 2 FLOATING RATE FUND

Statement of Financial Position

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

As at December 31, 2021, with comparative information for 2020

Assets	NOTES	2021	2020
Interest receivable		\$ 1,748	\$ —
Dividends receivable		20,435	10,451
Other receivables		17	—
Derivative assets			
Swaps		4,373	43,914
Investments	4	5,789,448	1,663,022
Total assets		5,816,021	1,717,387
Liabilities			
Other accounts payable		20,407	12
Derivative liabilities			
Swaps		85,604	9,571
		106,011	9,583
Net assets attributable to holders of redeemable units		\$ 5,710,010	\$ 1,707,804
Number of redeemable units outstanding	5	5,281.190	1,586.960
Net assets attributable to holders of redeemable units per unit		\$ 1,081	\$ 1,076
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent event</i>	12		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CDOR 2 FLOATING RATE FUND**Statement of Comprehensive Loss**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Revenue	NOTES	2021	2020
Interest income		\$ 2,513	\$ 13
Dividend income		225,336	34,299
Securities lending income		419	21
Other income	10	2	—
Foreign exchange gain (loss)		(3,543)	4,754
Change in fair value of investments and derivatives:			
Net realized loss		(207,473)	(73,115)
Net change in unrealized appreciation		(1,370)	38,765
Total revenue		15,884	4,737
Expenses			
BCI cost recoveries	4	—	4
Administrative fees		26	20
Commissions and stock exchange fees		5	46
Total operating expenses		31	70
Increase in net assets attributable to holders of redeemable units before distributions		15,853	4,667
Distributions to holders of redeemable units		(214,715)	(28,105)
Decrease in net assets attributable to holders of redeemable units		\$ (198,862)	\$ (23,438)

CDOR 2 FLOATING RATE FUND**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Balance, beginning of year	\$ 1,707,804	\$ 2,415,373
Decrease in net assets attributable to holders of redeemable units	(198,862)	(23,438)
Redeemable unit transactions:		
Proceeds from units issued	9,977,766	3,198,329
Reinvestment of distributions	214,715	28,105
Amounts paid for units redeemed	(5,991,413)	(3,910,565)
Net increase (decrease) from redeemable unit transactions	4,201,068	(684,131)
Balance, end of year	\$ 5,710,010	\$ 1,707,804

CDOR 2 FLOATING RATE FUND**Statement of Cash Flows**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Operating activities	2021	2020
Decrease in net assets attributable to holders of redeemable units	\$ (198,862)	\$ (23,438)
Adjustments for:		
Foreign exchange (gain) loss	3,543	(4,754)
Interest income	(2,513)	(13)
Dividend income	(225,336)	(34,299)
Net realized loss from investments and derivatives	207,473	73,115
Net change in unrealized appreciation of investments and derivatives	1,370	(38,765)
Amortization of premiums and discounts	—	(2)
Non cash distributions	214,715	28,105
Other receivables	(17)	—
Other accounts payable	20,395	2
Interest received	765	13
Dividends received	215,352	24,533
Net sale (purchase) of investments and derivatives	(4,219,695)	682,985
	(3,982,810)	707,482
Financing activities		
Proceeds from issuance of redeemable units	9,977,766	3,198,329
Payments on redemption of redeemable units	(5,991,413)	(3,910,565)
	3,986,353	(712,236)
Net increase (decrease) in cash	3,543	(4,754)
Effect of exchange rate changes on cash	(3,543)	4,754
Cash, beginning and end of year	\$ —	\$ —

CDOR 2 FLOATING RATE FUND**Schedule of Investments**

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Equity Investments				
Publicly Traded	\$ 4,301,071	\$ 4,189,564	\$ 1,454,938	\$ 1,457,593
Exchange Traded Funds	—	—	201,247	199,302
	4,301,071	4,189,564	1,656,185	1,656,895
Money Market Investments				
Units in BCI Pooled Investment Portfolio				
Fund ST1	388	388	6,684	6,684
Fund ST3	7	7	153	158
	395	395	6,837	6,842
Internal Financing Transactions (note 4)				
Loan to Infrastructure & Renewable Resources program	436,519	436,000	—	—
Loan to QuadReal-managed entities	1,051,463	1,050,000	—	—
	1,487,982	1,486,000	—	—
Total Investments	\$ 5,789,448	\$ 5,675,959	\$ 1,663,022	\$ 1,663,737

CDOR 2 FLOATING RATE FUND**Schedule of Derivative Assets and Liabilities**

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021			2020		
	Notional Value ^(a)	Fair Value		Notional Value ^(a)	Fair Value	
Derivative Assets ^(b)		Derivative Liabilities	Derivative Assets ^(b)		Derivative Liabilities	
Equity derivatives						
OTC						
Swaps	4,218,735	4,373	(85,308)	1,700,239	43,914	(9,571)
Interest rate derivatives						
OTC						
Swaps	750,000	—	(296)	—	—	—
Total	\$ 4,968,735	\$ 4,373	\$ (85,604)	\$ 1,700,239	\$ 43,914	\$ (9,571)

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

	2021	2020
Less than 1 year	\$ 4,718,735	\$ 1,700,239
1 to 2 years	250,000	—
Total	\$ 4,968,735	\$ 1,700,239

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

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

CDOR 2 FLOATING RATE FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The CDOR 2 Floating Rate Fund (the "Fund") allows participating BCI pooled Funds to earn a floating rate return that is linked to the benchmark reference rate, the Canadian Dollar Offered Rate ("CDOR"). Ownership of the Fund is limited to BCI pooled funds. The functional currency of the Fund is Canadian dollars.

The Fund can hold the following securities:

- government and corporate fixed income securities;
- money market investments;
- repurchase agreement investments secured by fixed income securities which are issued, insured, or guaranteed by the Government of Canada or a Provincial Government;
- publicly traded common stock, common stock equivalents or exchange traded funds of companies whose country is included in the Morgan Stanley Capital International All Country World Constituent Index, paired with derivative instruments;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- agreements to finance other BCI and QuadReal-managed entities and accounts; and
- Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), US Dollar Money Market Fund (ST3), and other BCI short-term fixed income pooled funds for cash, currency hedging, and collateral management purposes.

The following restrictions apply to the Fund:

- fixed income investments are limited to issuers or entities with a minimum long-term credit rating of "BBB-" by Standard & Poor's, or short-term credit rating of A- 1 (low), or have an equivalent credit rating from another credit rating agency;
- the maximum term to maturity of a security is 5 years, unless it is a callable bond which has a high probability of being called within 5 years;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have the discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

CDOR 2 FLOATING RATE FUND

Credit Risk

The Fund invests in derivative contracts, which inherently have counterparty risk. Futures derivative contracts are not exposed to counterparty risk as they are settled daily. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of derivative instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

DERIVATIVES BY CREDIT RATING	2021			2020		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 2,499,814	\$ —	\$ (60,864)	\$ 1,360,973	\$ 35,923	\$ (7,437)
A	1,718,921	4,373	(24,444)	339,266	7,991	(2,134)
Not rated	750,000	—	(296)	—	—	—
Total Derivatives	\$ 4,968,735	\$ 4,373	\$ (85,604)	\$ 1,700,239	\$ 43,914	\$ (9,571)

The Fund's loans were made to related parties as described in note 4. Due to the private nature of the loans, they are not subject to rating by a rating agency. The maximum credit risk exposure is \$1,486,000 (2020 - \$nil).

Liquidity Risk

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

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

	2021				
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 4,373	\$ 4,373	\$ —	\$ —	\$ 4,373
Derivative liabilities	(85,604)	(85,526)	(78)	—	(85,604)
	\$ (81,231)	\$ (81,153)	\$ (78)	\$ —	\$ (81,231)

	2020				
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 43,914	\$ 43,914	\$ —	\$ —	\$ 43,914
Derivative liabilities	(9,571)	(9,571)	—	—	(9,571)
	\$ 34,343	\$ 34,343	\$ —	\$ —	\$ 34,343

CDOR 2 FLOATING RATE FUND

Interest Rate Risk

As at December 31, the Fund held no fixed income instruments. The current strategy of the Fund is to invest in publicly traded equity securities and enter into derivative contracts, whereby the total return of the publicly traded equity securities is swapped for a floating rate of return linked to CDOR.

As the securities held within the Fund are swapped for a floating rate of return linked to CDOR and the internal financing transactions are linked to CDOR, the Fund is not exposed to significant fair value interest rate risk.

Currency Risk

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

Other Price Risk

Because of the Fund's current strategy, the Fund is generally not exposed to other price risk from the publicly traded public equity securities. As the Fund's financial assets and liabilities are not exposed to significant other price risk, industry and geographic concentration information is not provided.

CDOR 2 FLOATING RATE FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

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

	2021			2020		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Public equities	\$ 4,301,071	\$ —	\$ 4,301,071	\$ 1,454,938	\$ —	\$ 1,454,938
Exchange traded funds	—	—	—	201,247	—	201,247
Money market funds	395	—	395	6,837	—	6,837
Internal financing transactions	—	1,487,982	1,487,982	—	—	—
Total investments	4,301,466	1,487,982	5,789,448	1,663,022	—	1,663,022
Swaps, net	—	(81,231)	(81,231)	—	34,343	34,343
Total derivatives	—	(81,231)	(81,231)	—	34,343	34,343
Total	\$ 4,301,466	\$ 1,406,751	\$ 5,708,217	\$ 1,663,022	\$ 34,343	\$ 1,697,365

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

During 2021 and 2020 there were no significant transfers between the three levels in the hierarchy.

CDOR 2 FLOATING RATE FUND

Involvement with Structured Entities

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2021 and 2020, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2021			2020		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	2	\$ 5,303,907	\$ 395	2	\$ 2,904,346	\$ 6,837

CDOR 3 FLOATING RATE FUND

Statement of Financial Position

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

As at December 31, 2021, with comparative information for 2020

Assets	NOTES	2021	2020
Interest receivable		\$ 5,486	\$ 8,655
Derivative assets			
Swaps		25,512	—
Investments	4	6,161,871	4,025,629
Total assets		6,192,869	4,034,284
Liabilities			
Payable for purchase of investments		—	39,993
BCI cost recoveries payable	4	20	—
Other accounts payable		31	23
Derivative liabilities			
Swaps		7,431	24,209
		7,482	64,225
Net assets attributable to holders of redeemable units		\$ 6,185,387	\$ 3,970,059
Number of redeemable units outstanding	5	6,057.650	3,903.478
Net assets attributable to holders of redeemable units per unit		\$ 1,021	\$ 1,017
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent event</i>	12		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CDOR 3 FLOATING RATE FUND**Statement of Comprehensive Loss**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Revenue	NOTES	2021	2020
Interest income		\$ 26,049	\$ 69,421
Dividend income		33,622	8
Securities lending income		3,207	1,315
Other income	10	42	—
Foreign exchange gain (loss)		(1,183)	3
Change in fair value of investments and derivatives:			
Net realized loss		(10,121)	(11,197)
Net change in unrealized appreciation		(29,774)	(4,562)
Total revenue		21,842	54,988
Expenses			
BCI cost recoveries	4	195	47
Administrative fees		31	26
Commissions and stock exchange fees		4	5
Total operating expenses		230	78
Increase in net assets attributable to holders of redeemable units before distributions		21,612	54,910
Distributions to holders of redeemable units		(61,493)	(70,669)
Decrease in net assets attributable to holders of redeemable units		\$ (39,881)	\$ (15,759)

CDOR 3 FLOATING RATE FUND**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Balance, beginning of year	\$ 3,970,059	\$ 5,557,078
Decrease in net assets attributable to holders of redeemable units	(39,881)	(15,759)
Redeemable unit transactions:		
Proceeds from units issued	4,489,020	1,795,996
Reinvestment of distributions	61,493	70,669
Amounts paid for units redeemed	(2,295,304)	(3,437,925)
Net increase (decrease) from redeemable unit transactions	2,255,209	(1,571,260)
Balance, end of year	\$ 6,185,387	\$ 3,970,059

CDOR 3 FLOATING RATE FUND**Statement of Cash Flows**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Operating activities	2021	2020
Decrease in net assets attributable to holders of redeemable units	\$ (39,881)	\$ (15,759)
Adjustments for:		
Foreign exchange (gain) loss	1,183	(3)
Interest income	(26,049)	(69,421)
Dividend income	(33,622)	(8)
Net realized loss from investments and derivatives	10,121	11,197
Net change in unrealized appreciation of investments and derivatives	29,774	4,562
Amortization of premiums and discounts	35,713	13,378
Non cash distributions	61,493	70,669
Security lending revenue receivable	—	2
BCI cost recoveries payable	20	—
Other accounts payable	8	8
Interest received	29,218	73,354
Dividends received	33,622	8
Net sale (purchase) of investments and derivatives	(2,294,133)	1,553,916
	(2,192,533)	1,641,903
Financing activities		
Proceeds from issuance of redeemable units	4,489,020	1,795,996
Payments on redemption of redeemable units	(2,295,304)	(3,437,925)
	2,193,716	(1,641,929)
Net increase (decrease) in cash	1,183	(26)
Effect of exchange rate changes on cash	(1,183)	3
Cash, beginning of year	—	23
Cash, end of year	\$ —	\$ —

CDOR 3 FLOATING RATE FUND**Schedule of Investments**

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Federal Government	\$ 2,942,917	\$ 2,942,289	\$ 1,707,664	\$ 1,703,358
Provincial Government	769,377	767,456	875,967	865,022
Corporate	587,678	588,328	949,596	942,097
	4,299,972	4,298,073	3,533,227	3,510,477
Money Market Investments				
Federal Government	440,896	464,774	—	—
Corporate	73,787	73,768	241,960	241,925
Units in BCI Pooled Investment Portfolio				
Fund ST1	31,687	31,687	250,442	250,443
	546,370	570,229	492,402	492,368
Floating Rate Funds				
Units in BCI Pooled Investment Portfolio				
CDOR 2 Floating Rate Fund	1,315,529	1,342,849	—	—
	1,315,529	1,342,849	—	—
Total Investments	\$ 6,161,871	\$ 6,211,151	\$ 4,025,629	\$ 4,002,845

CDOR 3 FLOATING RATE FUND**Schedule of Derivative Assets and Liabilities**

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021			2020		
	Notional Value ^(a)	Fair Value		Notional Value ^(a)	Fair Value	
Derivative Assets ^(b)		Derivative Liabilities	Derivative Assets ^(b)		Derivative Liabilities	
Currency derivatives						
OTC						
Swaps	265,033	23,845	—	—	—	—
Interest rate derivatives						
OTC						
Swaps	3,282,000	1,667	(7,431)	2,100,000	—	(24,209)
Total	\$ 3,547,033	\$ 25,512	\$ (7,431)	\$ 2,100,000	\$ —	\$ (24,209)

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

	2021	2020
Less than 1 year	\$ 3,242,033	\$ 300,000
1 to 2 years	305,000	1,090,000
Over 2 years	—	710,000
Total	\$ 3,547,033	\$ 2,100,000

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

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

CDOR 3 FLOATING RATE FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The CDOR 3 Floating Rate Fund (the "Fund") allows participating BCI pooled Funds to earn a floating rate return that is linked to the benchmark reference rate, the Canadian Dollar Offered Rate ("CDOR"). Ownership of the Fund is limited to BCI pooled funds and BCI clients through segregated investment accounts. The functional currency of the Fund is Canadian dollars.

The Fund can hold the following securities:

- government and corporate fixed income securities;
- money market investments;
- repurchase agreement investments secured by fixed income securities which are issued, insured, or guaranteed by the Government of Canada or a Provincial Government;
- publicly traded common stock, common stock equivalents or exchange traded funds of companies whose country is included in the Morgan Stanley Capital International All Country World Constituent Index, paired with derivative instruments;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- agreements to finance other BCI and QuadReal-managed entities and accounts; and
- Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), US Dollar Money Market Fund (ST3), and other BCI short-term fixed income pooled funds for cash, currency hedging, and collateral management purposes.

The following restrictions apply to the Fund:

- fixed income investments are limited to issuers or entities with a minimum long-term credit rating of "BBB-" by Standard & Poor's, or short-term credit rating of A- 1 (low), or have an equivalent credit rating from another credit rating agency;
- the maximum term to maturity of a security is 5 years, unless it is a callable bond which has a high probability of being called within 5 years;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have the discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

CDOR 3 FLOATING RATE FUND

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

INVESTMENTS BY CREDIT RATING	2021		2020	
	Total	% of Total	Total	% Total
AAA/AA	\$ 3,234,081	67.2 %	\$ 2,214,986	58.7 %
A	1,448,693	30.1	1,412,966	37.4
BBB	131,881	2.7	147,235	3.9
Total	\$ 4,814,655	100.0 %	\$ 3,775,187	100.0 %

The Fund invests in derivative contracts, which inherently have counterparty risk. Futures derivative contracts are not exposed to counterparty risk as they are settled daily. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of derivative instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

DERIVATIVES BY CREDIT RATING	2021			2020		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 1,927,000	\$ 1,082	\$ (947)	\$ 970,000	\$ —	\$ (2,625)
A	1,620,033	24,430	(6,484)	1,130,000	—	(21,584)
Total Derivatives	\$ 3,547,033	\$ 25,512	\$ (7,431)	\$ 2,100,000	\$ —	\$ (24,209)

Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 6 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2021	2020
Collateral pledged	19,688	—

CDOR 3 FLOATING RATE FUND

Liquidity Risk

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

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

2021					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 25,512	\$ 24,594	\$ 918	\$ —	25,512
Derivative liabilities	(7,431)	(5,507)	(1,924)	—	(7,431)
	\$ 18,081	\$ 19,087	\$ (1,006)	\$ —	18,081

2020					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative liabilities	\$ (24,209)	\$ (3,776)	\$ (14,833)	\$ (5,600)	(24,209)
	\$ (24,209)	\$ (3,776)	\$ (14,833)	\$ (5,600)	(24,209)

Interest Rate Risk

The current strategy of the Fund is to invest largely in fixed income securities and enter into derivative contracts whereby the fixed interest rate returns of the fixed income securities are swapped for a floating rate of return linked to CDOR. Therefore, the Fund is generally not exposed to fair value interest rate risk from the fixed income securities held within the Fund.

BONDS BY MATURITY DATE	2021		2020	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 3,506,699	0.4 %	\$ 1,063,639	0.3 %
1 to 2 years	653,082	0.6	1,612,723	0.3
2 to 5 years	140,191	0.7	856,865	0.4
Total Bonds	\$ 4,299,972	0.4 %	\$ 3,533,227	0.3 %

Currency Risk

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

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Investments by geographic region

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

CDOR 3 FLOATING RATE FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

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

	2021			2020		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	31,687	—	31,687	250,442	—	250,442
Floating rate funds	1,315,529	—	1,315,529	—	—	—
Money market investments	—	514,683	514,683	—	241,960	241,960
Bonds	—	4,299,972	4,299,972	—	3,533,227	3,533,227
Total investments	1,347,216	4,814,655	6,161,871	250,442	3,775,187	4,025,629
Swaps, net	—	18,081	18,081	—	(24,209)	(24,209)
Total derivatives	—	18,081	18,081	—	(24,209)	(24,209)
Total	\$ 1,347,216	\$ 4,832,736	\$ 6,179,952	\$ 250,442	\$ 3,750,978	\$ 4,001,420

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

During 2021 and 2020 there were no significant transfers between the three levels in the hierarchy.

CDOR 3 FLOATING RATE FUND

Involvement with Structured Entities

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2021 and 2020, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2021			2020		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,596,948	\$ 31,687	1	\$ 1,909,999	\$ 250,442
Investee floating rate funds administered by BCI	1	5,710,010	1,315,529	—	—	—

CDOR 4 FLOATING RATE FUND

Statement of Financial Position

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

As at December 31, 2021, with comparative information for 2020

Assets	NOTES	2021	2020
Interest receivable		\$ 399	\$ 251
Derivative assets			
Swaps		57	—
Investments	4	570,988	306,417
Total assets		571,444	306,668
Liabilities			
Other accounts payable		13	10
Derivative liabilities			
Swaps		49	180
		62	191
Net assets attributable to holders of redeemable units		\$ 571,382	\$ 306,477
Number of redeemable units outstanding	5	561.921	302.175
Net assets attributable to holders of redeemable units per unit		\$ 1,017	\$ 1,014
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent event</i>	12		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CDOR 4 FLOATING RATE FUND**Statement of Comprehensive Income (Loss)**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Revenue	NOTES	2021	2020
Interest income		\$ 1,306	\$ 674
Securities lending income		7	—
Other income	10	8	—
Net realized gain		336	1,622
Net change in unrealized appreciation		(349)	214
Total revenue		1,308	2,510
Expenses			
BCI cost recoveries	4	1	5
Administrative fees		19	16
Total operating expenses		20	21
Increase in net assets attributable to holders of redeemable units before distributions		1,288	2,489
Distributions to holders of redeemable units		(1,637)	(2,275)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ (349)	\$ 214

CDOR 4 FLOATING RATE FUND**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Balance, beginning of year	\$ 306,477	\$ 58,382
Increase (decrease) in net assets attributable to holders of redeemable units	(349)	214
Redeemable unit transactions:		
Proceeds from units issued	1,188,272	900,878
Reinvestment of distributions	1,637	2,275
Amounts paid for units redeemed	(924,655)	(655,272)
Net increase from redeemable unit transactions	265,254	247,881
Balance, end of year	\$ 571,382	\$ 306,477

CDOR 4 FLOATING RATE FUND**Statement of Cash Flows**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Operating activities	2021	2020
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (349)	\$ 214
Adjustments for:		
Interest income	(1,306)	(674)
Net realized gain from investments and derivatives	(336)	(1,622)
Net change in unrealized appreciation of investments and derivatives	349	(214)
Amortization of premiums and discounts	2,573	3,168
Non cash distributions	1,637	2,275
BCI cost recoveries payable	(1)	(1)
Other accounts payable	3	1
Interest received	1,158	499
Net purchase of investments and derivatives	(267,345)	(249,252)
	(263,617)	(245,606)
Financing activities		
Proceeds from issuance of redeemable units	1,188,272	900,878
Payments on redemption of redeemable units	(924,655)	(655,272)
	263,617	245,606
Cash, beginning and end of year	\$ —	\$ —

CDOR 4 FLOATING RATE FUND**Schedule of Investments**

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Federal Government	\$ 345,849	\$ 345,937	\$ 246,211	\$ 245,858
Provincial Government	163,261	163,263	52,047	51,965
	509,110	509,200	298,258	297,823
Money Market Investments				
Federal Government	34,960	34,971	—	—
Units in BCI Pooled Investment Portfolio				
Fund ST1	26,918	26,919	8,159	8,159
	61,878	61,890	8,159	8,159
Total Investments	\$ 570,988	\$ 571,090	\$ 306,417	\$ 305,982

CDOR 4 FLOATING RATE FUND**Schedule of Derivative Assets and Liabilities**

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021			2020		
	Notional Value ^(a)	Fair Value		Notional Value ^(a)	Fair Value	
Derivative Assets ^(b)		Derivative Liabilities	Derivative Assets ^(b)		Derivative Liabilities	
Interest rate derivatives						
OTC						
Swaps	105,000	57	(49)	200,000	—	(180)
Total	\$ 105,000	\$ 57	\$ (49)	\$ 200,000	\$ —	\$ (180)

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

	2021	2020
Less than 1 year	\$ 105,000	\$ —
1 to 2 years	—	175,000
Over 2 years	—	25,000
Total	\$ 105,000	\$ 200,000

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

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

CDOR 4 FLOATING RATE FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The CDOR 4 Floating Rate Fund (the "Fund") allows participating BCI pooled funds to earn a floating rate return that is linked to the benchmark reference rate, the Canadian Dollar Offered Rate. Ownership of the Fund is limited to BCI pooled funds and BCI clients through segregated investment accounts. The functional currency of the Fund is Canadian dollars.

The Fund can hold the following securities:

- government and corporate fixed income securities;
- money market investments;
- repurchase agreement investments secured by fixed income securities which are issued, insured, or guaranteed by the Government of Canada or a Provincial Government;
- publicly traded common stock, common stock equivalents or exchange traded funds of companies whose country is included in the Morgan Stanley Capital International All Country World Constituent Index, paired with derivative instruments;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- agreements to finance other BCI and QuadReal-managed entities and accounts; and
- Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), US Dollar Money Market Fund (ST3), and other BCI short-term fixed income pooled funds for cash, currency hedging, and collateral management purposes.

The following restrictions apply to the Fund:

- fixed income investments are limited to issuers or entities with a minimum long-term credit rating of "BBB-" by Standard & Poor's, or short-term credit rating of A- 1 (low), or have an equivalent credit rating from another credit rating agency;
- the maximum term to maturity of a security is 5 years, unless it is a callable bond which has a high probability of being called within 5 years;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have the discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

CDOR 4 FLOATING RATE FUND

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

INVESTMENTS BY CREDIT RATING	2021		2020	
	Total	% of Total	Total	% Total
AAA/AA	\$ 396,303	72.8 %	\$ 246,211	82.5 %
A	147,767	27.2	52,047	17.5
Total	\$ 544,070	100.0 %	\$ 298,258	100.0 %

The Fund invests in derivative contracts, which inherently have counterparty risk. Futures derivative contracts are not exposed to counterparty risk as they are settled daily. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of derivative instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

DERIVATIVES BY CREDIT RATING	2021			2020		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 20,000	\$ 31	\$ —	\$ 100,000	\$ —	\$ (92)
A	85,000	26	(49)	100,000	—	(88)
Total Derivatives	\$ 105,000	\$ 57	\$ (49)	\$ 200,000	\$ —	\$ (180)

CDOR 4 FLOATING RATE FUND

Liquidity Risk

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

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

2021					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 57	\$ 57	\$ —	\$ —	57
Derivative liabilities	(49)	(49)	—	—	(49)
	\$ 8	\$ 8	\$ —	\$ —	8

2020					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ —	\$ —	\$ —	\$ —	—
Derivative liabilities	(180)	—	(148)	(32)	(180)
	\$ (180)	\$ —	\$ (148)	\$ (32)	(180)

Interest Rate Risk

The Fund is not exposed to significant interest rate risk as the securities held within the Fund are floating rate instruments or fixed rate instruments whose cash flows have been swapped for a floating rate cash flow through an interest rate derivative.

BONDS BY MATURITY DATE	2021		2020	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 368,318	0.3 %	—	— %
1 to 2 years	140,792	0.2	273,251	0.2
2 to 5 years	—	—	25,007	0.2
Total Bonds	\$ 509,110	0.3 %	\$ 298,258	0.2 %

Currency Risk

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

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Investments by geographic region

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

CDOR 4 FLOATING RATE FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

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

	2021			2020		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	26,918	—	26,918	8,159	—	8,159
Money market investments	—	34,960	34,960	—	—	—
Bonds	—	509,110	509,110	—	298,258	298,258
Total investments	26,918	544,070	570,988	8,159	298,258	306,417
Swaps, net	—	8	8	—	(180)	(180)
Total derivatives	—	8	8	—	(180)	(180)
Total	\$ 26,918	\$ 544,078	\$ 570,996	\$ 8,159	\$ 298,078	\$ 306,237

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

During 2021 and 2020 there were no significant transfers between the three levels in the hierarchy.

CDOR 4 FLOATING RATE FUND

Involvement with Structured Entities

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2021 and 2020, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2021			2020		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,596,948	\$ 26,918	1	\$ 1,909,999	\$ 8,159

SHORT TERM BOND FUND

Statement of Financial Position

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

As at December 31, 2021, with comparative information for 2020

Assets	NOTES	2021	2020
Interest receivable		\$ 2,983	\$ 2,616
Investments		937,894	976,421
Total assets		940,877	979,037
Liabilities			
BCI cost recoveries payable	4	40	1,031
Other accounts payable		15	13
		55	1,044
Net assets attributable to holders of redeemable units		\$ 940,822	\$ 977,993
Number of redeemable units outstanding	5	333,441	342,744
Net assets attributable to holders of redeemable units per unit		\$ 2,822	\$ 2,853
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent event</i>	12		

[S] Gordon J. Fyfe

Gordon J. Fyfe
 Chief Executive Officer
 Chief Investment Officer

SHORT TERM BOND FUND**Statement of Comprehensive Income (Loss)**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Revenue	NOTES	2021	2020
Interest income		\$ 7,829	\$ 18,084
Securities lending income		260	259
Other income	10	940	—
Change in fair value of investments:			
Net realized gain		1,402	48,407
Net change in unrealized appreciation		(20,667)	9,199
Total revenue (loss)		(10,236)	75,949
Expenses			
BCI cost recoveries	4	472	1,631
Administrative fees		16	25
Total operating expenses		488	1,656
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(10,724)	74,293
Distributions to holders of redeemable units		(9,943)	(52,055)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ (20,667)	\$ 22,238

SHORT TERM BOND FUND**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Balance, beginning of year	\$ 977,993	\$ 2,020,887
Increase (decrease) in net assets attributable to holders of redeemable units	(20,667)	22,238
Redeemable unit transactions:		
Proceeds from units issued	33	3,256
Reinvestment of distributions	9,943	52,055
Amounts paid for units redeemed	(26,480)	(1,120,443)
Net decrease from redeemable unit transactions	(16,504)	(1,065,132)
Balance, end of year	\$ 940,822	\$ 977,993

SHORT TERM BOND FUND

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Operating activities	2021	2020
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (20,667)	\$ 22,238
Adjustments for:		
Interest income	(7,829)	(18,084)
Net realized gain from investments	(1,402)	(48,407)
Net change in unrealized appreciation of investments	20,667	(9,199)
Amortization of premiums and discounts	10,171	9,951
Non cash distributions	9,943	52,055
Security lending revenue receivable	—	45
BCI cost recoveries payable	(991)	(2)
Other accounts payable	2	1
Interest received	7,462	20,889
Net sale of investments and derivatives	9,091	1,087,700
	26,447	1,117,187
Financing activities		
Proceeds from issuance of redeemable units	33	6,256
Payments on redemption of redeemable units	(26,480)	(1,123,443)
	(26,447)	(1,117,187)
Cash, beginning and end of year	\$ —	\$ —

SHORT TERM BOND FUND**Schedule of Investments**

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Federal Government	624,760	631,349	715,554	707,833
Provincial Government	306,591	309,004	247,460	243,642
Municipal Government	—	—	3,106	2,980
	931,351	940,353	966,120	954,455
Money Market Investments				
Units in BCI Pooled Investment Portfolio				
Fund ST1	6,543	6,543	10,301	10,301
	6,543	6,543	10,301	10,301
Total Investments	\$ 937,894	\$ 946,896	\$ 976,421	\$ 964,756

SHORT TERM BOND FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The investment objective of the Short Term Bond Fund (the "Fund") is to exceed the return of the benchmark, the FTSE Canada Short Term Government Bond Index, by 13 basis points per annum, net of all investment expenses incurred. The Fund is actively managed. The portfolio manager attempts to increase the returns relative to the Fund's benchmark by employing the following strategies:

- anticipating yield curve changes;
- anticipating credit spread changes;
- quality swaps; and
- yield pickups.

The Fund can hold the following securities:

- fixed income securities which are issued or guaranteed by the Government of Canada or a provincial or municipal government;
- Canadian dollar denominated fixed income securities which are issued, insured or guaranteed by a sovereign government;
- Canadian dollar denominated fixed income securities which are issued, insured or guaranteed by supranational entities including, but not limited to, the World Bank, the International Bank for Reconstruction and Development, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, or the Inter-American Development Bank;
- swapped deposits, defined as fully hedged US-dollar denominated securities that meet investment guideline criteria;
- units in BCI's Canadian Money Market Fund (ST1) for cash management purposes;
- exchange-traded and cleared over-the-counter derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- units in BCI's Floating Rate Funds.

The following restrictions apply to the Fund:

- debt securities issued by non-Canadian entities must be rated BBB- or better by Standard & Poor's or have an equivalent rating from another credit rating agency;
- the maximum term to maturity is 5 years, unless it is a callable bond which has a high probability of being called within 5 years;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have the discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

SHORT TERM BOND FUND

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

BONDS BY CREDIT RATING	2021		2020	
	Total	% of Total	Total	% Total
AAA/AA	\$ 686,243	73.7 %	\$ 783,160	81.1 %
A	245,108	26.3	182,960	18.9
Total	\$ 931,351	100.0 %	\$ 966,120	100.0 %

Liquidity Risk

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

Interest Rate Risk

As at December 31, the Fund invested in bond instruments with the following terms to maturity and average effective yield:

BONDS BY MATURITY DATE	2021		2020	
	Total	Avg Effective Yield	Total	Avg Effective Yield
1 to 2 years	\$ 341,697	1.0 %	\$ 289,245	0.2 %
2 to 5 years	589,654	1.3	676,875	0.4
Total Bonds	\$ 931,351	1.19 %	\$ 966,120	0.34 %

The duration is to be managed within \pm 20 percent of the benchmark duration, which was 2.68 years as at December 31, 2021 (2020 - 2.83 years). As at December 31, 2021, the Fund had an average duration of 2.68 years (2020 - 2.84 years).

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$25,146 (2020 - \$27,631), representing 2.7% of the Fund's net assets (2020 - 2.8%). In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

Currency Risk

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

SHORT TERM BOND FUND

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Investments by geographic region

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

SHORT TERM BOND FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

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

	2021			2020		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	6,543	—	6,543	10,301	—	10,301
Bonds	—	931,351	931,351	—	966,120	966,120
Total investments	6,543	931,351	937,894	10,301	966,120	976,421
Total	\$ 6,543	\$ 931,351	\$ 937,894	\$ 10,301	\$ 966,120	\$ 976,421

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

During 2021 and 2020 there were no significant transfers between the three levels in the hierarchy.

SHORT TERM BOND FUND

Involvement with Structured Entities

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2021 and 2020, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2021			2020		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,596,948	\$ 6,543	1	\$ 1,909,999	\$ 10,301

CANADIAN UNIVERSE BOND FUND

Statement of Financial Position

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

As at December 31, 2021, with comparative information for 2020

Assets	NOTES	2021	2020
Receivable from sale of investments		\$ 104,192	\$ 160,581
Interest receivable		45,784	68,109
Investments		12,153,136	20,822,066
Total assets		12,303,112	21,050,756
Liabilities			
Payable for purchase of investments		143,982	111,987
BCI cost recoveries payable	4	710	8,684
Other accounts payable		68	43
		144,760	120,714
Net assets attributable to holders of redeemable units		\$ 12,158,352	\$ 20,930,042
Number of redeemable units outstanding	5	5,851.630	9,815.212
Net assets attributable to holders of redeemable units per unit		\$ 2,078	\$ 2,132
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent event</i>	12		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CANADIAN UNIVERSE BOND FUND**Statement of Comprehensive Income (Loss)**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Revenue	NOTES	2021	2020
Interest income		\$ 265,919	\$ 405,783
Securities lending income		2,386	2,782
Other income	10	8,563	74
Foreign exchange gain		—	13
Change in fair value of investments:			
Net realized gain		95,945	689,730
Net change in unrealized appreciation		(851,029)	693,365
Total revenue (loss)		(478,216)	1,791,747
Expenses			
BCI cost recoveries	4	9,418	13,732
Administrative fees		64	113
Total operating expenses		9,482	13,845
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(487,698)	1,777,902
Distributions to holders of redeemable units		(367,268)	(1,079,421)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ (854,966)	\$ 698,481

CANADIAN UNIVERSE BOND FUND**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Balance, beginning of year	\$ 20,930,042	\$ 19,105,205
Increase (decrease) in net assets attributable to holders of redeemable units	(854,966)	698,481
Redeemable unit transactions:		
Proceeds from units issued	2,444,511	4,930,187
Reinvestment of distributions	367,268	1,079,421
Amounts paid for units redeemed	(10,728,503)	(4,883,252)
Net increase (decrease) from redeemable unit transactions	(7,916,724)	1,126,356
Balance, end of year	\$ 12,158,352	\$ 20,930,042

CANADIAN UNIVERSE BOND FUND**Statement of Cash Flows**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Operating activities	2021	2020
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (854,966)	\$ 698,481
Adjustments for:		
Foreign exchange gain	—	(13)
Interest income	(265,919)	(405,783)
Net realized gain from investments	(95,945)	(689,730)
Net change in unrealized appreciation of investments	851,029	(693,365)
Amortization of premiums and discounts	65,437	50,760
Non cash distributions	367,268	1,079,421
Security lending revenue receivable	—	178
BCI cost recoveries payable	(7,974)	330
Other accounts payable	25	(1)
Interest received	288,244	411,649
Net sale (purchase) of investments	7,936,793	(498,894)
	8,283,992	(46,967)
Financing activities		
Proceeds from issuance of redeemable units	2,444,511	5,269,787
Payments on redemption of redeemable units	(10,728,503)	(5,222,852)
	(8,283,992)	46,935
Net decrease in cash	—	(32)
Effect of exchange rate changes on cash	—	13
Cash, beginning of year	—	19
Cash, end of year	\$ —	\$ —

CANADIAN UNIVERSE BOND FUND

Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Federal Government	\$ 3,758,418	\$ 3,734,188	\$ 6,591,087	\$ 6,575,390
Provincial Government	4,794,830	4,660,871	8,089,503	7,384,194
Municipal Government	182,002	168,559	252,320	221,506
Mortgage-Backed Securities	—	—	184,357	183,518
Corporate	3,087,406	3,030,152	5,539,327	5,215,995
Supranational and Sovereign	111,144	114,961	—	—
	11,933,800	11,708,731	20,656,594	19,580,603
Money Market Investments				
Federal Government	109,494	109,601	—	—
Units in BCI Pooled Investment Portfolio				
Fund ST1	109,842	109,842	165,472	165,472
	219,336	219,443	165,472	165,472
Total Investments	\$ 12,153,136	\$ 11,928,174	\$ 20,822,066	\$ 19,746,075

CANADIAN UNIVERSE BOND FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Canadian Universe Bond Fund (the "Fund") invests in both government and investment-grade corporate debt securities, denominated in Canadian dollars. The investment objective of the Fund is to exceed the return of the Fund's benchmark, the FTSE Canada Universe Bond Index, by 25 basis points per annum, net of all investment expenses. The Fund is actively managed. The portfolio manager attempts to increase the returns relative to the Fund's benchmark by employing the following strategies:

- anticipating yield curve changes;
- anticipating credit spread changes;
- quality swaps;
- yield pickups; and
- sector strategies.

The Fund can hold the following securities:

- fixed income securities which are issued, insured or guaranteed by the Government of Canada or a provincial or municipal government;
- Canadian dollar denominated fixed income securities which are issued, insured or guaranteed by a sovereign government;
- Canadian dollar denominated fixed income securities which are issued, insured or guaranteed by supranational entities including, but not limited to, the World Bank, the International Bank for Reconstruction and Development, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, or the Inter-American Development Bank;
- Canadian dollar denominated fixed income securities issued by corporations, trusts, income trusts, limited partnerships, and non-profit entities;
- units in BCI's Canadian Money Market Fund (ST1) and Canadian Money Market Fund (ST2);
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- units in BCI's Floating Rate Funds.

The following restrictions apply to the Fund:

- corporate debt securities, and government debt securities issued by non-Canadian entities, must be rated BBB- or better by Standard & Poor's or have an equivalent rating from another credit rating agency;
- not more than 10% of the market value of the Fund can be invested in the debt of any one company;
- the Fund's allocation to corporate bonds shall not exceed 10 percentage points above the weighting of corporate bonds within the Index;
- the Fund's weighting of BBB bonds shall not exceed 5 percentage points above the weighting of BBB bonds within the Index;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

CANADIAN UNIVERSE BOND FUND

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

INVESTMENTS BY CREDIT RATING	2021		2020	
	Total	% of Total	Total	% Total
AAA/AA	\$ 6,218,372	51.6 %	\$ 11,521,209	55.8 %
A	4,106,588	34.1	6,262,284	30.3
BBB	1,718,334	14.3	2,873,101	13.9
Total	\$ 12,043,294	100.0 %	\$ 20,656,594	100.0 %

Liquidity Risk

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

Interest Rate Risk

As at December 31, the Fund invested in bond instruments with the following terms to maturity and average effective yield:

BONDS BY MATURITY DATE	2021		2020	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 251,383	0.9 %	\$ 209,813	0.5 %
1 to 2 years	958,133	1.2	831,159	0.4
2 to 5 years	2,903,462	1.5	6,935,622	0.5
5 to 10 years	3,512,652	1.8	5,478,328	1.1
10 to 20 years	1,903,016	2.3	2,835,717	1.8
20 to 30 years	2,183,446	2.5	3,375,955	2.2
Over 30 years	221,708	2.4	990,000	1.6
Total Bonds	\$ 11,933,800	1.9 %	\$ 20,656,594	1.2 %

As at December 31, the Fund invested in money market instruments with terms to maturity within 1 year, and a weighted average effective yield of 0.6%.

The duration is to be managed within \pm 20 percent of the benchmark duration, which was 8.40 years as at December 31, 2021 (2020 - 8.49 years). As at December 31, 2021, the Fund had an average duration of 8.41 years (2020 - 8.58 years). At December 31, the longest term to maturity for a debt instrument within the Fund is 33 years (2020 - 39 years).

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,022,476 (2020 - \$1,784,730), representing 8.4% of the Fund's net assets (2020 - 8.5%). In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

Currency Risk

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

CANADIAN UNIVERSE BOND FUND

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Investments by geographic region

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

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

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

	2021			2020		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	109,842	—	109,842	165,472	—	165,472
Money market investments	—	109,494	109,494	—	—	—
Bonds	—	11,933,800	11,933,800	—	20,656,594	20,656,594
Total investments	109,842	12,043,294	12,153,136	165,472	20,656,594	20,822,066
Total	\$ 109,842	\$ 12,043,294	\$ 12,153,136	\$ 165,472	\$ 20,656,594	\$ 20,822,066

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

During 2021 and 2020 there were no significant transfers between the three levels in the hierarchy.

CANADIAN UNIVERSE BOND FUND

Involvement with Structured Entities

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2021 and 2020, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2021			2020		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,596,948	\$ 109,842	1	\$ 1,909,999	\$ 165,472

CORPORATE BOND FUND

Statement of Financial Position

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

As at December 31, 2021, with comparative information for 2020

Assets	NOTES	2021	2020
Cash		\$ 21,501	\$ 14,252
Receivable from sale of investments		55,878	61,266
Interest receivable		104,268	80,694
Other receivables		—	1,526
Derivative assets			
Forwards		37,268	292,693
Investments		13,458,690	7,546,786
Total assets		13,677,605	7,997,217
Liabilities			
Payable for purchase of investments		24,994	79,773
BCI cost recoveries payable	4	783	2,273
Other accounts payable		54	1,808
Derivative liabilities			
Forwards		168,714	1,292
		194,545	85,146
Net assets attributable to holders of redeemable units		\$ 13,483,060	\$ 7,912,071
Number of redeemable units outstanding	5	9,659.050	5,803.828
Net assets attributable to holders of redeemable units per unit		\$ 1,396	\$ 1,363
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent event</i>	12		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

CORPORATE BOND FUND**Statement of Comprehensive Income (Loss)**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Revenue	NOTES	2021	2020
Interest income		\$ 459,252	\$ 312,069
Securities lending income		613	469
Other income	10	2,094	74
Foreign exchange loss		(12,260)	(14,833)
Change in fair value of investments and derivatives:			
Net realized gain		260,487	173,514
Net change in unrealized appreciation		(412,348)	175,533
Total revenue		297,838	646,826
Expenses			
BCI cost recoveries	4	9,630	9,422
Administrative fees		50	(26)
Commissions and stock exchange fees		313	236
Total operating expenses		9,993	9,632
Increase in net assets attributable to holders of redeemable units before distributions		287,845	637,194
Distributions to holders of redeemable units		(714,744)	(457,285)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ (426,899)	\$ 179,909

CORPORATE BOND FUND**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Balance, beginning of year	\$ 7,912,071	\$ 5,079,247
Increase (decrease) in net assets attributable to holders of redeemable units	(426,899)	179,909
Redeemable unit transactions:		
Proceeds from units issued	5,474,405	2,660,865
Reinvestment of distributions	714,744	457,285
Amounts paid for units redeemed	(191,261)	(465,235)
Net increase from redeemable unit transactions	5,997,888	2,652,915
Balance, end of year	\$ 13,483,060	\$ 7,912,071

CORPORATE BOND FUND

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Operating activities	2021	2020
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (426,899)	\$ 179,909
Adjustments for:		
Foreign exchange loss	12,260	14,833
Interest income	(459,252)	(312,069)
Net realized gain from investments and derivatives	(260,487)	(173,514)
Net change in unrealized appreciation of investments and derivatives	412,348	(175,533)
Amortization of premiums and discounts	(44,849)	(45,603)
Non cash distributions	714,744	457,285
Security lending revenue receivable	—	14
Other receivables	1,526	(1,033)
BCI cost recoveries payable	(1,490)	160
Other accounts payable	(1,754)	1,781
Interest received	435,678	291,639
Net purchase of investments and derivatives	(5,645,460)	(2,415,698)
	(5,263,635)	(2,177,829)
Financing activities		
Proceeds from issuance of redeemable units	5,474,405	2,910,865
Payments on redemption of redeemable units	(191,261)	(715,235)
	5,283,144	2,195,630
Net increase in cash	19,509	17,801
Effect of exchange rate changes on cash	(12,260)	(14,833)
Cash, beginning of year	14,252	11,284
Cash, end of year	\$ 21,501	\$ 14,252

CORPORATE BOND FUND

Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Federal Government	\$ 2,262,851	\$ 2,278,297	\$ 415,295	\$ 422,301
Corporate	10,381,862	10,343,391	6,764,170	6,750,111
	12,644,713	12,621,688	7,179,465	7,172,412
Money Market Investments				
Units in BCI Pooled Investment Portfolio				
Fund ST1	312,433	312,436	293,570	293,570
Fund ST3	501,544	507,319	73,751	74,056
	813,977	819,755	367,321	367,626
Total Investments	\$ 13,458,690	\$ 13,441,443	\$ 7,546,786	\$ 7,540,038

CORPORATE BOND FUND

Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021			2020		
	Notional Value ^(a)	Fair Value		Notional Value ^(a)	Fair Value	
Derivative Assets ^(b)		Derivative Liabilities	Derivative Assets ^(b)		Derivative Liabilities	
Currency derivatives						
OTC						
Forwards	\$ 10,978,528	\$ 37,268	\$ (168,714)	\$ 6,455,668	\$ 292,693	\$ (1,292)
Interest rate derivatives						
Listed						
Futures ^(c)	779,924	—	—	795,807	—	—
Total	\$ 11,758,452	\$ 37,268	\$ (168,714)	\$ 7,251,475	\$ 292,693	\$ (1,292)

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

	2021	2020
Less than 1 year	\$ 11,758,452	\$ 7,251,475
Total	\$ 11,758,452	\$ 7,251,475

- (a) Notional value represents the net absolute value of the contractual amount to which a rate or price is applied in order to calculate the exchange of cash flows and is therefore not recorded in the financial statements. Notional amounts do not necessarily indicate the amounts of future cash flows or the current fair value of the derivative contracts and, therefore do not necessarily indicate the Fund's exposure to credit or market risk.
- (b) The fair value of derivative contracts recorded as an asset represents the credit risk or the loss to which the Fund is potentially exposed should counterparties fail to perform under the derivative contract.
- (c) As futures derivative contracts are fair valued through profit and loss and settled daily, the gain or loss recognized on December 31 is recorded in other receivables or other accounts payable on the Statement of Financial Position.

CORPORATE BOND FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The investment objective of the Corporate Bond Fund (the "Fund") is to provide a diversified portfolio of fixed income securities. The Fund primarily invests in corporate investment grade and high yield securities issued in the United States and Canada. The Fund's benchmarks are the Bank of America Merrill Lynch US Corporate Index (CAD Hedged) and the Bank of America Merrill Lynch BB-B US Cash Pay High Yield Constrained Index (CAD Hedged; collectively, "the Indexes"). The objective of the Fund is to exceed the benchmark return of the Fund's Indexes by 55 basis points per annum, net of all investment expenses incurred.

The Fund can hold the following securities:

- fixed income securities;
- equity securities;
- exchange traded funds;
- derivatives for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management;
- units in the Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), US Dollar Money Market Fund (ST3), and other BCI short-term fixed income pooled funds; and
- units in BCI's Floating Rate Funds.

The following restrictions apply to the Fund:

- no more than 15% of the market value of the Fund can be invested in the securities of one company;
- no more than 70% of the market value of the Fund can be invested in the aggregate of (i) debt securities rated at or below BB+ by Standard & Poor's or an equivalent rating from another credit rating agency, (ii) preferred shares rated at or below P-4 by Standard & Poor's or an equivalent rating from another credit rating agency, and (iii) unrated debt securities;
- No more than 10% of the market value of the Fund can be invested in the aggregate of (i) debt securities rated at or below CCC+ by Standard & Poor's or an equivalent rating from another credit rating agency, and (ii) unrated debt securities;
- Not more than 20% of the market value of the Fund can be invested in equity securities (including preferred shares, but excluding fixed income exchange traded funds);
- The Fund may not borrow money or use derivatives to create leverage;
- The Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- If any security or counterparty is downgraded below the approved credit standard, BCI will have the discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

CORPORATE BOND FUND

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

BONDS BY CREDIT RATING	2021		2020	
	Total	% of Total	Total	% Total
AAA/AA	\$ 2,351,384	18.6 %	\$ 415,295	5.8 %
A	1,046,460	8.3	616,418	8.6
BBB	2,827,482	22.4	1,976,565	27.5
BB	4,645,450	36.6	2,498,025	34.8
B	1,716,302	13.6	1,163,768	16.2
CCC	57,635	0.5	509,394	7.1
Total	\$ 12,644,713	100.0 %	\$ 7,179,465	100.0 %

The Fund invests in derivative contracts, which inherently have counterparty risk. Futures derivative contracts are not exposed to counterparty risk as they are settled daily. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of derivative instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

DERIVATIVES BY CREDIT RATING	2021			2020		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 3,363,582	\$ 3,365	\$ (66,901)	\$ 1,553,875	\$ 70,062	\$ —
A	7,614,946	33,903	(101,813)	4,901,793	222,631	(1,292)
Total Derivatives	\$ 10,978,528	\$ 37,268	\$ (168,714)	\$ 6,455,668	\$ 292,693	\$ (1,292)

Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 6 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2021	2020
Collateral pledged	\$ 22,296	\$ 27,041

Liquidity Risk

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

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

	2021				
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 37,268	\$ 37,268	\$ —	\$ —	\$ 37,268
Derivative liabilities	(168,714)	(168,714)	—	—	(168,714)
	\$ (131,446)	\$ (131,446)	\$ —	\$ —	\$ (131,446)

CORPORATE BOND FUND

	2020				
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 292,693	\$ 292,693	\$ —	\$ —	292,693
Derivative liabilities	(1,292)	(1,292)	—	—	(1,292)
	\$ 291,401	\$ 291,401	\$ —	\$ —	291,401

Interest Rate Risk

As at December 31, the Fund invested in bond instruments with the following terms to maturity and average effective yield:

BONDS BY MATURITY DATE	2021		2020	
	Total	Avg Effective Yield	Total	Avg Effective Yield
1 to 2 years	\$ —	0.0 %	\$ 229,458	6.7 %
2 to 5 years	2,635,799	3.1	1,756,478	5.2
5 to 10 years	5,808,020	3.8	3,040,879	3.9
10 to 20 years	1,822,272	2.4	1,012,441	2.0
20 to 30 years	777,479	2.3	686,497	2.2
Over 30 years	1,601,143	0.7	453,712	2.2
Total Bonds	\$ 12,644,713	3.0 %	\$ 7,179,465	3.8 %

As at December 31, 2021, the Fund had an average duration of 12.74 years (2020 - 8.09 years). As at December 31, the Fund invested in fixed income instruments with the longest term to maturity of 78 years (2020 - 75 years).

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,701,978 (2020 - \$635,383), representing 12.6% of the Fund's net assets (2020 - 8.0%). In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

Currency Risk

At December 31, 2021, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

	2021			
	Net Investments and Investments-Related Receivable/(Payable)	Net Foreign Currency Contracts Receivable/(Payable)	Net exposure	% of total net asset
United States Dollar	\$ 11,185,350	\$ (11,096,773)	\$ 88,577	0.7 %
	\$ 11,185,350	\$ (11,096,773)	\$ 88,577	0.7 %

	2020			
	Net Investment Related Receivable/(Payable)	Net Foreign Currency Contracts Receivable/(Payable)	Net exposure	% of total net asset
British Pound Sterling	\$ 112,238	\$ (105,360)	\$ 6,878	0.1 %
United States Dollar	6,390,530	(6,060,418)	330,112	4.2
	\$ 6,502,768	\$ (6,165,778)	\$ 336,990	4.3 %

As at December 31, 2021, if the Canadian dollar had strengthened/weakened by 1% in relation to the U.S. currency, holding all other variables constant, net assets would have decreased/increased, respectively, by \$886 CAD (2020 - \$3,370 CAD). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

CORPORATE BOND FUND

Other Price Risk

The Fund's fixed income instruments are not exposed to significant other price risk. Management monitors the concentration of risk for debt securities based on counterparties and geographic location.

Investments by geographic region

As at December 31, the Fund's debt securities are concentrated in the following geographical regions:

GEOGRAPHIC REGION	2021		2020	
	Total	% of Total	Total	% of Total
Australia	\$ —	—	\$ 48,175	0.7
Canada	3,052,130	24.1	1,487,045	20.7
Cayman Islands	—	—	119,630	1.7
France	—	—	50,521	0.7
Ireland	50,170	0.4	—	—
Luxembourg	—	—	63,881	0.9
Netherlands	32,041	0.3	—	—
Sweden	—	—	16,523	0.2
United Kingdom	—	—	209,009	2.9
United States	9,510,372	75.2	5,184,681	72.2
Total Bonds	\$ 12,644,713	100.0 %	\$ 7,179,465	100.0 %

CORPORATE BOND FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

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

	2021			2020		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	\$ 813,977	\$ —	\$ 813,977	\$ 367,321	\$ —	\$ 367,321
Bonds	—	12,644,713	12,644,713	—	7,179,465	7,179,465
Total investments	813,977	12,644,713	13,458,690	367,321	7,179,465	7,546,786
Forwards, net	—	(131,446)	(131,446)	—	291,401	291,401
Total derivatives	—	(131,446)	(131,446)	—	291,401	291,401
Total	\$ 813,977	\$ 12,513,267	\$ 13,327,244	\$ 367,321	\$ 7,470,866	\$ 7,838,187

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

During 2021 and 2020 there were no significant transfers between the three levels in the hierarchy.

CORPORATE BOND FUND

Involvement with Structured Entities

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2021 and 2020, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2021			2020		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	2	\$ 5,303,907	\$ 813,977	2	\$ 2,904,346	\$ 367,321

LEVERAGED BOND FUND

Statement of Financial Position

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

As at December 31, 2021, with comparative information for 2020

Assets	NOTES	2021	2020
Cash		\$ 671	\$ 146
Receivable from sale of investments		82,043	—
Interest receivable		39,863	25,300
Derivative assets			
Swaps		1,208	—
Investments		16,627,415	14,056,278
Total assets		16,751,200	14,081,724
Liabilities			
Payable for purchase of investments		79,846	—
BCI cost recoveries payable	4	550	380
Interest payable		9,471	10,707
Amounts payable under repurchase agreements		15,669,270	13,151,989
Other accounts payable		653	39
Derivative liabilities			
Swaps		942	—
		15,760,732	13,163,115
Net assets attributable to holders of redeemable units		\$ 990,468	\$ 918,609
Number of redeemable units outstanding	5	1,403.250	349.135
Net assets attributable to holders of redeemable units per unit		\$ 706	\$ 2,631
<i>Uncertainties related to COVID-19</i>	11		
<i>Subsequent event</i>	12		

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

LEVERAGED BOND FUND**Statement of Comprehensive Income (Loss)**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Revenue	NOTES	2021	2020
Interest income		\$ 227,552	\$ 159,997
Securities lending income		—	2
Other income	10	356	64
Change in fair value of investments and derivatives:			
Net realized gain (loss)		(247,360)	171,246
Net change in unrealized appreciation		(411,292)	421,259
Total revenue (loss)		(430,744)	752,568
Expenses			
BCI cost recoveries	4	6,665	4,926
Administrative fees		167	91
Interest expense		40,703	65,371
Commissions and stock exchange fees		73	17
Pursuit costs		—	5
Total operating expenses		47,608	70,410
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		(478,352)	682,158
Distributions to holders of redeemable units		(180,300)	(260,894)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ (658,652)	\$ 421,264

LEVERAGED BOND FUND**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Balance, beginning of year	\$ 918,609	\$ 259,230
Increase (decrease) in net assets attributable to holders of redeemable units	(658,652)	421,264
Redeemable unit transactions:		
Proceeds from units issued	797,211	583,484
Reinvestment of distributions	180,300	260,894
Amounts paid for units redeemed	(247,000)	(606,263)
Net increase from redeemable unit transactions	730,511	238,115
Balance, end of year	\$ 990,468	\$ 918,609

LEVERAGED BOND FUND**Statement of Cash Flows**

(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

Operating activities	2021	2020
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (658,652)	\$ 421,264
Adjustments for:		
Interest income	(227,552)	(159,997)
Interest expense	40,703	65,371
Net realized (gain) loss from investments and derivatives	247,360	(171,246)
Net change in unrealized appreciation of investments and derivatives	411,292	(421,259)
Amortization of premiums and discounts	85,522	66,954
Non cash distributions	180,300	260,894
BCI cost recoveries payable	170	106
Other accounts payable	614	(108)
Interest received	212,989	158,487
Interest paid	(41,939)	(54,664)
Net purchase of investments and derivatives	(3,317,774)	(7,429,345)
	(3,066,967)	(7,263,543)
Financing activities		
Proceeds from issuance of redeemable units	797,211	583,484
Payments on redemption of redeemable units	(247,000)	(606,263)
Net proceeds and repayments from borrowings	2,517,281	7,262,389
	3,067,492	7,239,610
Net increase (decrease) in cash	525	(23,933)
Cash, beginning of year	146	24,079
Cash, end of year	\$ 671	\$ 146

LEVERAGED BOND FUND**Schedule of Investments**

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Bonds				
Pledged financial assets at FVTPL				
Federal Government	8,200,747	8,199,842	7,438,247	7,315,508
Provincial Government	7,652,719	7,719,579	5,734,777	5,508,999
Non-pledged financial assets at FVTPL				
Federal Government	255,145	252,822	682,212	680,720
Provincial Government	163,566	159,650	138,184	134,349
	16,272,177	16,331,893	13,993,420	13,639,576
Money Market Investments				
Federal Government	348,529	348,727	—	—
Units in BCI Pooled Investment Portfolio				
Fund ST1	6,709	6,709	62,858	62,858
	355,238	355,436	62,858	62,858
Total Investments	\$ 16,627,415	\$ 16,687,329	\$ 14,056,278	\$ 13,702,434

LEVERAGED BOND FUND

Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2021, with comparative information for 2020

	2021			2020		
	Notional Value ^(a)	Fair Value		Notional Value ^(a)	Fair Value	
Derivative Assets ^(b)		Derivative Liabilities	Derivative Assets ^(b)		Derivative Liabilities	
Interest rate derivatives						
Listed						
Futures ^(c)	\$ 56,800	\$ —	\$ —	\$ —	\$ —	\$ —
OTC						
Swaps	4,706,000	1,208	(942)	—	—	—
Total	\$ 4,762,800	\$ 1,208	\$ (942)	\$ —	\$ —	\$ —

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

	2021	2020
Less than 1 year	\$ 4,762,800	\$ —
Total	\$ 4,762,800	\$ —

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

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

(c) As futures derivative contracts are fair valued through profit and loss and settled daily, the gain or loss recognized on December 31 is recorded in other receivables or other accounts payable on the Statement of Financial Position.

LEVERAGED BOND FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The investment objective of the Leveraged Bond Fund (the "Fund") is to provide leveraged high-quality interest rate exposure. The Fund's benchmark is the FTSE Canada Universe All Government Bond Index (the "Index") and realized cost of financing.

The Fund can hold the following securities:

- fixed income securities issued or guaranteed by the Government of Canada or its provinces or the Government of the United States;
- money market instruments, including repurchase agreements; and
- units in the Canadian Money Market Fund (ST1) and other BCI pooled funds that meet the Pool's Investment Policies criteria.

The following restrictions apply to the Fund:

- the Fund may issue unsecured debt instruments or raise collateralized financing for the purpose of financing Fund assets;
- derivative instruments may be used for the purposes of synthetic indexing, risk control, lowering transaction costs, liquidity management and/or leverage;
- the Fund may borrow money to create leverage and/or to finance investments;
- the value of Fund liabilities will not exceed the value of Fund assets by more than 35%;
- the Fund may not sell a security which it does not own (i.e. short sale), and
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- If any issuer or counterparty is downgraded below the approved credit standard, BCI will have discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

INVESTMENTS BY CREDIT RATING	2021		2020	
	Total	% of Total	Total	% Total
AAA/AA	\$ 11,118,329	66.9 %	\$ 9,410,877	67.3 %
A	5,502,377	33.1	4,582,543	32.7
Total	\$ 16,620,706	100.0 %	\$ 13,993,420	100.0 %

LEVERAGED BOND FUND

The Fund invests in derivative contracts, which inherently have counterparty risk. Futures derivative contracts are not exposed to counterparty risk as they are settled daily. The credit risk of each counterparty is monitored through an evaluation of the credit quality of each counterparty that transacts with the Fund. Collateral management is centralized by BCI and collateral is held and pledged on a net basis with the counterparty generally at a value equal to the underlying derivative financial instrument. The credit risk exposure of derivative instruments, by credit rating category, without taking account of any collateral held at December 31 is as follows:

DERIVATIVES BY CREDIT RATING	2021				2020			
			Fair Value				Fair Value	
	Notional Value	Derivative Assets	Derivative Liabilities	Notional Value	Derivative Assets	Derivative Liabilities	Notional Value	Derivative Liabilities
AAA/AA	\$ 1,976,000	\$ 749	\$ (224)	\$ —	\$ —	\$ —	\$ —	\$ —
A	2,730,000	459	(718)	—	—	—	—	—
Total Derivatives	\$ 4,706,000	\$ 1,208	\$ (942)	\$ —	\$ —	\$ —	\$ —	\$ —

Collateral Pledged and Received

The Fund is party to repurchase and sell buy back agreements, which involve pledging and holding collateral. The following table illustrates the fair values of such collateral and the securities under these agreements at:

	2021	2020
Amounts payable under repurchase agreements	\$ 15,669,270	\$ 13,151,989
Collateral pledged	\$ 15,853,466	\$ 13,173,024

Liquidity Risk

The Fund's non-derivative liabilities and amounts payable under repurchase agreements are due within three months and one year of the year-end of the Fund, respectively.

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

	2021					Total
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year		
Derivative assets	\$ 1,208	\$ 1,208	\$ —	\$ —	\$ —	1,208
Derivative liabilities	(942)	(942)	—	—	—	(942)
	\$ 266	\$ 266	\$ —	\$ —	\$ —	266

	2020					Total
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year		
Derivative assets	\$ —	\$ —	\$ —	\$ —	\$ —	—
Derivative liabilities	—	—	—	—	—	—
	\$ —	\$ —	\$ —	\$ —	\$ —	—

LEVERAGED BOND FUND

Interest Rate Risk

The Fund's investment objective results in the Fund being exposed to leveraged interest rate risk. The Fund finances bond purchases with repurchase agreements which are generally of shorter duration than the bond investments, resulting in significant interest rate risk. The Fund's investment in bonds is approximately 16 times the net asset value of the Fund (2020 - 15), resulting in significantly greater interest rate risk than an unleveraged bond investment.

As at December 31, the Fund invested in bond instruments with the following terms to maturity and average effective yield:

BONDS BY MATURITY DATE	2021		2020	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 676,318	0.7 %	\$ —	— %
1 to 2 years	1,330,425	1.1	648,778	0.2
2 to 5 years	3,451,717	1.3	4,831,550	0.4
5 to 10 years	4,721,817	1.7	3,486,214	0.9
10 to 20 years	2,603,255	2.2	1,600,171	1.5
20 to 30 years	3,054,540	2.3	2,464,306	1.9
Over 30 years	434,105	2.3	962,401	1.8
Total Bonds	\$ 16,272,177	1.7 %	\$ 13,993,420	1.0 %

As at December 31, the Fund invested in money market instruments with terms to maturity within 1 year, and a weighted average effective yield of 0.6%.

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,492,539 (2020 - \$1,276,200), representing 150.7% of the Fund's net assets (2020 - 138.9%). In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

Currency Risk

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

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Management monitors the concentration of risk for debt securities based on counterparties, sector and geographic location. The Fund's debt investments are issued or guaranteed by the Government of Canada, provincial governments, municipal governments, sovereign governments, and corporate entities.

Investments by geographic region

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

LEVERAGED BOND FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

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

	2021			2020		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	6,709	—	6,709	62,858	—	62,858
Money market investments	—	348,529	348,529	—	—	—
Bonds	—	16,272,177	16,272,177	—	13,993,420	13,993,420
Total investments	6,709	16,620,706	16,627,415	62,858	13,993,420	14,056,278
Swaps, net	—	266	266	—	—	—
Amounts payable under repurchase agreements	—	(15,669,270)	(15,669,270)	—	(13,151,989)	(13,151,989)
Total	\$ 6,709	\$ 951,702	\$ 958,411	\$ 62,858	\$ 841,431	\$ 904,289

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

During 2021 and 2020 there were no significant transfers between the three levels in the hierarchy.

LEVERAGED BOND FUND

Involvement with Structured Entities

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2021 and 2020, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2021			2020		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,596,948	\$ 6,709	1	\$ 1,909,999	\$ 62,858

GOVERNMENT BOND FUND**Statement of Financial Position**

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

As at December 31, 2021 (note 1)

Assets	NOTES	2021
Receivable from sale of investments		\$ 24,221
Interest receivable		26,322
Investments	4	12,109,810
Total assets		12,160,353
Liabilities		
Payable for purchase of investments		60,085
BCI cost recoveries payable	4	339
Other accounts payable		23
		60,447
Net assets attributable to holders of redeemable units		\$ 12,099,906
Number of redeemable units outstanding	5	12,342.140
Net assets attributable to holders of redeemable units per unit		\$ 980
<i>Uncertainties related to COVID-19</i>	11	
<i>Subsequent event</i>	12	

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

GOVERNMENT BOND FUND**Statement of Comprehensive Loss**

(Expressed in thousands of dollars)

Period ended December 31, 2021 (note 1)

Revenue	NOTES	2021
Interest income		\$ 108,523
Securities lending income		1,141
Other income		121
Change in fair value of investments:		
Net realized loss		(137,901)
Net change in unrealized appreciation		19,571
Total loss		(8,545)
Expenses		
BCI cost recoveries	4	3,490
Administrative fees		33
Total operating expenses		3,523
Decrease in net assets attributable to holders of redeemable units before distributions		(12,068)
Distributions to holders of redeemable units		(106,262)
Decrease in net assets attributable to holders of redeemable units		\$ (118,330)

GOVERNMENT BOND FUND**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

(Expressed in thousands of dollars)

Period ended December 31, 2021 (note 1)

	2021
Balance, beginning of period	\$ —
Decrease in net assets attributable to holders of redeemable units	(118,330)
Redeemable unit transactions:	
Proceeds from units issued	12,272,905
Reinvestment of distributions	106,262
Amounts paid for units redeemed	(160,931)
Net increase from redeemable unit transactions	12,218,236
Balance, end of period	\$ 12,099,906

GOVERNMENT BOND FUND**Statement of Cash Flows**

(Expressed in thousands of dollars)

Period ended December 31, 2021 (note 1)

Operating activities	2021
Decrease in net assets attributable to holders of redeemable units	\$ (118,330)
Adjustments for:	
Interest income	(108,523)
Net realized loss from investments	137,901
Net change in unrealized appreciation of investments	(19,571)
Amortization of premiums and discounts	37,596
Non cash distributions	106,262
BCI cost recoveries payable	339
Other accounts payable	23
Interest received	82,201
Net purchase of investments	(12,229,872)
	(12,111,974)
Financing activities	
Proceeds from issuance of redeemable units	12,272,905
Payments on redemption of redeemable units	(160,931)
	12,111,974
Net increase in cash	—
Cash, beginning and end of period	\$ —

GOVERNMENT BOND FUND**Schedule of Investments**

(Expressed in thousands of dollars)

As at December 31, 2021

	2021	
	Fair Value	Cost
Bonds		
Federal Government	\$ 5,769,233	\$ 5,765,268
Provincial Government	5,958,186	5,940,553
Municipal Government	55,396	56,961
Supranational and Sovereign	9,723	10,000
	11,792,538	11,772,782
Money Market Investments		
Federal Government	259,181	259,365
Units in BCI Pooled Investment Portfolio		
Fund ST1	58,091	58,092
	317,272	317,457
Total Investments	\$ 12,109,810	\$ 12,090,239

GOVERNMENT BOND FUND

Financial Risk Management Discussion

(Expressed in thousands of dollars)

The Government Bond Fund (the "Fund") primarily invests in bonds issued or guaranteed by the Canadian government and its Provinces. The investment objective of the Fund is to exceed the Fund's benchmark, the FTSE Canada All Government Bond Index, by 15 basis points per annum, net of all investment expenses incurred. The Fund is actively managed. The portfolio manager attempts to increase the returns relative to the Fund's benchmark by actively managing the interest rate and credit exposure of the Fund.

The Fund can hold the following securities:

- fixed income securities issued or guaranteed by the Government of Canada, a Canadian provincial or municipal government, Canadian government-related entities, or the Government of the United States;
- Canadian dollar denominated fixed income securities which are issued or guaranteed by a sovereign government;
- Canadian dollar denominated fixed income securities which are issued or guaranteed by supranational entities;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management; and
- units in BCI's Short Term Money Market Fund (ST1) and other BCI pooled funds that meet the Fund's Investment Policies criteria.

The following restrictions apply to the Fund:

- fixed income securities issued by municipalities, Canadian government-related entities, and non-Canadian entities must be rated BBB- or better by Standard & Poor's or have an equivalent rating from another credit rating agency;
- the Fund's weighting of municipal bonds and Canadian government-related entities shall not exceed 10 percentage points above the weighting of such bonds within the FTSE Canada All Government Bond Index;
- not more than 25 percent of the market value of the Fund can be invested in securities issued or guaranteed by an entity other than the Government of Canada or a Canadian provincial or municipal government, except on a temporary basis with documented CIO approval;
- the Fund may not sell a security which it does not own (i.e. a short sale), borrow securities, or purchase securities using a margin account;
- the Fund may not borrow money or use derivatives to create leverage;
- at inception, counterparties to all derivative contracts are restricted to financial institutions that are rated A- or higher by Standard & Poor's or have an equivalent credit rating from another credit rating agency; and
- if any security or counterparty is downgraded below the approved credit standard, BCI will have discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 6 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

Credit Risk

As at December 31, the Fund invested in debt instruments with the following security or issuer credit ratings.

INVESTMENTS BY CREDIT RATING	2021	
	Total	% of Total
AAA/AA	\$ 8,051,189	66.8 %
A	4,000,530	33.2
Total	\$ 12,051,719	100.0 %

Liquidity Risk

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

GOVERNMENT BOND FUND

Interest Rate Risk

As at December 31, the Fund invested in bond instruments with the following terms to maturity and average effective yield:

BONDS BY MATURITY DATE	2021	
	Total	Avg Effective Yield
Within 1 year	\$ 149,488	0.7 %
1 to 2 years	853,460	1.1
2 to 5 years	2,903,968	1.2
5 to 10 years	3,499,074	1.7
10 to 20 years	1,796,669	2.3
20 to 30 years	2,328,242	2.3
Over 30 years	261,637	2.4
Total Bonds	\$ 11,792,538	1.7 %

As at December 31, the Fund invested in money market instruments with terms to maturity within 1 year, and a weighted average effective yield of 0.5%.

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,089,475 representing 9.0% of the Fund's net assets. In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

Currency Risk

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

Other Price Risk

The Fund's financial assets and liabilities are not exposed to significant other price risk since the Fund's assets and liabilities are fixed income instruments.

Investments by geographic region

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

GOVERNMENT BOND FUND

Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 7 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

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

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

	2021		
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total
Money market funds	\$ 58,091	\$ —	\$ 58,091
Money market investments	—	259,181	259,181
Bonds	—	11,792,538	11,792,538
Total investments	58,091	12,051,719	12,109,810
Total	\$ 58,091	\$ 12,051,719	\$ 12,109,810

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

During 2021 there were no significant transfers between the three levels in the hierarchy.

GOVERNMENT BOND FUND

Involvement with Structured Entities

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

A structured entity is an entity that has been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The Fund holds interests in structured entities. These structured entities are comprised of investee funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issue of units to these investors. Accordingly, the Fund's interests in these entities is reflected through the holdings of units issued by the investee funds. During 2021, the Fund did not provide additional financial or other support to these structured entities, other than through its investment in units of these entities. Furthermore, these structured units are not subject to restrictions over operations or redemptions, other than certain investment related restrictions in accordance with maintaining their investment objectives. The tables below set out the interests held by the Fund in these structured entities:

Entity	2021		
	Number of Investee Funds	Total Net Assets of Investee Funds	Carrying amount included in Investments in the Statement of Financial Position
Investee money market funds administered by BCI	1	\$ 1,596,948	\$ 58,091

1. THE PORTFOLIOS

British Columbia Investment Management Corporation (“BCI”) was established under the *Public Sector Pension Plans Act* as a trust company authorized to carry on trust business and investment management services. The address of BCI's registered office is at 750 Pandora Avenue, Victoria, British Columbia, Canada. These financial statements have been prepared by BCI and are the responsibility of BCI management.

Under the *Act* and the *Pooled Investment Portfolios Regulation*, B.C. Reg. 447/99 (the “Regulations”), BCI may establish and operate Funds “... in which money from trust funds, special funds or other funds, other public money and the money of government bodies and designated institutions may be combined in common for the purpose of investment by means of investment units of participation in a pooled investment portfolio.” In addition, Funds previously established under the *Financial Administration Act* and the *Pooled Investment Portfolios Regulation*, B.C. Reg. 84/86, were continued under the Regulations, to be held in trust by BCI and invested by the Chief Investment Officer (“CIO”) of BCI.

The pooled investment portfolios (the “Funds”) were established on the following dates:

Pooled Investment Portfolios	Dates Established
Canadian Money Market Fund ST1	April 21, 1986
Canadian Money Market Fund ST2	September 19, 1986
U.S. Dollar Money Market Fund ST3	August 1, 1990
CDOR 1 Floating Rate Fund	March 13, 2017
CDOR 2 Floating Rate Fund	October 11, 2018
CDOR 3 Floating Rate Fund	October 10, 2019
CDOR 4 Floating Rate Fund	October 16, 2019
Short Term Bond Fund	November 1, 1995
Canadian Universe Bond Fund	April 20, 2006
Corporate Bond Fund	January 8, 2016
Leveraged Bond Fund	September 19, 2019
Government Bond Fund	January 7, 2021

The Government Bond Fund was established in 2021, therefore no comparative information has been presented in the financial statements.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”). These financial statements were authorized for issue by the Chief Executive Officer / Chief Investment Officer on April 11, 2022.

(b) Accounting for investments

The Funds qualify as investment entities as they meet the following definition of an investment entity outlined in IFRS 10, *Consolidated Financial Statements (IFRS 10)*:

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services.
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

(c) Basis of measurement

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

(d) Functional and presentation currency

These financial statements are presented in Canadian dollars which is the Funds' functional currency, except for U.S. Dollar Money Market Fund ST3, which is presented in U.S. dollars and whose functional currency is U.S. dollars.

(e) Use of estimates and judgment

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

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

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

(i) Recognition and measurement

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Funds become a party to the contractual provisions of the instrument. The Funds derecognize a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Funds have a legal right to offset the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and sell financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Funds may irrevocably elect to measure financial assets that otherwise meet the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

Financial assets are not reclassified subsequent to their initial recognition, unless the Funds change their business models for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Funds have not classified any of its financial assets as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivative financial liabilities. On initial recognition the Funds irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

(ii) Fair value through profit or loss

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

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

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

(iii) Amortized cost

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

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

(b) Receivables and payables under repurchase agreements

The Funds are party to repurchase agreements and reverse repurchase agreements. These agreements involve the sale of securities by one counterparty with a simultaneous agreement to repurchase such securities at a specified price and at a specified future date.

When the Funds purchase a financial asset and simultaneously enter into an agreement to resell the same or a substantially similar asset at a fixed price on a future date (reverse repurchase agreement), the arrangement is recognized in the Statement of Financial Position within Investments as securities purchased under reverse repurchase agreement, and the underlying asset is not recognized in the Funds'

financial statements as the counterparty retains the risks and rewards of ownership of the underlying asset.

When the Funds sell a financial asset and simultaneously enter into an agreement to repurchase the same or a similar asset at a fixed price on a future date (repurchase agreement), the Funds retain substantially all of the risks and rewards of ownership of the asset. Therefore, the arrangement is accounted for as a borrowing and is recognized in the Statement of Financial Position as amounts payable under repurchase agreement and the underlying asset is not derecognized.

(c) Redeemable Units

The Funds classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. In accordance with the Regulations, each Fund is required to distribute, to unitholders of the respective Fund's redeemable units, the taxable income and taxable capital gains of the Fund at least annually. Accordingly, such units are classified as financial liabilities at FVTPL and measured at redemption amount. Distributions to holders of redeemable units are recognized in comprehensive income when they are authorized and no longer at the discretion of BCI.

(d) Issues and redemption of units

Participation in each Fund is expressed in units. The initial value of a unit on inception is \$1 million (\$U.S. 1 million for the U.S. Dollar Money Market Fund ST3). For each subsequent unit issuance and redemption, the unit value is determined by dividing the fair value of the net assets of the portfolio by the total number of units outstanding. Where one Fund invests in another Fund, the unit issuances and redemptions are transacted on the same basis as client transactions. All unit transactions are recorded on a trade date basis. All of the Funds were open-ended Funds throughout the year where the number of units available for issue was unlimited and the proportion of units issued or redeemed by each client on a particular valuation date depended on changes to their desired asset allocation.

(e) Foreign exchange

These financial statements are denominated in Canadian dollars except for the U.S. Dollar Money Market Fund ST3. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars (U.S. dollars for the U.S. Dollar Money Market Fund ST3) using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the Statement of Comprehensive Income.

(f) Revenue recognition

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

(g) Securities lending

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

(h) Income taxes

The Funds are immune from income taxation in Canada under the Constitution Act. All of a Fund's net income for tax purposes and net capital gains realized in any period are required to be distributed to unitholders pursuant to the Regulations. Income taxes associated with any of the Funds' underlying investments are accounted for in determining the fair value of the respective investments.

(i) Changes in material accounting policies

Effective January 1, 2021, BCI adopted *Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)* (the "Phase 2 amendments"). The Phase 2 amendments were issued in response to the market transition away from interbank offered rates ("IBORs") to alternative benchmark rates ("ABRs") as part of the IBOR reform ("the Reform").

The transition from IBORs to ABRs impacted financial instruments referencing London Interbank Offered Rates ("LIBOR"). The Reform presents a number of risks, including updating systems and processes, amending contracts or existing fallback clauses, and communicating with counterparties on the Reform. Note 6 provides information on BCI's risk management framework adopted to address the risks that arise from the transition.

Effective January 1, 2021, BCI early adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*. There is no significant impact of the new standards on the financial statements of the Funds.

(j) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations as listed below are not yet effective for the year ended December 31, 2021, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Funds.

Effective on January 1, 2022:

- Annual improvements to IFRS standards 2018–2020
- Onerous contracts – cost of fulfilling a contract (amendments to IAS 37)
- Property, plant and equipment — proceeds before intended use (amendments to IAS 16)
- Reference to the Conceptual Framework (amendments to IFRS 3)

Effective on January 1, 2023 :

- IFRS 17 - Insurance contracts
- Classification of liabilities as current or non-current (amendments to IAS 1)
- Definition of accounting estimates (amendments to IAS 8)

4. RELATED PARTY TRANSACTIONS

The Funds' related parties include BCI, QuadReal Property Group Limited Partnership and affiliates ("QuadReal"), the Province of British Columbia and related entities, investments where a Fund has a controlling interest or significant influence, entities with common ownership, and other related entities for which a Fund provides investment management services. QuadReal is an independently operated company, owned by BCI, which manages the Mortgage and Real Estate Programs pursuant to an Asset Management Agreement as agreed between BCI and QuadReal. The Funds had the following transactions with related parties during the year.

BCI cost recoveries

Third party costs that are attributable to a specific Fund are charged to that Fund. Other costs initially borne by BCI are recovered from the various Funds on a cost recovery basis. BCI cost recoveries and corresponding payable are disclosed in each Fund's Statement of Comprehensive Income and Statement of Financial Position, respectively.

Investments

Where one Fund invests in another Fund, the unit issuances and redemptions are transacted on a basis equivalent to those in an arm's length transaction.

During the year ended December 31, 2021, the Government Bond Fund purchased \$7.8 billion in investments from Canada Universe Bond Fund, a pooled investment portfolio existing under the Regulations and managed by BCI.

During the year ended December 31, 2021, the Canadian Money Market Fund ST2, CDOR 3 Floating Rate Fund, and CDOR 4 Floating Rate Fund purchased \$272 million, \$590 million, and \$377 million, respectively, in investments from CDOR 1 Floating Rate Fund, a pooled investment portfolio.

The terms of the respective purchases were equivalent to those prevailing in an arm's length transaction, with each Funds' interests represented by different BCI personnel.

Internal financing transactions

During the year ended December 31, 2021, CDOR 2 Floating Rate Fund extended internal fixed term financing linked to the Canadian Dollar Offered Rate (the "Benchmark"), to the below entities managed by BCI which are classified as related parties. These transactions are governed by the BCI's Internal Transaction Directive.

Borrowing entity	Financing commitment (CAD)	Outstanding amount as at December 31, 2021
Infrastructure & Renewable Resources ¹	Up to \$500 million	\$436 million
QuadReal Global I REIT Investment LP ²	Up to \$500 million	\$300 million
QuadReal Multi Asset Realty ³	\$500 million ⁵	\$500 million
QuadReal Multi Asset Realty ⁴	\$250 million ⁵	\$250 million

Internal transactions between pools are not secured in that specific assets are not pledged by the borrowing pool to secure its obligations; however, the obligations of the borrowing pools are supported by assurances from BCI's Strategic Asset Allocation Department that client assets will be reallocated to the borrowing pool as necessary to ensure satisfaction of payment obligations at the end of the financing term.

¹ The Entity is Bolsena Public Fund and certain client segregated accounts within the Infrastructure & Renewable Resources program. The Facility earns a floating rate return that is linked to the Benchmark plus 0.2%. On January 4, 2022, the Facility was repaid in full.

² The Entity is QuadReal Global I REIT Investment LP, a limited partnership primarily held by a pooled investment portfolio within the Real Estate program. The Facility earns a floating rate return that is linked to the Benchmark plus a set percentage based on loan-to-value of securities held within QuadReal Global I REIT Investment LP ranging from 0.25 – 0.5%. The Facility matures in August 2022.

³ The Entity is QuadReal Multi Asset Realty, a pooled fund managed by QuadReal. The Facility earns a floating rate return that is linked to the Benchmark plus 0.625%. The Facility matures in November 2022.

⁴ The Entity is QuadReal Multi Asset Realty, a pooled fund managed by QuadReal. The Facility earns a floating rate return that is linked to the Benchmark plus 1.075%. The Facility matures in December 2023.

⁵ To ensure client fairness and reflect savings from the scale of BCI's impact on lowering financing, a savings sharing mechanism ("SSM") was introduced, whereby 50% of returns earned by the Facility are distributed directly to participating BCI clients. The SSM will be distributed directly to clients by way of interest rate swaps entered into by CDOR 2 Floating Rate Fund and the respective client segregated accounts with a total notional value of \$750 million which matures on the same day as the respective internal financing transactions.

Receivables and payables under repurchase agreements

The Leveraged Bond Fund, the Canadian Money Market Fund ST1, and the Canadian Money Market Fund ST2, which are Funds managed by BCI and thus related parties, entered into repurchase and reverse repurchase agreements during 2020, where the Leveraged Bond Fund agreed to sell securities to the Canadian Money Market Fund ST1 and Canadian Money Market Fund ST2 with simultaneous agreements to repurchase such securities at a specified price and date. The cumulative value of the repurchase and reverse repurchase agreements between the Leveraged Bond Fund and Canadian Money Market Fund ST1 and the Leveraged Bond Fund and Canadian Money Market Fund ST2 during 2021 was \$nil (2020 - \$15.7 billion and \$2.1 billion, respectively), none of which was outstanding as at December 31, 2021 (2020 - none).

The terms of the repurchase and reverse repurchase agreements were equivalent to those prevailing in an arm's length transaction, with each Funds' interests represented by different BCI personnel.

5. REDEEMABLE UNITS

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

	CANADIAN MONEY MARKET FUND ST1		CANADIAN MONEY MARKET FUND ST2		U.S. DOLLAR MONEY MARKET FUND ST3	
	2021	2020	2021	2020	2021	2020
Outstanding, beginning of period	485.915	288.023	895.487	887.296	339.560	237.179
Issued for cash	11,688.392	13,393.955	2,171.898	2,934.907	10,708.336	6,779.193
Issued on reinvestment of distributions	1.203	2.191	2.252	8.563	0.438	1.616
Consolidation of units	(1.203)	(2.191)	(2.252)	(8.563)	(0.438)	(1.616)
Redeemed	(11,768.937)	(13,196.063)	(2,082.642)	(2,926.716)	(9,771.559)	(6,676.812)
Outstanding, end of period	405.370	485.915	984.743	895.487	1,276.337	339.560

	CDOR 1 FLOATING RATE FUND		CDOR 2 FLOATING RATE FUND		CDOR 3 FLOATING RATE FUND	
	2021	2020	2021	2020	2021	2020
Outstanding, beginning of period	13,635.495	19,556.024	1,586.960	2,299.507	3,903.478	5,530.254
Issued for cash	22,160.988	14,493.078	9,253.602	2,990.989	4,409.807	1,779.150
Issued on reinvestment of distributions	247.153	321.266	199.073	26.435	60.345	69.905
Consolidation of units	(247.153)	(321.266)	(199.073)	(26.435)	(60.345)	(69.905)
Redeemed	(22,647.053)	(20,413.607)	(5,559.372)	(3,703.536)	(2,255.635)	(3,405.926)
Outstanding, end of period	13,149.430	13,635.495	5,281.190	1,586.960	6,057.650	3,903.478

	CDOR 4 FLOATING RATE FUND		SHORT TERM BOND FUND		CANADIAN UNIVERSE BOND FUND	
	2021	2020	2021	2020	2021	2020
Outstanding, beginning of period	302.175	58.148	342.744	741.096	9,815.212	9,794.239
Issued for cash	1,170.000	891.209	0.020	1.179	1,196.867	2,402.917
Issued on reinvestment of distributions	1.612	2.255	3.504	18.658	174.457	528.784
Consolidation of units	(1.612)	(2.255)	(3.504)	(18.658)	(174.457)	(528.784)
Redeemed	(910.254)	(647.182)	(9.323)	(399.531)	(5,160.449)	(2,381.944)
Outstanding, end of period	561.921	302.175	333.441	342.744	5,851.630	9,815.212

	CORPORATE BOND FUND		LEVERAGED BOND FUND		GOVERNMENT BOND FUND	
	2021	2020	2021	2020	2021	2020
Outstanding, beginning of period	5,803.828	4,116.489	349.135	290.835	—	—
Issued for cash	3,992.682	2,045.002	1,360.599	294.308	12,508.975	—
Issued on reinvestment of distributions	518.071	352.181	57.480	148.137	—	—
Consolidation of units	(518.071)	(352.181)	(57.480)	(148.137)	—	—
Redeemed	(137.460)	(357.663)	(306.484)	(236.008)	(166.835)	—
Outstanding, end of period	9,659.050	5,803.828	1,403.250	349.135	12,342.140	—

6. FINANCIAL RISK MANAGEMENT

(a) Risk management framework

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

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

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds, resulting in a financial loss to the Funds. It arises principally from debt securities held, and also from derivative financial assets, receivables from reverse repurchase agreements, cash and other receivables due to the Fund. The carrying value of these financial instruments as recorded in the Statement of Financial Position reflects the Funds' maximum exposure to credit risk.

BCI management monitors credit risk through an internal credit manager program detailing the credit rating of all credit-sensitive financial securities held in money market and bond pooled funds. Credit risk monitoring entails an evaluation of the credit quality of each issuer and counterparty that transacts with the Funds. To perform this evaluation, BCI management relies on ratings from three recognized credit rating agencies for very short term exposure to counterparties such as brokers. For direct holdings of issuer debt in the long and short term Funds, BCI conducts its own independent credit reviews. Credit reviews are monitored on a quarterly basis through an established credit committee.

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

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

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

For repurchase and reverse repurchase agreements, BCI requires the use of the Global Master Repurchase Agreement (GMRA) with all counterparties, which provides a contractual framework for transacting repurchase agreements. These transactions are conducted under terms that are usual and customary to repurchase transactions. Collateral requirements are in place to mitigate counterparty risk for repurchase

agreements. Eligible collateral is limited to full-recourse high-quality government bonds. The Funds and counterparties are authorized to sell, re-pledge, or otherwise use collateral held.

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

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

(c) Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset. BCI's approach to managing liquidity risk is to ensure, as far as possible, that each Fund has sufficient liquidity to meet its liabilities when due. Each Fund is exposed to the liquidity risk associated with the requirement to redeem units. Units of a Fund may only be acquired by eligible clients or client groups in accordance with the respective Fund's purchasing limits that may be established by the CIO. In order to protect the interest of all clients, the CIO may also establish redemption limits for each Fund. The purchase and redemption limits may vary depending on market circumstances, client demand, and the liquidity of the underlying investments.

The Funds' cash position is monitored on a daily basis. In general, investments in cash and BCI Money Market Funds are expected to be highly liquid. BCI management utilizes appropriate measures and controls to monitor liquidity risk in order to ensure that there is sufficient liquidity to meet financial obligations as they come due. The Funds' liquidity position is monitored daily by taking into consideration future forecasted cash flows. This helps to ensure that sufficient cash reserves are available to meet forecasted cash outflows.

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

(d) Market risk

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

(i) Interest rate risk

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

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

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

A fundamental reform of major interest rate benchmarks has been taking place globally. The reform aimed to replace some interbank offered rates ("IBORs") with Risk-Free Rates ("RFRs") for certain products (referred to as "IBOR reform"). The Funds' exposure to IBOR reform is through its investments in bonds that are being replaced or reformed as part of this market-wide initiative.

The main risks to which the Fund has been exposed as a result of IBOR reform are operational resulting from, for example, communicating with counterparties, amending contracts or existing fallback clauses, updating systems and processes that use IBOR curves and the revision of operational controls related to the reform. Financial risk is predominantly limited to interest rate risk.

BCI established a working group which includes stakeholders from key impacted departments to monitor and manage the Funds' transition to RFRs. The RRR working group evaluates the extent to which operational systems are impacted by the IBOR reform, updates and guidance on the transition to relevant stakeholders, and promoting awareness of changes to relevant stakeholders.

As at December 31, 2021, the IBOR reform in respect of currencies to which the Funds have exposure to has been completed. The Funds were not significantly impacted by the IBOR reform.

(ii) Currency risk

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

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

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

(iii) Other price risk

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

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

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

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

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

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

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

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

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

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

(b) Valuation models

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

The Funds use widely recognized valuation methods for determining the fair value of common and more simple financial instruments such as foreign currency contracts and money market instruments that use only observable market data which requires little management judgment and estimation. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exists and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other factors used in estimating discount rates, money market prices, and foreign currency exchange rates in estimating valuations of foreign currency contracts.

Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(c) Valuation framework

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

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

(d) Financial instruments not measured at fair value

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

8. TAXES

Net cumulative capital losses and non-capital losses for the Funds with tax losses are as follows as of December 31, 2021:

Pooled Investment Portfolios	Net Capital Losses	Non Capital Losses
CDOR 1 Floating Rate Fund	157,463	—
CDOR 2 Floating Rate Fund	280,640	—
CDOR 3 Floating Rate Fund	21,982	—
Leveraged Bond Fund	250,285	—

Net capital losses are available to be carried forward indefinitely and applied against future net realized capital gains. Non-capital losses may be carried forward up to 20 years to reduce future taxable income.

9. SECURITIES SUBJECT TO LENDING ARRANGEMENTS

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

Pooled Investment Portfolios	Fair Value of Securities on Loan		Percentage of securities on loan	
	2021	2020	2021	2020
Canadian Money Market Fund ST2	\$ —	\$ 20,668	— %	3.3 %
CDOR 1 Floating Rate Fund	5,334,978	5,169,506	53.3	40.0
CDOR 2 Floating Rate Fund	550,198	397,328	12.8	24.0
CDOR 3 Floating Rate Fund	2,723,223	1,385,003	56.6	36.7
CDOR 4 Floating Rate Fund	19,996	—	3.7	—
Short Term Bond Fund	457,378	465,563	49.1	48.2
Canadian Universe Bond Fund	3,426,057	2,149,651	28.4	10.4
Corporate Bond Fund	1,383,418	372,641	10.9	5.2
Government Bond Fund	4,712,954	—	39.1	—

10. RECIPROCAL TAX AGREEMENT (“RTA”) RECOVERY

On March 10, 2021, the BC Ministry of Finance and the Department of Finance Canada agreed to amend Schedule A of the RTA to more explicitly acknowledge the Funds’ entitlement to a rebate of the amounts paid in lieu of the goods and services tax (“GST”) under the RTA between the B.C. and Federal governments. Furthermore, Finance Canada has confirmed that prior year GST assessments will be vacated by the Canada Revenue Agency and no further GST assessments will be issued against BCI for past filing periods in respect of costs recovered from the Funds.

Therefore, the RTA accrued liability, which represented a liability from the years ended December 31, 2017 to December 31, 2020, with no offsetting receivable in respect of a rebate, was reversed and the resulting recovery was recorded in other income. This recovery represents a non-recurring income for the year ended December 31, 2021.

The RTA recovery for the Fund with tax losses is as follows:

Pooled Investment Portfolios	RTA recovery
Canadian Money Market Fund ST1	\$ 853
Canadian Money Market Fund ST2	1,375
U.S. Dollar Money Market Fund ST3 (\$U.S)	134
CDOR 1 Floating Rate Fund	260
CDOR 2 Floating Rate Fund	2
CDOR 3 Floating Rate Fund	40
CDOR 4 Floating Rate Fund	1
Short Term Bond Fund	940
Canadian Universe Bond Fund	8,458
Corporate Bond Fund	2,130
Leveraged Bond Fund	356
Government Bond Fund	106

11. UNCERTAINTIES RELATED TO COVID-19

On March 11, 2020, the outbreak of the novel strain of the coronavirus (“COVID-19”) outbreak was declared a pandemic by the World Health Organization (“WHO”) prompting many national, regional, and local governments to implement preventative or protective measures. As a result, COVID-19 and the related restrictive measures have had a significant financial and market impact including significant volatility in equity prices, interest rates, bond yields, and foreign exchange rates. BCI continues to monitor its operations, liquidity and capital resources and is actively working to minimize the current and future impact of COVID-19. The duration and impact of COVID-19 is unknown at this time; as such, it is not reasonably possible to evaluate the impact of the pandemic on the Funds in future periods.

12. SUBSEQUENT EVENT

In February 2022, events concerning Russia and Ukraine have resulted in sanctions being levied against Russian interests by numerous countries. As a result of this ongoing situation, the price and liquidity of securities of issuers connected to Russia have declined significantly resulting in commensurate declines in the net asset value of the Funds. The duration and extent of the impact of this situation, including on the Funds’ performance, remain unclear at this time.



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