

Fiscal 2021 Performance

MAY 20, 2021

CPP  Investments



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Record Performance in Fiscal 2021

20.4%

Net Return
(net nominal)

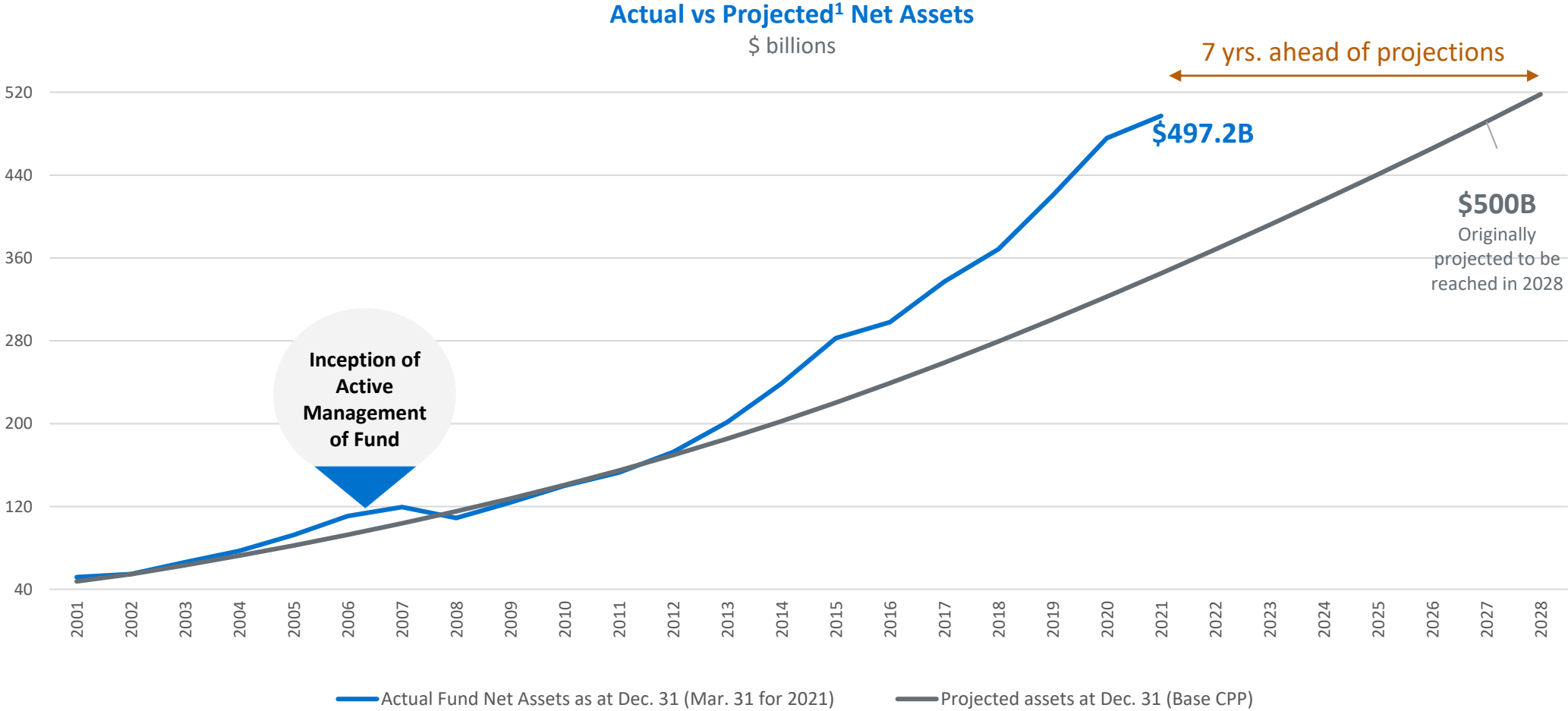
\$83.9B

Net Income

\$497.2B

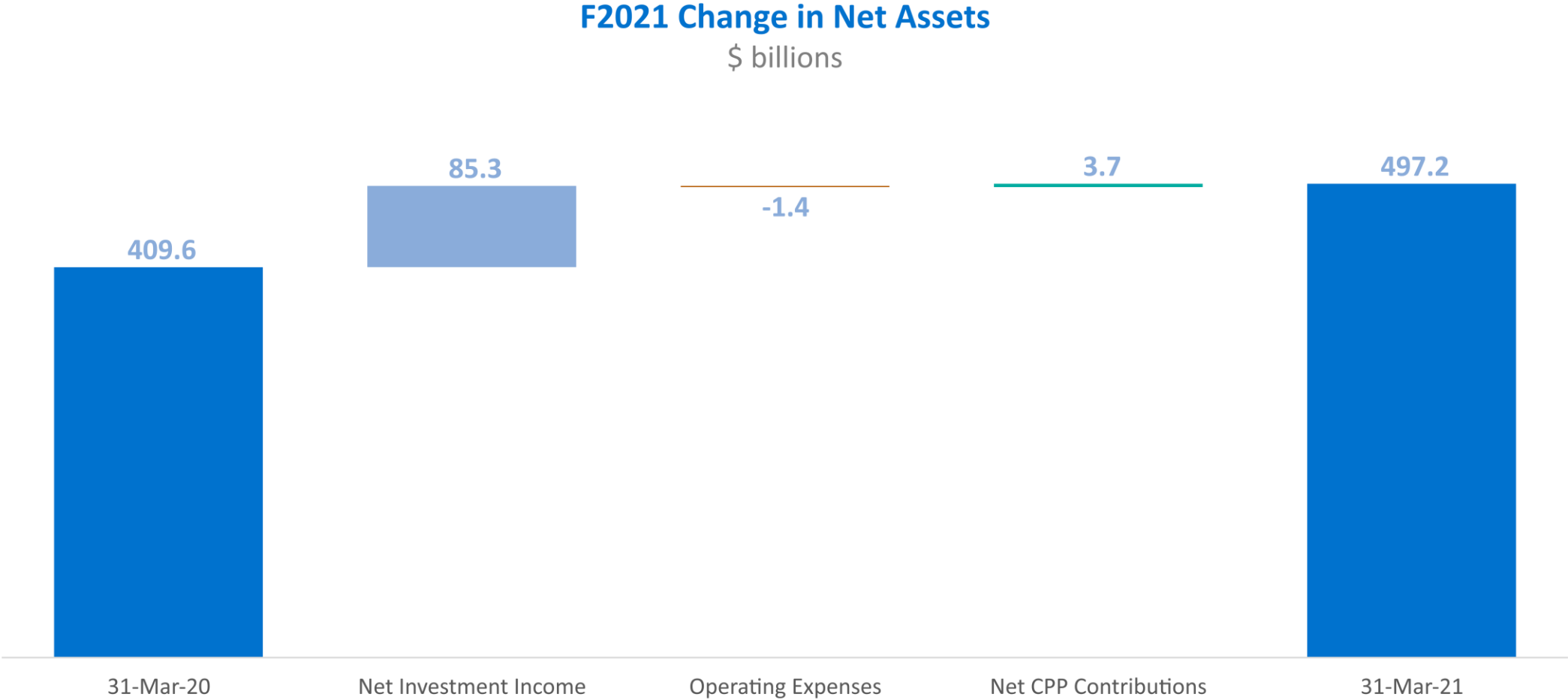
Fund Assets
at Mar. 31, 2021

Reaching \$500B in Net Assets Years Ahead of Projections



¹ Source: [18th Actuarial Report on the Canada Pension Plan, As at December 31, 2000](#), Table 12 - Financial Status

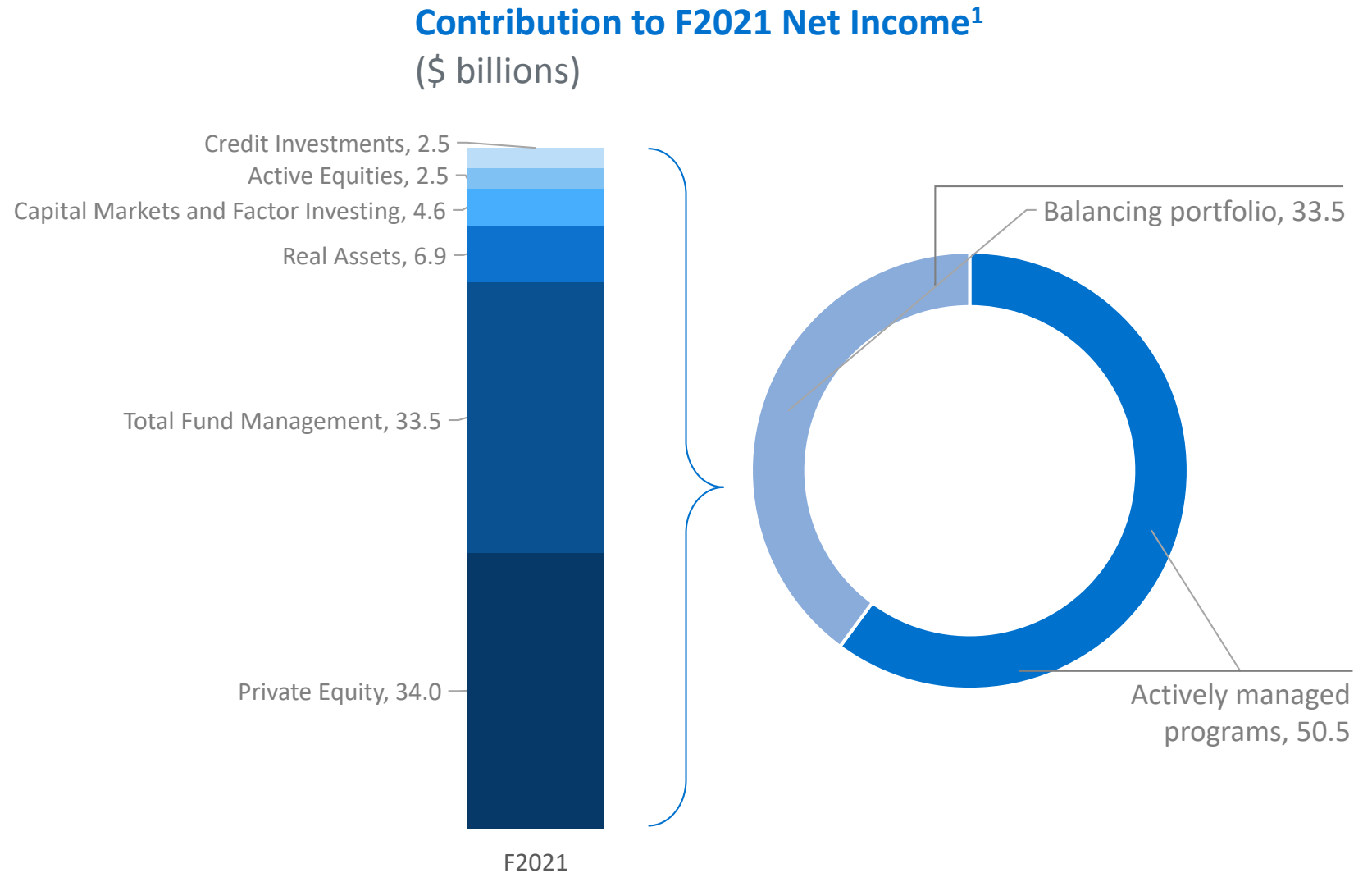
Investment Performance Drove F21 Fund Growth



Contribution Came From All Investment Departments

Strong investment performance offset foreign currency losses due to declining U.S. dollar

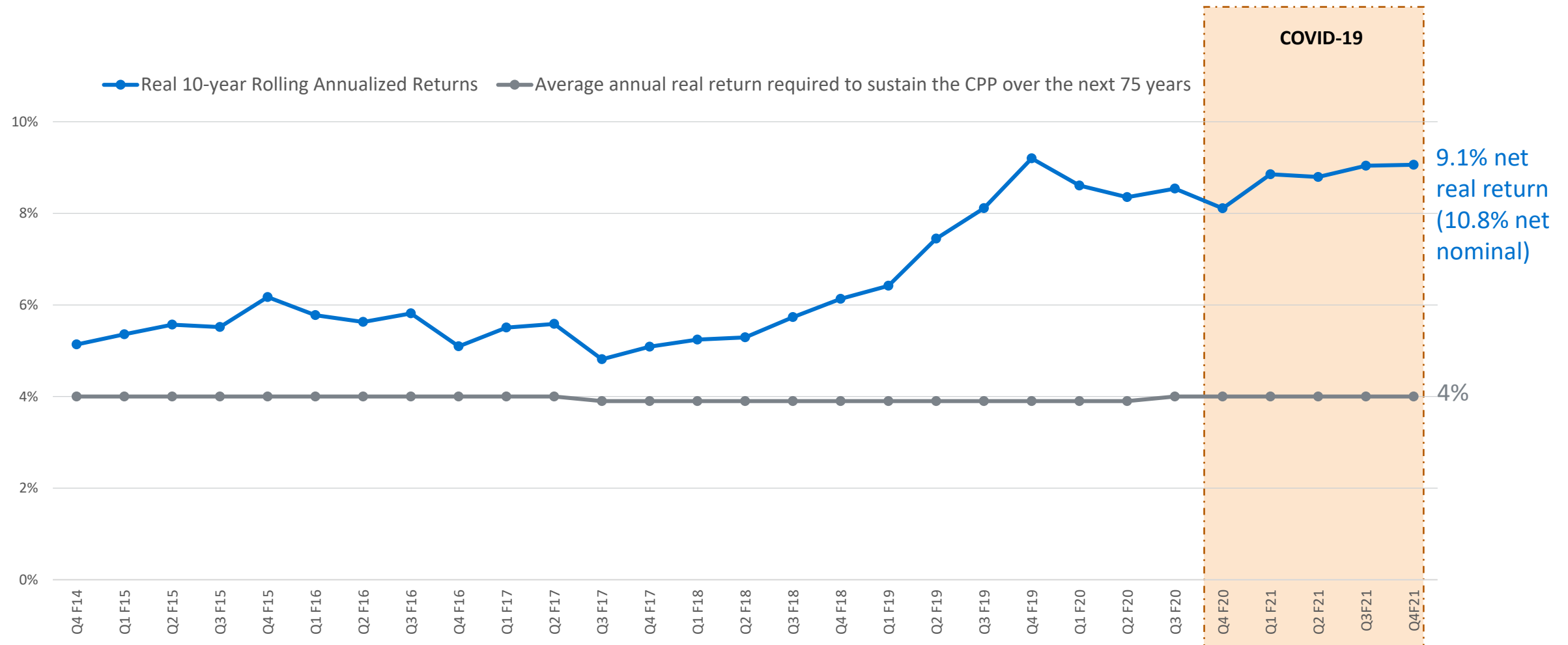
- Private Equity delivered 36.3% net return
- Total Fund Management delivered 18.5%



¹ Figures do not add to \$83.9B due to rounding

Strategy Mitigated Market Volatility During COVID-19

Fund is designed to capture global growth while demonstrating resilience during periods of market uncertainty



Continued Long Term Outperformance

11.0%

5-Year
Net Return
(net nominal)

10.8%

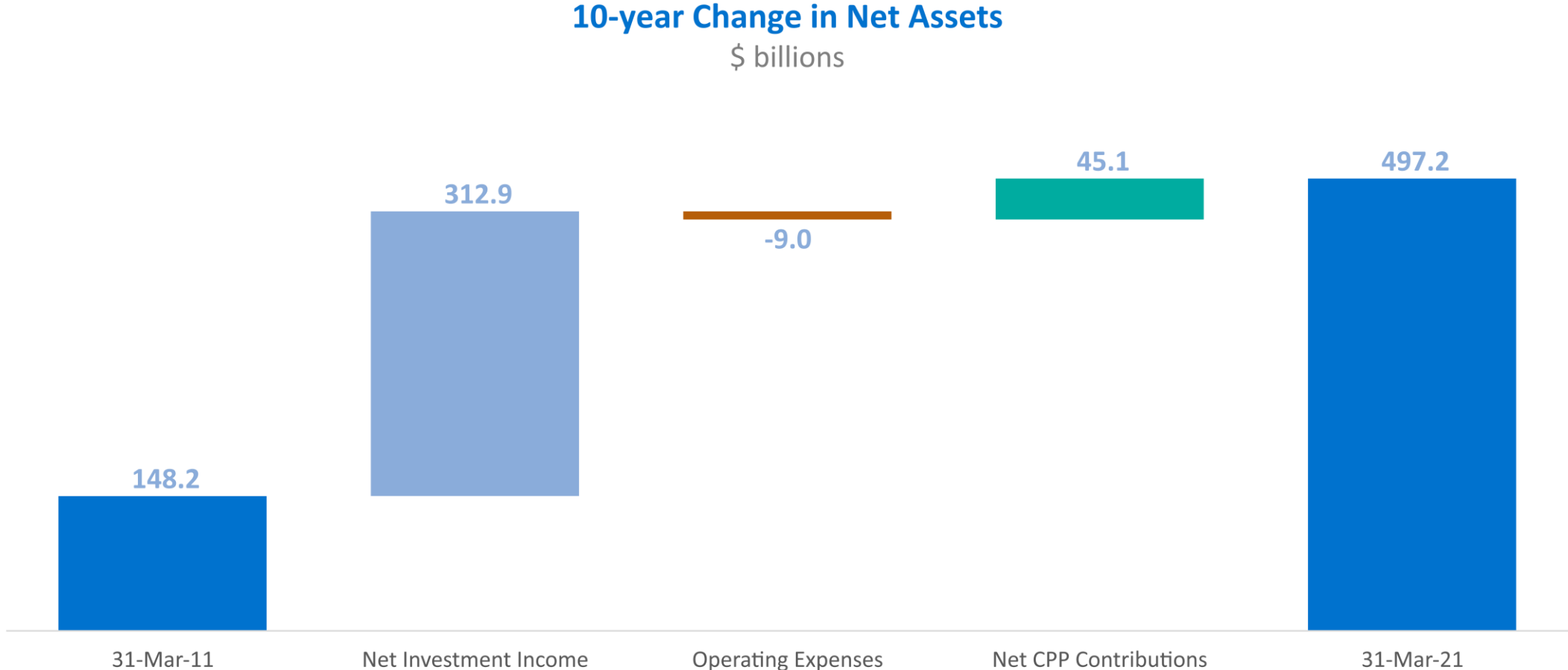
10-Year
Net Return
(net nominal)

\$28.4B

Dollar Value Added
since F2007 inception of active
management vs passive
benchmark reference portfolio

Diversification drives higher growth and less volatility than broader market

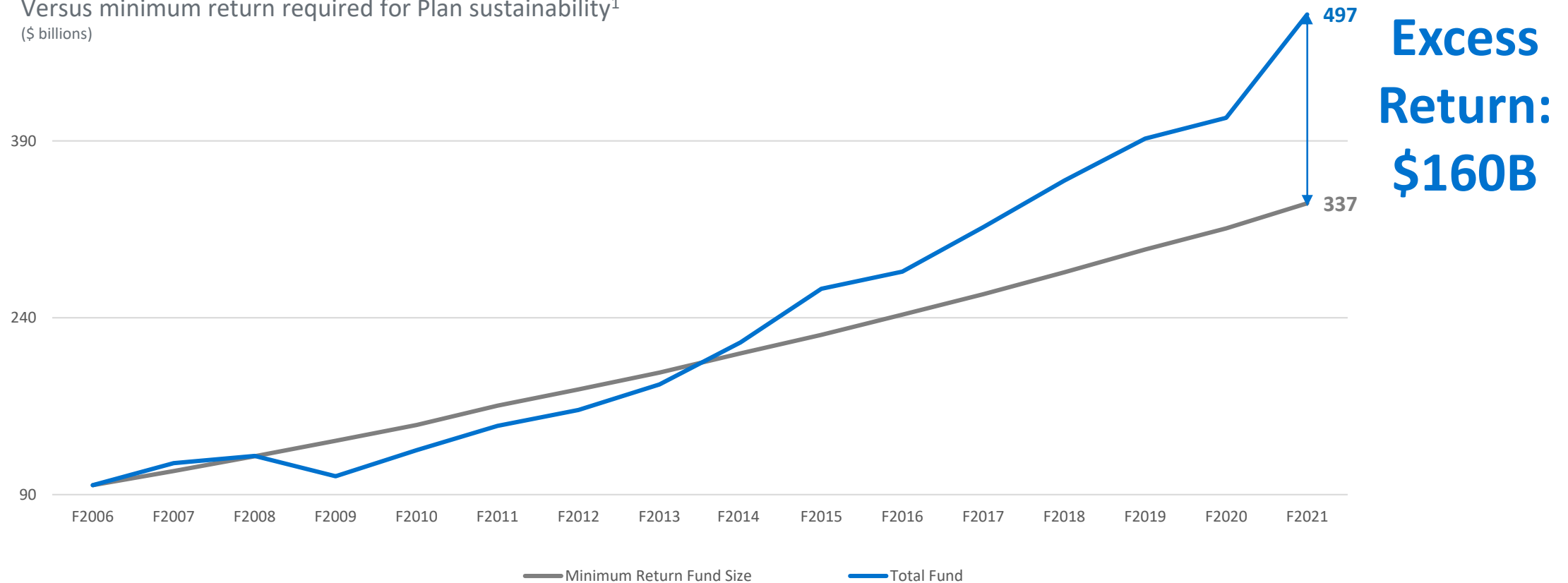
Fund Has Grown at Average 14% Annually Over Past Decade



Active Fund Management Driving Excess Return...

Excess Return since inception of Active Management

Versus minimum return required for Plan sustainability¹
(\$ billions)

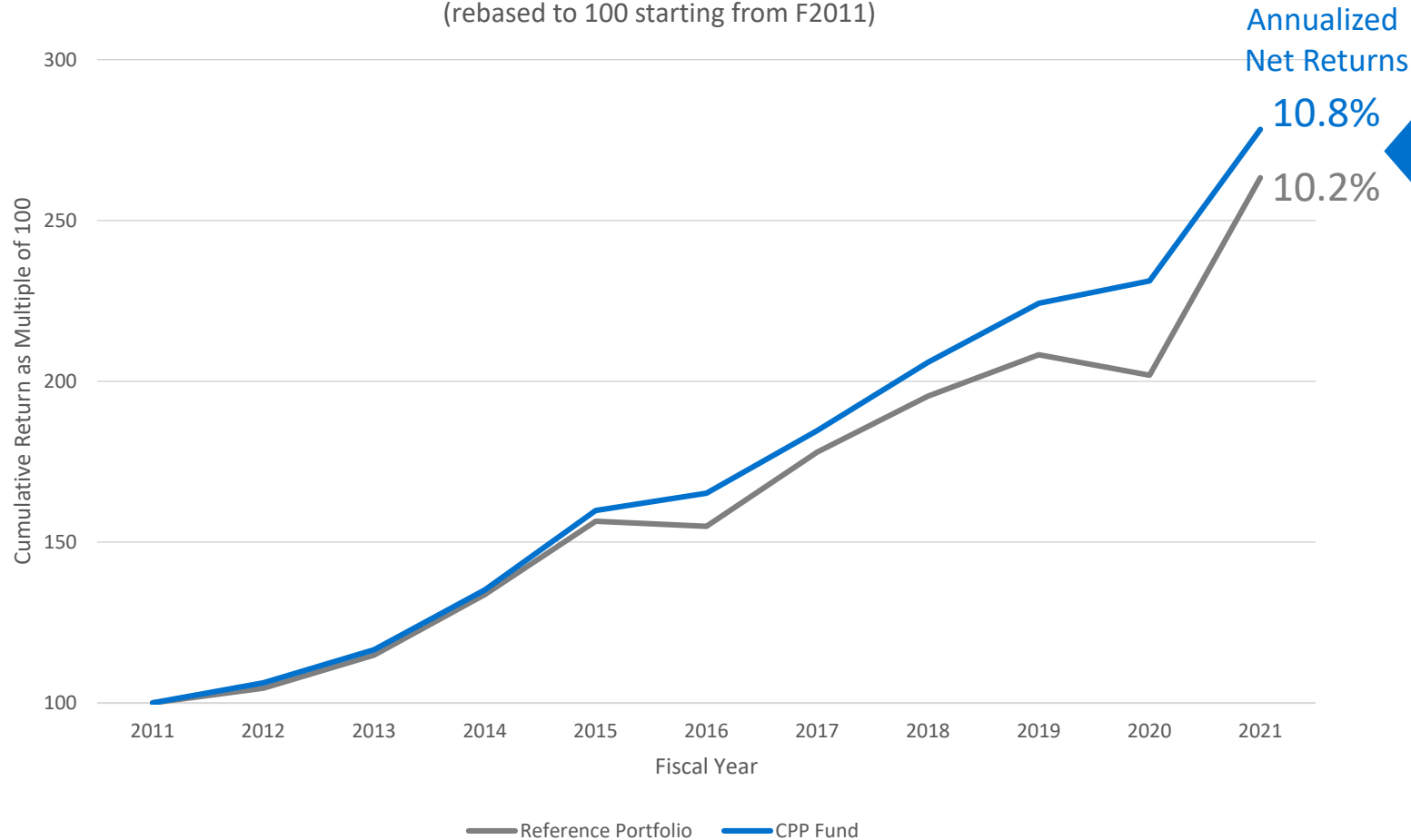


¹ CPP Investments' calculation of the minimum required rate of return is derived using triennial Actuarial Report long-term return assumptions and the minimum contribution rate's sensitivity to investment returns. This measure is not equivalent to dollar value-added.

...and Outperformance vs Benchmark

Cumulative 10-year Return of CPP Fund vs Reference Portfolio¹

(rebased to 100 starting from F2011)



10-yr Dollar Value Added

\$27.8B

vs passive benchmark reference portfolio

¹ Aggregated Reference Portfolios

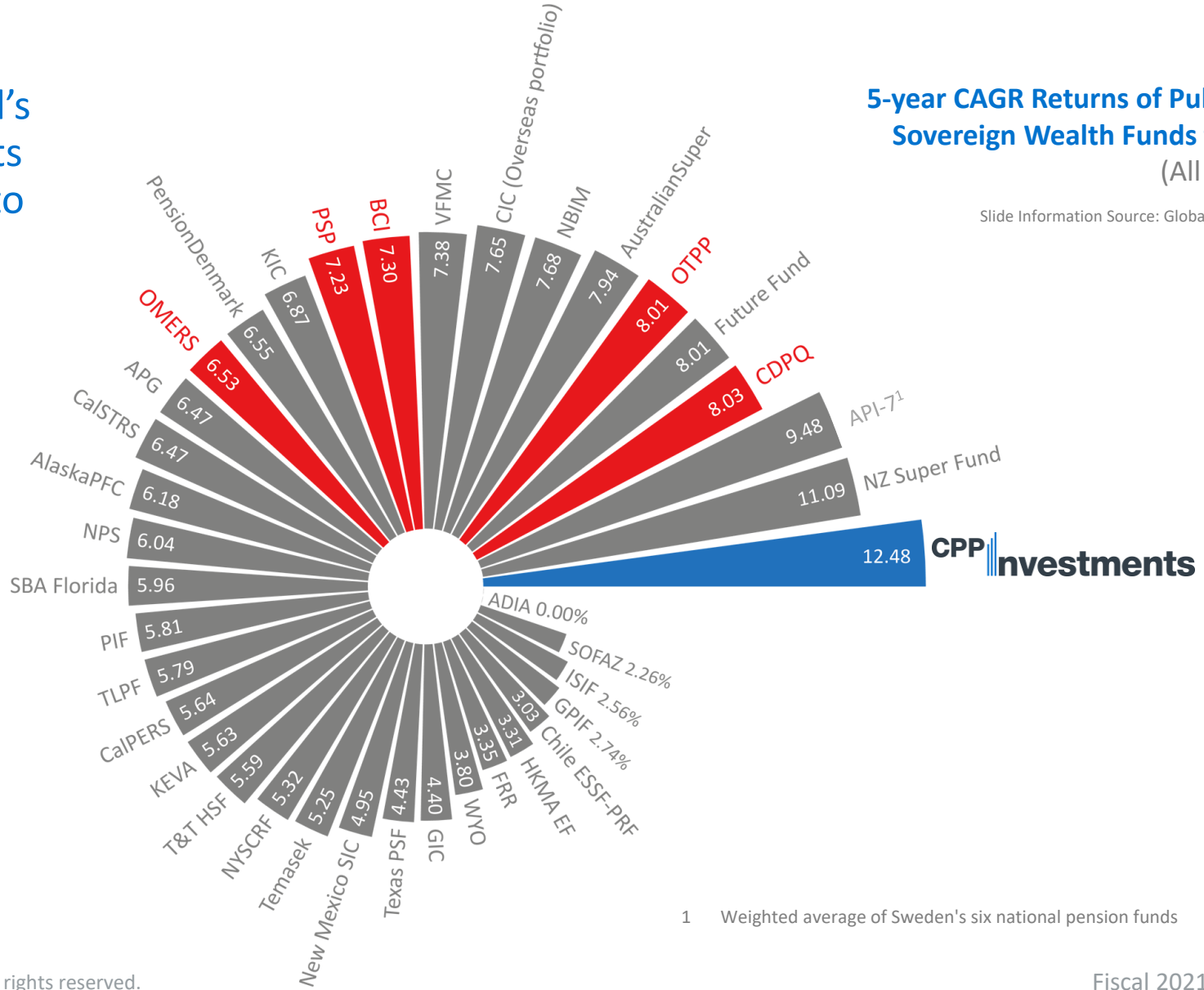
External Recognition as Top Global Pension Fund

‘[Canada] has only the world’s ninth largest economy, but its pension system has proven to be one of the, if not the, most advanced.’

– Global SWF 2021 Annual Report



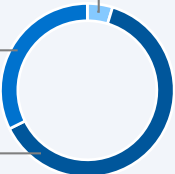
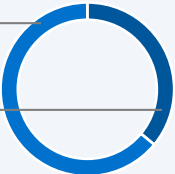
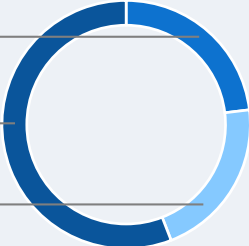
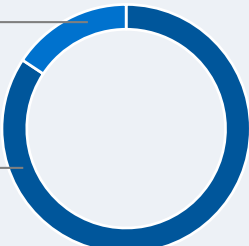
5-year CAGR Returns of Public Pension and Sovereign Wealth Funds to Dec. 31, 2019
(All figures are in %)

Slide Information Source: Global SWF <https://globalswf.com>



1 Weighted average of Sweden's six national pension funds

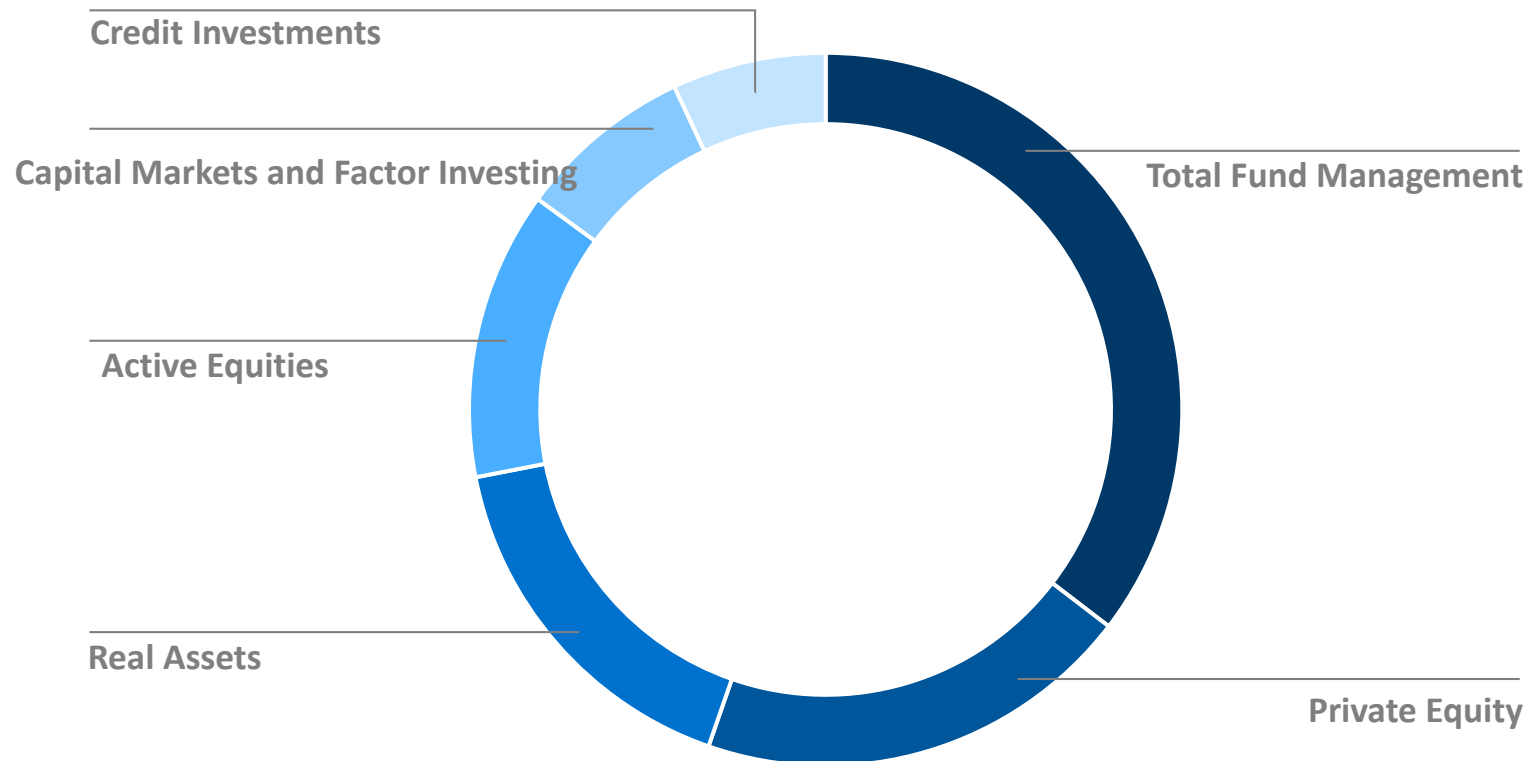
As Assets Scale, Investment Strategies Have Evolved...

	1999	2006	2021
Investment Strategies	1	6	23
Assets	\$36.5B	\$98.0B	\$497.2B
	<p>Government Bonds 100%</p>  <p>Canada 100%</p> 	<p>Real Assets 4.7%</p> <p>Fixed Income 32.3%</p> <p>Equities 63.0%</p>  <p>Canada 64%</p> <p>Global 36%</p> 	<p>Fixed Income 23.1%</p> <p>Equities 55.9%</p> <p>Real Assets 21.0%</p>  <p>Canada 15.7%</p> <p>Global 84.3%</p> 

...and Diversified Across Investment Departments

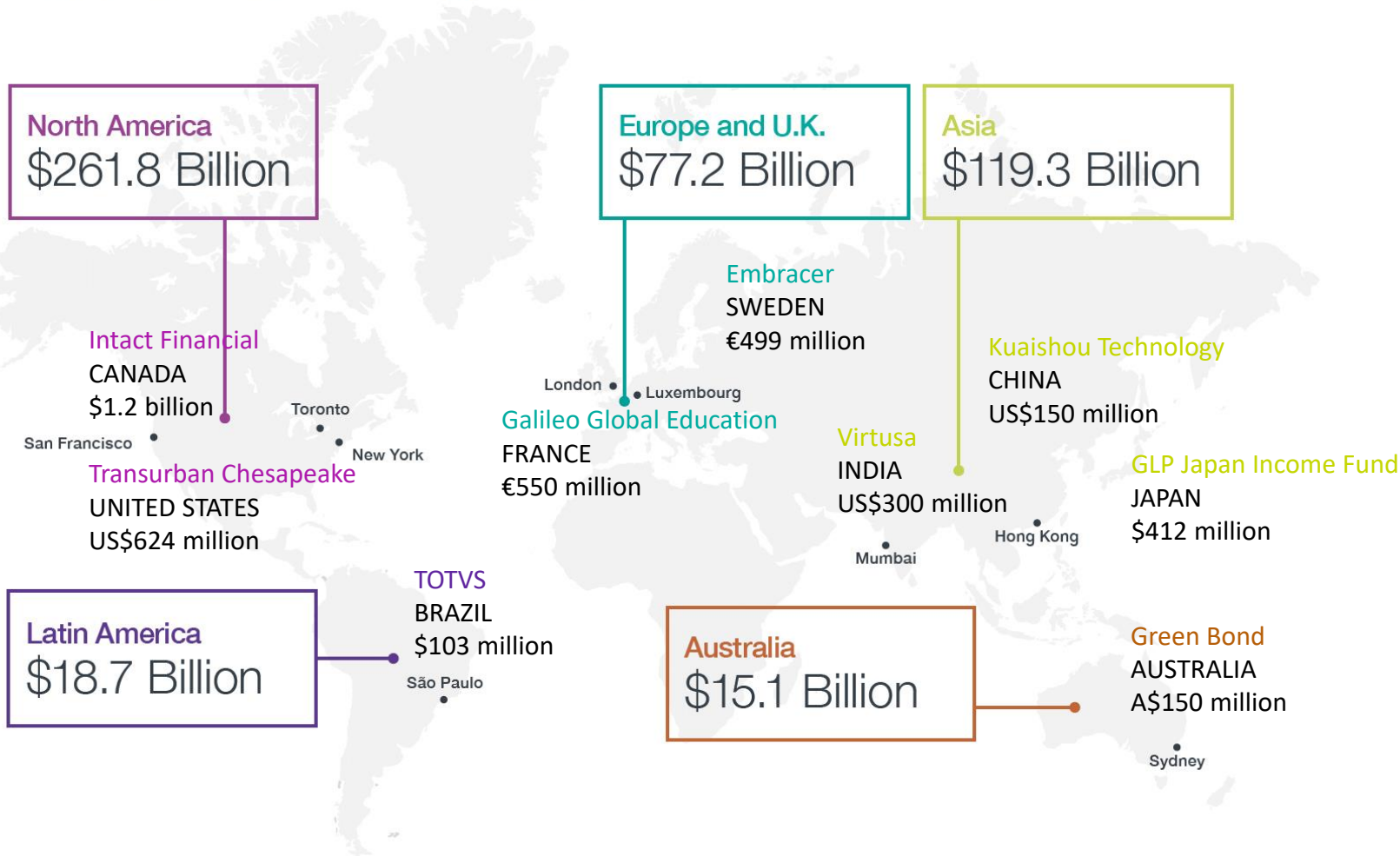
Assets Under Management by Investment Department

(at Mar. 31, 2021)



Investment Opportunities Sought Globally

Regional investment highlights



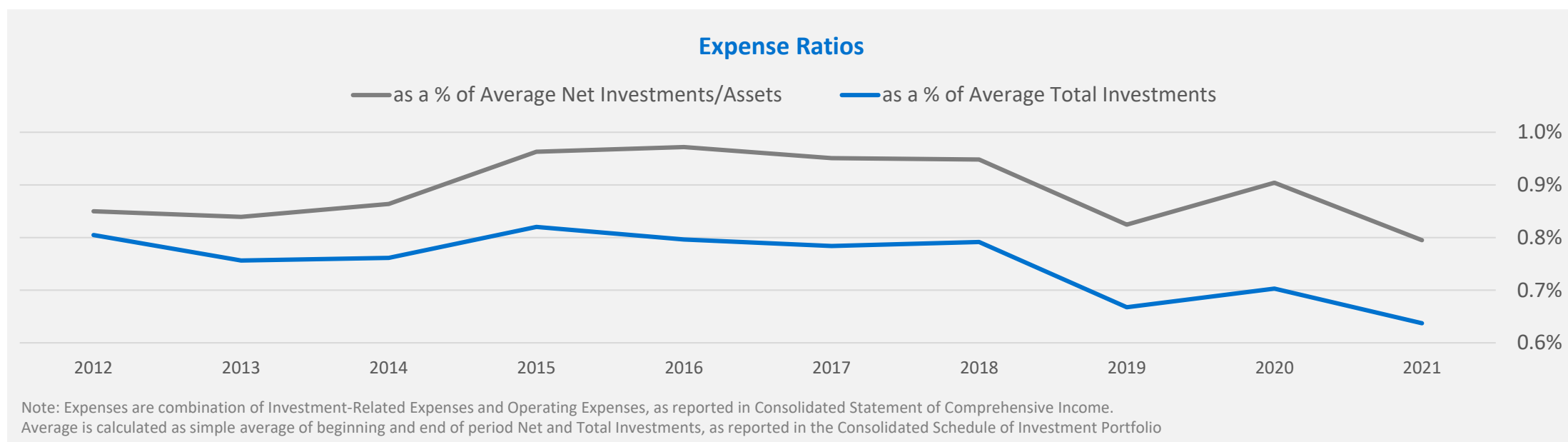
Investment Department and Strategy	Recent Highlights
Active Equities: Relationship Investments	Premium Brands, Canada Two follow-on investments for \$92M
Private Equity: Direct Private Equity	GlobalLogic Worldwide Holdings, U.S. Agreed to sell 45% ownership for US\$3.8 billion in net proceeds
Real Assets: Infrastructure	Igua Saneamento, Brazil Agreed to acquire 45% stake for \$270 million
Real Assets: Power & Renewables	Renewable Power Capital, Europe and U.K. >€245 million committed to new renewable energy platform
Credit Investments: APAC Credit	Baring Private Equity Asia's India Credit Fund III, India Up to US\$250 million commitment

Prudent Cost Management Contributing to Higher Profits

<i>C\$ billions</i>	2021	2020	5-year	10-year
Investment Income	87.5	15.7	214.6	329.7
Investment-related expenses	2.2	2.4	10.5	16.8
Net investment income	85.4	13.4	204.1	312.9
Operating expenses	1.4	1.3	5.9	9.0
Net income	83.9	12.1	198.2	303.9

- Low investment management ratio while continuing to enhance and incentivize exceptional fund performance

- Maintaining low OpEx Ratio while investing in top-tier talent and technology investments globally



Sustainable Investing Critical Part of Strategy

Our Sustainable Investing Policy:

- Recognizes the significance of environmental, social and governance (ESG) factors as drivers of longer-term risks or opportunities for the sustainability of corporate profitability and shareholder value
- Emphasizes integration of ESG factors throughout our investment analysis and asset management activities
- Sets principles for our active ownership and engagement of companies to influence productive change, and pre-disclosed voting of shareholdings

Focus of our Sustainable Investing	
 Environmental	1. Climate Change 2. Water
 Social	3. Human Rights
 Governance	4. Executive Compensation 5. Board Effectiveness

Climate Change Impact Assessed in Investments

Our climate change approach

- Climate change is a significant physical, social, technological and economic challenge
- Assessment of climate change impacts is embedded in our investment processes and operations:
 - Tools to assess economic damages associated with different Energy Transition and Climate Change (ETCC) paths
 - Measures to identify and quantify the climate risks the Fund faces including Carbon Footprint and Climate Value-at-Risk
 - Framework to select securities requiring consideration of financial impacts of both high-physical and high-transition scenarios where climate change impacts are deemed to be material to the investment decision and asset management strategy

“We believe that the most rewarding investment opportunities in the global economy over the coming decades will be found among businesses that truly understand the risks, opportunities and impacts of climate change.”

- John Graham, President & CEO, CPP Investments

Strong Response to Global Pandemic

 Employee Wellbeing	 Strong Risk Management	 Strong Liquidity	 Daily Management of Individual Portfolios	 Organizational Resiliency	 Maintain Public Confidence
Physical and mental health of our employees is a top priority	Enabled maintenance of target risk levels	Large global public market holdings across fixed income and equities	Minimizing losses from existing positions and assessing portfolio companies	Crisis management protocols activated to protect financial stability	Added public outreach, public meetings and greater, continuous disclosure

Continued Execution Against 2025 Operational Strategy

Multi-Year Priorities



Scaled investment programs and increased global presence



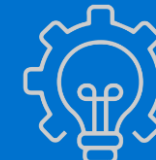
Enhanced alpha-generating capabilities



Advanced technology infrastructure and data analysis



World-class risk management and governance



Culture of innovation, ambition, agility and inclusiveness

F2021 Achievements

- Expanded employee base outside Canada by 8% to 486 people
- Grew Emerging Markets investments to \$104B

- Bolstered data capture and usage of data science skill sets in investment teams
- Increased machine-learning forecasting capabilities

- Continued building new end-to-end public markets technology platform
- Operationalized Enterprise Data Fabric, strategic ecosystem of data to support business needs

- Enhanced new framework and policy for risk governance of portfolio design
- Established new risk limits framework spanning all investment departments
- Updated internal mechanisms to inform decision-making during a financial crisis

- Introduced cross-functional team initiatives to achieve ambitious goals in a 90-day sprint and serve as incubators for experimentation

Fund Performing As Designed

Investments strategy ensuring long-term Fund sustainability through:

- ✓ **Long-term outperformance**
- ✓ **Risk mitigation**
- ✓ **Prudent cost management**
- ✓ **Competitive global brand**

CPP ||| **Investments**