



DECEMBER 2023

# Fixed Income Pooled Fund Financial Statements

BCI AUDIT COMMITTEE | April 10, 2024

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**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION**

**FIXED INCOME - POOLED INVESTMENT PORTFOLIOS**

**GROUP OF FUNDS**

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Canadian Money Market Fund ST1  
Canadian Money Market Fund ST2  
U.S. Dollar Money Market Fund ST3  
U.S. Dollar Money Market Fund ST4  
CDOR 1 Floating Rate Fund  
CDOR 2 Floating Rate Fund  
CDOR 3 Floating Rate Fund  
CDOR 4 Floating Rate Fund  
CORRA 1 Floating Rate Fund  
CORRA 3 Floating Rate Fund  
Short Term Bond Fund  
Corporate Bond Fund  
The Funding Program (formerly Leveraged Bond Fund)  
Government Bond Fund

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**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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## 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, 2023:

Canadian Money Market Fund ST1	CDOR 4 Floating Rate Fund
Canadian Money Market Fund ST2	CORRA 1 Floating Rate Fund
U.S. Dollar Money Market Fund ST3	CORRA 3 Floating Rate Fund
U.S. Dollar Money Market Fund ST4	Short Term Bond Fund
CDOR 1 Floating Rate Fund	Corporate Bond Fund
CDOR 2 Floating Rate Fund	The Funding Program (formerly 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 IFRS Accounting Standards. The material accounting policy information 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"). 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 System and 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] Rechelle Effendy**

Rechelle Effendy

A/Senior Vice President, Finance & CFO

Victoria, British Columbia  
April 16, 2024



**KPMG LLP**

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Canada  
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## **INDEPENDENT AUDITOR'S REPORT**

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

Canadian Money Market Fund ST1  
Canadian Money Market Fund ST2  
U.S. Dollar Money Market Fund ST3  
U.S. Dollar Money Market Fund ST4  
CDOR 1 Floating Rate Fund  
CDOR 2 Floating Rate Fund  
CDOR 3 Floating Rate Fund  
CDOR 4 Floating Rate Fund  
CORRA 1 Floating Rate Fund  
CORRA 3 Floating Rate Fund  
Short Term Bond Fund  
Corporate Bond Fund  
The Funding Program (formerly 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, 2023
- the statements of comprehensive income (loss) for the year then ended (period from inception on July 26, 2023 to December 31, 2023 only for the CORRA 1 Floating Rate Fund and period from inception on July 21, 2023 to December 31, 2023 only for the CORRA 3 Floating Rate Fund)
- the statements of changes in net assets attributable to holders of redeemable units for the year then ended (period from inception on July 26, 2023 to December 31, 2023 only for the CORRA 1 Floating Rate Fund and period from inception on July 21, 2023 to December 31, 2023 only for the CORRA 3 Floating Rate Fund)
- the statements of cash flows for the year then ended (period from inception on July 26, 2023 to December 31, 2023 only for the CORRA 1 Floating Rate Fund and period from inception on July 21, 2023 to December 31, 2023 only for the CORRA 3 Floating Rate Fund)
- and notes to the financial statements, including a summary of material accounting policy information (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 December 31, 2023, and their financial performance and their cash flows for the year then ended (period from inception on July 26, 2023 to December 31, 2023 only for the CORRA 1 Floating Rate Fund and period from inception on July 21, 2023 to December 31, 2023 only for the CORRA 3 Floating Rate Fund) in accordance with IFRS Accounting Standards.

### ***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 “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s 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 Accounting Standards 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.

### ***Auditor’s 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 auditor’s 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 auditor's 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 auditor's 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Vancouver, Canada  
April 16, 2024

## CANADIAN MONEY MARKET FUND ST1

### Statement of Financial Position

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

As at December 31, 2023, with comparative information for 2022

<b>Assets</b>	<b>NOTES</b>	<b>2023</b>	<b>2022</b>
Interest receivable		\$ 1,607	\$ 2,169
Investments		2,677,576	1,908,845
Total assets		2,679,183	1,911,014
<b>Liabilities</b>			
BCI cost recoveries payable	4	7	6
Other accounts payable		125	132
		132	138
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 2,679,051</b>	<b>\$ 1,910,876</b>
Number of redeemable units outstanding	5	636.226	476.004
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 4,211</b>	<b>\$ 4,014</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## CANADIAN MONEY MARKET FUND ST1

### Statement of Comprehensive Income

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

Revenue	NOTES	2023	2022
Interest income		\$ 121,251	\$ 42,668
Other income		30	8
Change in fair value of investments:			
Net change in unrealized appreciation		5	7
Total revenue		121,286	42,683
<b>Expenses</b>			
BCI cost recoveries	4	82	61
Administrative fees		89	110
Total operating expenses		171	171
Increase in net assets attributable to holders of redeemable units before distributions		121,115	42,512
Distributions to holders of redeemable units		(121,111)	(42,505)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 4</b>	<b>\$ 7</b>

See accompanying Notes to the Financial Statements



**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, 2023, with comparative information for 2022

	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$ 1,910,876	\$ 1,596,948
Increase in net assets attributable to holders of redeemable units	4	7
Redeemable unit transactions:		
Proceeds from units issued	52,376,761	53,240,650
Reinvestment of distributions	121,111	42,505
Amounts paid for units redeemed	(51,729,701)	(52,969,234)
Net increase from redeemable unit transactions	768,171	313,921
<b>Balance, end of year</b>	<b>\$ 2,679,051</b>	<b>\$ 1,910,876</b>

## CANADIAN MONEY MARKET FUND ST1

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
<b>Operating activities</b>		
Increase in net assets attributable to holders of redeemable units	\$ 4	\$ 7
Adjustments for:		
Interest income	(121,251)	(42,668)
Net change in unrealized appreciation of investments	(5)	(7)
Amortization of premiums and discounts	(8,818)	(1,954)
Non cash distributions	121,111	42,505
BCI cost recoveries payable	1	2
Other accounts payable	(7)	2
Interest received	121,813	40,505
Net purchase of investments	(759,908)	(309,808)
	(647,060)	(271,416)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	52,376,761	53,240,650
Payments on redemption of redeemable units	(51,729,701)	(52,969,234)
	647,060	271,416
<b>Cash, beginning and end of year</b>	<b>\$ —</b>	<b>\$ —</b>

## CANADIAN MONEY MARKET FUND ST1

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
<b>Money Market Investments</b>				
Provincial Government	\$ 43,483	\$ 43,488	\$ —	\$ —
Municipal Government	149,768	149,785	107,803	107,811
Corporate	13,977	13,978	42,912	42,914
	207,228	207,251	150,715	150,725
<b>Investment Related Receivables</b>				
Securities purchased under reverse repurchase agreements	2,470,348	2,470,331	1,758,130	1,758,131
<b>Total Investments</b>	<b>\$ 2,677,576</b>	<b>\$ 2,677,582</b>	<b>\$ 1,908,845</b>	<b>\$ 1,908,856</b>

## 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, a Canadian provincial government, or a government-owned and AAA rated Canadian public sector asset manager;
- 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 7 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.

MONEY MARKET INVESTMENTS BY CREDIT RATING	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 207,228	100.0 %	\$ 150,715	100.0 %
<b>Total</b>	<b>\$ 207,228</b>	<b>100.0 %</b>	<b>\$ 150,715</b>	<b>100.0 %</b>

### Collateral Pledged and Received

Credit risk relating to 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, the Fund invested in securities purchased under reverse repurchase agreements with the following issuer credit ratings:

REVERSE REPURCHASE INVESTMENTS BY CREDIT RATING	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 1,180,329	47.8 %	\$ 858,302	48.8 %
A	650,002	26.3	599,999	34.1
BBB	640,017	25.9	299,829	17.1
<b>Total</b>	<b>\$ 2,470,348</b>	<b>100.0 %</b>	<b>\$ 1,758,130</b>	<b>100.0 %</b>

## CANADIAN MONEY MARKET FUND ST1

### 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 money market investments with terms to maturity within 45 days (2022 - 45 days), and a weighted average effective yield of 5.0% (2022 - 4.2%).

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 \$268 (2022 - \$382), representing 0.0% of the Fund's net assets (2022 - 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.

## Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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 analyzes 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.

	2023			2022		
	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	\$ —	\$ 207,228	\$ 207,228	\$ —	\$ 150,715	\$ 150,715
Securities purchased under reverse repurchase agreements	—	2,470,348	2,470,348	—	1,758,130	1,758,130
<b>Total</b>	<b>\$ —</b>	<b>\$ 2,677,576</b>	<b>\$ 2,677,576</b>	<b>\$ —</b>	<b>\$ 1,908,845</b>	<b>\$ 1,908,845</b>

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 2023 and 2022 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 number of units)

As at December 31, 2023, with comparative information for 2022

Assets	NOTES	2023	2022
Cash		\$ —	\$ 885
Receivable from issuance of units		117,800	—
Interest receivable		3,125	2,280
Investments		2,534,339	2,514,741
Total assets		2,655,264	2,517,906
<b>Liabilities</b>			
Payable for redemption of units		117,800	—
BCI cost recoveries payable	4	21	16
Other accounts payable		83	103
		117,904	119
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 2,537,360</b>	<b>\$ 2,517,787</b>
Number of redeemable units outstanding	5	556,874	580,319
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 4,556</b>	<b>\$ 4,339</b>

**[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, 2023, with comparative information for 2022

Revenue	NOTES	2023	2022
Interest income		\$ 115,362	\$ 58,462
Other income		35	11
Change in fair value of investments:			
Net realized loss		(739)	(7,872)
Net change in unrealized appreciation		958	(28)
Total revenue		115,616	50,573
<b>Expenses</b>			
BCI cost recoveries	4	246	375
Administrative fees		31	118
Total operating expenses		277	493
Increase in net assets attributable to holders of redeemable units before distributions		115,339	50,080
Distributions to holders of redeemable units		(114,381)	(50,108)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ 958</b>	<b>\$ (28)</b>

See accompanying Notes to the Financial Statements

**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, 2023, with comparative information for 2022

	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$ 2,517,787	\$ 4,193,174
Increase (decrease) in net assets attributable to holders of redeemable units	958	(28)
Redeemable unit transactions:		
Proceeds from units issued	7,059,291	6,367,605
Reinvestment of distributions	114,381	50,108
Amounts paid for units redeemed	(7,155,057)	(8,093,072)
Net increase (decrease) from redeemable unit transactions	18,615	(1,675,359)
<b>Balance, end of year</b>	<b>\$ 2,537,360</b>	<b>\$ 2,517,787</b>

## CANADIAN MONEY MARKET FUND ST2

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
<b>Operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 958	\$ (28)
Adjustments for:		
Interest income	(115,362)	(58,462)
Net realized loss from investments	739	7,872
Net change in unrealized appreciation of investments	(958)	28
Amortization of premiums and discounts	(88,272)	(28,420)
Non cash distributions	114,381	50,108
BCI cost recoveries payable	5	(33)
Other accounts payable	(20)	(47)
Interest received	114,517	59,096
Net sale of investments	68,893	1,696,238
	94,881	1,726,352
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	6,941,491	6,367,605
Payments on redemption of redeemable units	(7,037,257)	(8,093,072)
	(95,766)	(1,725,467)
Net increase (decrease) in cash	(885)	885
Cash, beginning of year	885	—
<b>Cash, end of year</b>	<b>\$ —</b>	<b>\$ 885</b>

## CANADIAN MONEY MARKET FUND ST2

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
<b>Bonds</b>				
Corporate	\$ 230,706	\$ 230,667	\$ 609,951	\$ 609,975
<b>Money Market Investments</b>				
Federal Government	1,188,423	1,188,282	809,858	810,297
Provincial Government	—	—	115,187	115,518
Municipal Government	—	—	37,891	37,892
Corporate	1,031,493	1,031,499	849,252	849,239
	2,219,916	2,219,781	1,812,188	1,812,946
<b>Investment Related Receivables</b>				
Securities purchased under reverse repurchase agreements	83,717	83,716	92,602	92,603
<b>Total Investments</b>	<b>\$ 2,534,339</b>	<b>\$ 2,534,164</b>	<b>\$ 2,514,741</b>	<b>\$ 2,515,524</b>

## 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 return 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 (i.e. securities collateralized by assets), issued in Canadian dollars;
- unrated Canadian dollar denominated corporate paper (i.e., debt issued by credit unions), 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, a Canadian provincial government, or a government-owned and AAA rated Canadian public sector asset manager;
- 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 the market value of the Fund can be one corporation or related companies with the exception that the Fund may hold up to 15 percent of the market value of the Fund in any one Schedule One bank;
- 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;
- providers and issuers of corporate money market investments, and government money market securities not issued or guaranteed by the Government of Canada or a Canadian provincial or municipal government or the Government of the United States, must be rated A-1 or better by Standard & Poor's or have an equivalent rating from another credit rating agency;
- issuers of corporate bonds, and government bonds that are not issued or guaranteed by a Canadian entity or the Government of the United States, must be rated A- or better 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 discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 7 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	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 93,505	3.8 %	\$ 339,171	14.0 %
A	2,347,139	95.8	1,902,994	78.6
BBB	9,978	0.4	29,974	1.2
Not rated	—	0.0	150,000	6.2
<b>Total</b>	<b>\$ 2,450,622</b>	<b>100 %</b>	<b>\$ 2,422,139</b>	<b>100 %</b>

### Collateral Pledged and Received

Credit risk relating to 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, the Fund invested in securities purchased under reverse repurchase agreements with the following issuer credit ratings:

REVERSE REPURCHASE INVESTMENTS BY CREDIT RATING	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 83,717	100.0 %	\$ 92,602	100.0 %
<b>Total</b>	<b>\$ 83,717</b>	<b>100.0 %</b>	<b>\$ 92,602</b>	<b>100.0 %</b>

### 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 5 months (2022 - 11 months), and a weighted average effective yield of 5.2% (2022 - 4.5%).

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 \$5,829 (2022 - \$4,527), representing 0.2% of the Fund's net assets (2022 - 0.2%). 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 8 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 analyzes 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.

	2023			2022		
	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	\$ —	\$ 2,219,916	\$ 2,219,916	\$ —	\$ 1,812,188	\$ 1,812,188
Bonds	—	230,706	230,706	—	609,951	609,951
Securities purchased under reverse repurchase agreements	—	83,717	83,717	—	92,602	92,602
<b>Total</b>	<b>\$ —</b>	<b>\$ 2,534,339</b>	<b>\$ 2,534,339</b>	<b>\$ —</b>	<b>\$ 2,514,741</b>	<b>\$ 2,514,741</b>

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 2023 and 2022 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 number of units)

As at December 31, 2023, with comparative information for 2022

Assets	NOTES	2023	2022
Interest receivable		\$ 969	\$ 585
Investments		2,152,068	2,470,519
Total assets		2,153,037	2,471,104
<b>Liabilities</b>			
BCI cost recoveries payable	4	5	12
Other accounts payable		92	100
		97	112
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 2,152,940</b>	<b>\$ 2,470,992</b>
Number of redeemable units outstanding	5	875.224	1,057.180
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 2,460</b>	<b>\$ 2,337</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## U.S. DOLLAR MONEY MARKET FUND ST3

### Statement of Comprehensive Income

(Expressed in thousands of U.S. dollars)

Year ended December 31, 2023, with comparative information for 2022

Revenue	NOTES	2023	2022
Interest income		\$ 101,246	\$ 30,766
Other income		2	(1)
Foreign exchange gain		4,932	—
Change in fair value of investments:			
Net realized loss		(3,961)	—
Net change in unrealized appreciation		25	13
Total revenue		102,244	30,778
<b>Expenses</b>			
BCI cost recoveries	4	83	140
Administrative fees		56	69
Total operating expenses		139	209
Increase in net assets attributable to holders of redeemable units before distributions		102,105	30,569
Distributions to holders of redeemable units		(101,499)	(30,557)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 606</b>	<b>\$ 12</b>

**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, 2023, with comparative information for 2022

	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$ 2,470,992	\$ 2,934,694
Increase in net assets attributable to holders of redeemable units	606	12
Redeemable unit transactions:		
Proceeds from units issued	24,927,600	23,101,007
Reinvestment of distributions	101,499	30,557
Amounts paid for units redeemed	(25,347,757)	(23,595,278)
Net decrease from redeemable unit transactions	(318,658)	(463,714)
<b>Balance, end of year</b>	<b>\$ 2,152,940</b>	<b>\$ 2,470,992</b>

## U.S. DOLLAR MONEY MARKET FUND ST3

### Statement of Cash Flows

(Expressed in thousands of U.S. dollars)

Year ended December 31, 2023, with comparative information for 2022

Operating activities	2023	2022
Increase in net assets attributable to holders of redeemable units	\$ 606	\$ 12
Adjustments for:		
Foreign exchange gain	(4,932)	—
Interest income	(101,246)	(30,766)
Net realized loss from investments	3,961	—
Net change in unrealized appreciation of investments	(25)	(13)
Amortization of premiums and discounts	(9,987)	(48)
Non cash distributions	101,499	30,557
BCI cost recoveries payable	(7)	2
Other accounts payable	(8)	26
Interest received	100,862	30,183
Net sale of investments	324,502	464,294
	415,225	494,247
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	24,927,600	23,101,007
Payments on redemption of redeemable units	(25,347,757)	(23,595,278)
	(420,157)	(494,271)
Net decrease in cash	(4,932)	(24)
Effect of exchange rate changes on cash	4,932	—
Cash, beginning of year	—	24
<b>Cash, end of year</b>	<b>\$ —</b>	<b>\$ —</b>

## U.S. DOLLAR MONEY MARKET FUND ST3

### Schedule of Investments

(Expressed in thousands of U.S. dollars)

As at December 31, 2023, with comparative information for 2022

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
<b>Money Market Investments</b>				
Corporate	\$ 606,634	\$ 606,634	\$ 870,805	\$ 870,806
<b>Investment Related Receivables</b>				
Securities purchased under reverse repurchase agreements	1,545,434	1,545,416	1,599,714	1,599,720
<b>Total Investments</b>	<b>\$ 2,152,068</b>	<b>\$ 2,152,050</b>	<b>\$ 2,470,519</b>	<b>\$ 2,470,526</b>



## 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 or guaranteed by the Government of Canada, a Canadian provincial or municipal government, or the Government of the United States;
- corporate money market securities, issued in US dollars;
- asset backed securities, issued in US dollars;
- 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 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:

- providers and issuers of corporate money market investments, and government money market securities not issued or guaranteed by a Canadian entity or the Government of the United States must be rated A-1 or better by Standard & Poor's or have an equivalent rating from another credit rating agency;
- 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 7 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.

MONEY MARKET INVESTMENTS BY CREDIT RATING	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 106,634	17.6 %	\$ 100,000	11.5 %
A	500,000	82.4	770,805	88.5
<b>Total</b>	<b>\$ 606,634</b>	<b>100.0 %</b>	<b>\$ 870,805</b>	<b>100.0 %</b>

## U.S. DOLLAR MONEY MARKET FUND ST3

### Collateral Pledged and Received

Credit risk relating to 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, the Fund invested in securities purchased under reverse repurchase agreements with the following issuer credit ratings:

REVERSE REPURCHASE INVESTMENTS BY CREDIT RATING	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 1,445,433	93.5 %	\$ 799,716	50.0 %
A	100,001	6.5	799,998	50.0
<b>Total</b>	<b>\$ 1,545,434</b>	<b>100.0 %</b>	<b>\$ 1,599,714</b>	<b>100.0 %</b>

### 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 terms to maturity within 45 days (2022 - 45 days), and a weighted average effective yield of 5.3% (2022 - 4.3%).

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 \$215 (2022 - \$247), representing 0.0% of the Fund's net assets (2022 - 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 8 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 analyzes 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.

	2023			2022		
	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	\$ —	\$ 606,634	\$ 606,634	\$ —	\$ 870,805	\$ 870,805
Securities purchased under reverse repurchase agreements	—	1,545,434	1,545,434	—	1,599,714	1,599,714
<b>Total</b>	<b>\$ —</b>	<b>\$ 2,152,068</b>	<b>\$ 2,152,068</b>	<b>\$ —</b>	<b>\$ 2,470,519</b>	<b>\$ 2,470,519</b>

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 2023 and 2022 there were no significant transfers between the three levels in the hierarchy.

## U.S. DOLLAR MONEY MARKET FUND ST4

### Statement of Financial Position

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

As at December 31, 2023, with comparative information for 2022

Assets	NOTES	2023	2022
Interest receivable		\$ 1	\$ 120
Derivative assets:			
Forwards		—	350
Investments		671,448	487,441
Total assets		671,449	487,911
BCI cost recoveries payable	4	5	4
Other accounts payable		20	9
Derivative liabilities:			
Forwards		2,392	409
		2,417	422
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 669,032</b>	<b>\$ 487,489</b>
Number of redeemable units outstanding	5	625.325	479.413
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 1,070</b>	<b>\$ 1,017</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## U.S. DOLLAR MONEY MARKET FUND ST4

### Statement of Comprehensive Income

(Expressed in thousands of U.S. dollars)

Year ended December 31, 2023 , with comparative information for 2022

Revenue	NOTES	2023	2022
Interest income		\$ 31,916	\$ 7,998
Other income		718	—
Foreign exchange loss		(188)	(1,069)
Change in fair value of investments and derivatives:			
Net realized gain (loss)		(127)	976
Net change in unrealized appreciation		155	63
Total revenue		32,474	7,968
<b>Expenses</b>			
BCI cost recoveries	4	61	24
Administrative fees		27	11
Total operating expenses		88	35
Increase in net assets attributable to holders of redeemable units before distributions		32,386	7,933
Distributions to holders of redeemable units		(32,115)	(7,870)
<b>Increase in net assets attributable to holders of redeemable units</b>		<b>\$ 271</b>	<b>\$ 63</b>

## U.S. DOLLAR MONEY MARKET FUND ST4

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in thousands of U.S. dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Balance, beginning of year	\$ 487,489	\$ —
Increase in net assets attributable to holders of redeemable units	271	63
Redeemable unit transactions:		
Proceeds from units issued	389,663	485,808
Reinvestment of distributions	32,115	7,870
Amounts paid for units redeemed	(240,506)	(6,252)
Net increase from redeemable unit transactions	181,272	487,426
<b>Balance, end of year</b>	<b>\$ 669,032</b>	<b>\$ 487,489</b>



## U.S. DOLLAR MONEY MARKET FUND ST4

### Statement of Cash Flows

(Expressed in thousands of U.S. dollars)

Year ended December 31, 2023, with comparative information for 2022)

Operating activities	2023	2022
Increase in net assets attributable to holders of redeemable units	\$ 271	\$ 63
Adjustments for:		
Foreign exchange loss	188	1,069
Interest income	(31,916)	(7,998)
Net realized (gain) loss from investments and derivatives	127	(976)
Net change in unrealized appreciation of investments and derivatives	(155)	(63)
Amortization of premiums and discounts	(26,975)	(4,002)
Non cash distributions	32,115	7,870
BCI cost recoveries payable	1	4
Other accounts payable	11	9
Interest received	32,035	7,878
Net purchase of investments and derivatives	(154,671)	(482,341)
	(148,969)	(478,487)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	389,663	485,808
Payments on redemption of redeemable units	(240,506)	(6,252)
	149,157	479,556
Net increase in cash	188	1,069
Effect of exchange rate changes on cash	(188)	(1,069)
<b>Cash, beginning and end of year</b>	<b>\$ —</b>	<b>\$ —</b>

## U.S. DOLLAR MONEY MARKET FUND ST4

### Schedule of Investments

(Expressed in thousands of U.S. dollars)

As at December 31, 2023, with comparative information for 2022

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
<b>Money Market Investments</b>				
Federal Government	\$ 517,225	\$ 517,214	\$ 197,366	\$ 197,372
Corporate	154,223	151,624	200,070	199,942
	671,448	668,838	397,436	397,314
<b>Investment Related Receivables</b>				
Securities purchased under reverse repurchase agreements	—	—	90,005	90,005
<b>Total Investments</b>	<b>\$ 671,448</b>	<b>\$ 668,838</b>	<b>\$ 487,441</b>	<b>\$ 487,319</b>

## U.S. DOLLAR MONEY MARKET FUND ST4

### Schedule of Derivative Assets and Liabilities

(Expressed in thousands of U.S. dollars)

As at December 31, 2023, with comparative information for 2022

	2023			2022		
	Notional Value <sup>(a)</sup>	Fair Value		Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Currency derivatives</b>						
<b>OTC</b>						
Forwards	\$ 150,029	\$ —	\$ (2,392)	\$ 95,703	\$ 350	\$ (409)
<b>Total</b>	<b>\$ 150,029</b>	<b>\$ —</b>	<b>\$ (2,392)</b>	<b>\$ 95,703</b>	<b>\$ 350</b>	<b>\$ (409)</b>

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

	2023		2022	
Less than 1 year	\$	150,029	\$	95,703
<b>Total</b>	<b>\$</b>	<b>150,029</b>	<b>\$</b>	<b>95,703</b>

(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 ST4

### Financial Risk Management Discussion

(Expressed in thousands of U.S. dollars)

The U.S. Dollar Money Market Fund ST4 (the "Fund") invests in high quality government and corporate debt securities, primarily denominated in US dollars. The Fund's benchmark is the ICE BofA US 3-Month Treasury Bill Index.

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, or the Government of the United States;
- US dollar denominated fixed income securities which are issued or guaranteed by a sovereign or supranational entity 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 and the Inter-American Development Bank;
- corporate bonds, issued in US dollars;
- corporate money market securities, issued in US dollars;
- interest-bearing money market investments such as term deposits, in US dollars;
- asset-backed securities issued in US dollars;
- repurchase agreement investments secured by fixed income securities which are issued 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 non-US dollar denominated investments 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 the market value of the Fund can be one corporation or related companies with the exception that the Fund may hold up to 15 percent of the market value of the Fund in any one Schedule One (Canadian) bank;
- 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;
- providers and issuers of corporate money market investments, and government money market securities not issued or guaranteed by the Government of Canada or a Canadian provincial or municipal government or the Government of the United States, must be rated A-1 or better by Standard & Poor's or have an equivalent rating from another credit rating agency;
- issuers of corporate bonds, and government bonds that are not issued or guaranteed by a Canadian entity or the Government of the United States, must be rated A- or better 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 discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 7 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 ST4

### 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	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 572,446	85.3 %	—	0.0 %
A	99,002	14.7	397,436	100.0
<b>Total</b>	<b>\$ 671,448</b>	<b>100.0 %</b>	<b>\$ 397,436</b>	<b>100.0 %</b>

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	2023			2022		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 72,941	\$ —	\$ (1,476)	\$ 38,045	\$ —	\$ (335)
A	77,088	—	(916)	57,658	350	(74)
<b>Total Derivatives</b>	<b>\$ 150,029</b>	<b>\$ —</b>	<b>\$ (2,392)</b>	<b>\$ 95,703</b>	<b>\$ 350</b>	<b>\$ (409)</b>

### Collateral Pledged and Received

Credit risk relating to 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, the Fund invested in securities purchased under reverse repurchase agreements with the following issuer credit ratings:

REVERSE REPURCHASE INVESTMENTS BY CREDIT RATING	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ —	— %	\$ 90,005	100.0 %
<b>Total</b>	<b>\$ —</b>	<b>— %</b>	<b>\$ 90,005</b>	<b>100.0 %</b>

## U.S. DOLLAR MONEY MARKET FUND ST4

### 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:

2023					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative liabilities	\$ (2,392)	\$ (2,392)	\$ —	\$ —	(2,392)
	<b>\$ (2,392)</b>	<b>\$ (2,392)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>(2,392)</b>
2022					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 350	\$ 350	\$ —	\$ —	350
Derivative liabilities	(409)	(409)	—	—	(409)
	<b>\$ (59)</b>	<b>\$ (59)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>(59)</b>

### Interest Rate Risk

As at December 31, the Fund invested in fixed income instruments with terms to maturity within 5 months (2022 - 4 months), and a weighted average effective yield of 5.2% (2022 - 4.5%).

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 \$1,544, (2022 - \$731) representing 0.2% of the Fund's net assets (2022 - 0.1%). In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

### 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 United States dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

2023				
	Net Investments and Investment-Related Receivables/(Payables)	Net Foreign Currency Contracts Receivable	Net Exposure	% of Total Net Assets
Canadian Dollar	\$ 150,744	\$ (152,272)	\$ (1,528)	— %
2022				
	Net Investments and Investment-Related Receivables/(Payables)	Net Foreign Currency Contracts Receivable	Net Exposure	% of Total Net Assets
Canadian Dollar	\$ 95,469	\$ (95,747)	\$ (278)	0.5 %

As at December 31, 2023, 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 \$(15) (2022 - \$955), representing 0.0% (2022 - 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.

## U.S. DOLLAR MONEY MARKET FUND ST4

### 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 the majority of the investments are U.S. dollar denominated instruments issued by Canadian governments and corporations.

## U.S. DOLLAR MONEY MARKET FUND ST4

### Fair Value Measurement Discussion

(Expressed in thousands of U.S. dollars)

As described in note 8 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 analyzes 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.

	2023			2022		
	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	\$ —	\$ 671,448	\$ 671,448	\$ —	\$ 397,436	\$ 397,436
Securities purchased under reverse repurchase agreements	—	—	—	—	90,005	90,005
Total investments	—	671,448	671,448	—	487,441	487,441
Forwards, net	—	(2,392)	(2,392)	—	(59)	(59)
<b>Total</b>	<b>\$ —</b>	<b>\$ 669,056</b>	<b>\$ 669,056</b>	<b>\$ —</b>	<b>\$ 487,382</b>	<b>\$ 487,382</b>

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 2023 and 2022 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 number of units)

As at December 31, 2023, with comparative information for 2022

<b>Assets</b>	<b>NOTES</b>	<b>2023</b>	<b>2022</b>
Receivable from issuance of units		\$ —	\$ 3,167
Interest receivable		17,694	59,264
Other receivables		—	33
Derivative assets:			
Swaps		30,091	180,855
Investments		4,185,299	18,969,480
<b>Total assets</b>		<b>4,233,084</b>	<b>19,212,799</b>
<b>Liabilities</b>			
Payable for purchase of investments		—	46,000
Payable for redemption of units		2,359	—
BCI cost recoveries payable	4	22	83
Other accounts payable		130	58
Derivative liabilities:			
Swaps		3,847	20,434
		6,358	66,575
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 4,226,726</b>	<b>\$ 19,146,224</b>
Number of redeemable units outstanding	5	3,648.562	17,455.930
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 1,158</b>	<b>\$ 1,097</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

**CDOR 1 FLOATING RATE FUND****Statement of Comprehensive Income (Loss)**

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

<b>Revenue</b>	<b>NOTES</b>	<b>2023</b>	<b>2022</b>
Interest income		\$ 610,411	\$ 394,686
Dividend income		8,884	66,052
Securities lending income		9,701	11,432
Other income		(20)	306
Foreign exchange gain (loss)		(474)	237
Change in fair value of investments and derivatives:			
Net realized gain (loss)		137,641	(122,516)
Net change in unrealized appreciation		14,632	99,693
<b>Total revenue</b>		<b>780,775</b>	<b>449,890</b>
<b>Expenses</b>			
BCI cost recoveries	4	1,019	916
Administrative fees		155	82
Commissions and stock exchange fees		7	4
<b>Total operating expenses</b>		<b>1,181</b>	<b>1,002</b>
 Increase in net assets attributable to holders of redeemable units before distributions		 779,594	 448,888
 Distributions to holders of redeemable units		 (627,327)	 (471,731)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ 152,267</b>	<b>\$ (22,843)</b>

See accompanying Notes to the Financial Statements

**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, 2023, with comparative information for 2022

	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$ 19,146,224	\$ 14,093,062
Increase (decrease) in net assets attributable to holders of redeemable units	152,267	(22,843)
Redeemable unit transactions:		
Proceeds from units issued	24,155,876	48,423,721
Reinvestment of distributions	627,327	471,731
Amounts paid for units redeemed	(39,854,968)	(43,819,447)
Net increase (decrease) from redeemable unit transactions	(15,071,765)	5,076,005
<b>Balance, end of year</b>	<b>\$ 4,226,726</b>	<b>\$ 19,146,224</b>

## CDOR 1 FLOATING RATE FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

<b>Operating activities</b>	<b>2023</b>	<b>2022</b>
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 152,267	\$ (22,843)
Adjustments for:		
Foreign exchange (gain) loss	474	(237)
Interest income	(610,411)	—
Interest expense	—	(394,686)
Dividend income	(8,884)	—
Net realized (gain) loss from investments and derivatives	(137,641)	122,516
Net change in unrealized appreciation of investments and derivatives	(14,632)	(99,693)
Amortization of premiums and discounts	(103,206)	(19,858)
Non cash distributions	627,327	471,731
Other receivables	33	(33)
BCI cost recoveries payable	(61)	21
Other accounts payable	72	4
Interest received	651,981	351,867
Dividends received	8,884	—
Net sale (purchase) of investments and derivatives	15,127,837	(5,009,801)
	15,694,040	(4,601,012)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	24,159,043	48,420,554
Payments on redemption of redeemable units	(39,852,609)	(43,819,779)
	(15,693,566)	4,600,775
Net increase (decrease) in cash	474	(237)
Effect of exchange rate changes on cash	(474)	237
<b>Cash, beginning and end of year</b>	<b>\$ —</b>	<b>\$ —</b>

## CDOR 1 FLOATING RATE FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
<b>Bonds</b>				
Federal Government	\$ 1,354,342	\$ 1,356,841	\$ 5,236,278	\$ 5,262,543
Provincial Government	431,660	432,282	3,461,602	3,507,057
Corporate	1,265,090	1,276,351	6,275,666	6,345,085
	3,051,092	3,065,474	14,973,546	15,114,685
<b>Money Market Investments</b>				
Federal Government	382,720	383,057	1,354,790	1,355,737
Corporate	125,000	125,000	199,963	199,966
Units in BCI Pooled Investment Portfolio				
Fund ST1	21,228	21,227	178,513	178,513
Fund ST3	18	18	—	—
	528,966	529,302	1,733,266	1,734,216
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 2 Floating Rate Fund	605,241	608,552	2,262,668	2,289,961
<b>Total Investments</b>	<b>\$ 4,185,299</b>	<b>\$ 4,203,328</b>	<b>\$ 18,969,480</b>	<b>\$ 19,138,862</b>

## CDOR 1 FLOATING RATE FUND

### Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023			2022		
	Notional Value <sup>(a)</sup>	Fair Value		Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Currency derivatives</b>						
<b>OTC</b>						
Swaps	\$ 39,839	\$ 560	\$ —	\$ 239,532	\$ —	\$ (6,079)
<b>Interest rate derivatives</b>						
<b>Listed</b>						
Futures <sup>(c)</sup>	39,500	—	—	124,750	—	—
<b>OTC</b>						
Swaps	1,978,000	29,531	(3,847)	10,375,305	180,855	(14,355)
<b>Total</b>	<b>\$ 2,057,339</b>	<b>\$ 30,091</b>	<b>\$ (3,847)</b>	<b>\$ 10,739,587</b>	<b>\$ 180,855</b>	<b>\$ (20,434)</b>

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

	2023	2022
Less than 1 year	\$ 864,500	\$ 4,479,262
1 to 2 years	883,000	1,314,325
Over 2 years	309,839	4,946,000
<b>Total</b>	<b>\$ 2,057,339</b>	<b>\$ 10,739,587</b>

(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 and in realized gains and losses on the Statement of Comprehensive Income.

## 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 or guaranteed by the Government of Canada, a Canadian provincial government, or a government-owned and AAA rated Canadian public sector asset manager;
- 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 Funds, portfolios and accounts; and,
- units in the BCI Canadian and/or US Dollar Short Term (money market) Funds 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 rating of A-1 (Low), or have an equivalent credit rating from another credit rating agency;
- 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 7 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	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 1,840,519	51.7 %	\$ 7,632,448	46.1 %
A	1,668,295	46.9	8,439,525	51.1
BBB	49,998	1.4	306,326	1.9
Not rated	—	—	150,000	0.9
<b>Total</b>	<b>\$ 3,558,812</b>	<b>100.0 %</b>	<b>\$ 16,528,299</b>	<b>100.0 %</b>

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	2023			2022		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 1,199,839	\$ 21,167	\$ (980)	\$ 5,932,127	\$ 114,333	\$ (13,024)
A	818,000	8,924	(2,867)	4,682,710	66,522	(7,410)
<b>Total Derivatives</b>	<b>\$ 2,017,839</b>	<b>\$ 30,091</b>	<b>\$ (3,847)</b>	<b>\$ 10,614,837</b>	<b>\$ 180,855</b>	<b>\$ (20,434)</b>

### Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 7 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2023	2022
Collateral received	\$ 29,905	\$ 162,741
Collateral pledged	400	2,951

### 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:

	2023				
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 30,091	\$ 10,626	\$ 18,905	\$ 560	\$ 30,091
Derivative liabilities	(3,847)	(31)	—	(3,816)	(3,847)
	<b>\$ 26,244</b>	<b>\$ 10,595</b>	<b>\$ 18,905</b>	<b>\$ (3,256)</b>	<b>\$ 26,244</b>



## CDOR 1 FLOATING RATE FUND

2022

	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 180,855	\$ 49,175	\$ 33,696	\$ 97,984	180,855
Derivative liabilities	(20,434)	(15,451)	—	(4,983)	(20,434)
	<b>\$ 160,421</b>	<b>\$ 33,724</b>	<b>\$ 33,696</b>	<b>\$ 93,001</b>	<b>160,421</b>

### 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

2023

2022

	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 1,210,205	5.1 %	\$ 6,956,054	4.8 %
1 to 2 years	1,516,011	4.9	2,472,910	4.7
2 to 5 years	324,876	4.0	5,544,582	4.4
<b>Total Bonds</b>	<b>\$ 3,051,092</b>	<b>4.9 %</b>	<b>\$ 14,973,546</b>	<b>4.6 %</b>

As at December 31, the Fund invested in money market investments with terms to maturity within 1 year, and a weighted average effective yield of 5.2% (2022 - 3.8%).

### 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.

2023

	Net Investments and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable	Net Exposure	% of Total Net Assets
British Pound Sterling	\$ 38,150	\$ (39,838)	(1,688)	0.0 %
United States Dollar	18	—	18	0.0
<b>Net Foreign Exchange Exposure</b>	<b>\$ 38,168</b>	<b>\$ (39,838)</b>	<b>(1,670)</b>	<b>0.0 %</b>

2022

	Net Investments and Investment- Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable	Net Exposure	% of Total Net Assets
Japanese Yen	\$ 205,607	\$ (205,381)	226	0.0 %
United States Dollar	40,894	(40,649)	245	0.0
<b>Net Foreign Exchange Exposure</b>	<b>\$ 246,501</b>	<b>\$ (246,030)</b>	<b>471</b>	<b>0.0 %</b>

As at December 31, 2023, 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 \$(17) (2022 - \$5), representing 0.0% (2022 - 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.

## CDOR 1 FLOATING RATE 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 8 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 analyzes 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.

	2023			2022		
	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	\$ 21,246	\$ —	\$ 21,246	\$ 178,513	\$ —	\$ 178,513
Floating rate funds	605,241	—	605,241	2,262,668	—	2,262,668
Money market investments	—	507,720	507,720	—	1,554,753	1,554,753
Bonds	—	3,051,092	3,051,092	—	14,973,546	14,973,546
Total investments	626,487	3,558,812	4,185,299	2,441,181	16,528,299	18,969,480
Swaps, net	—	26,244	26,244	—	160,421	160,421
<b>Total</b>	<b>\$ 626,487</b>	<b>\$ 3,585,056</b>	<b>\$ 4,211,543</b>	<b>\$ 2,441,181</b>	<b>\$ 16,688,720</b>	<b>\$ 19,129,901</b>

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 2023 and 2022 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 2023 and 2022, 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	2023			2022		
	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	\$ 5,517,918	\$ 21,246	1	\$ 1,910,876	\$ 178,513
Investee floating rate funds administered by BCI	1	2,167,845	605,241	1	3,102,219	2,262,668

## CDOR 2 FLOATING RATE FUND

### Statement of Financial Position

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

As at December 31, 2023, with comparative information for 2022

<b>Assets</b>	<b>NOTES</b>	<b>2023</b>	<b>2022</b>
Dividends receivable	\$	6,177	\$ 2,293
Other receivables		520	—
Derivative assets:			
Swaps		2,184	16,682
Investments		3,034,441	3,086,242
Total assets		3,043,322	3,105,217
<b>Liabilities</b>			
Payable for redemption of units		833,565	—
Other accounts payable		6,327	2,315
Derivative liabilities:			
Swaps		35,585	683
		875,477	2,998
<b>Net assets attributable to holders of redeemable units</b>	<b>\$</b>	<b>2,167,845</b>	<b>\$ 3,102,219</b>
Number of redeemable units outstanding	5	1,841.264	2,794.770
<b>Net assets attributable to holders of redeemable units per unit</b>	<b>\$</b>	<b>1,177</b>	<b>\$ 1,110</b>

**[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, 2023, with comparative information for 2022

Revenue	NOTES	2023	2022
Interest income		\$ 182,300	\$ 42,207
Dividend income		17,215	72,832
Securities lending income		144	237
Other income		—	448
Foreign exchange loss		—	(737)
Change in fair value of investments and derivatives:			
Net realized gain (loss)		(12,741)	22,823
Net change in unrealized appreciation		7,845	(58,260)
Total revenue		194,763	79,550
<b>Expenses</b>			
BCI cost recoveries	4	—	—
Administrative fees		53	26
Commissions and stock exchange fees		—	7
Total operating expenses		53	33
Increase in net assets attributable to holders of redeemable units before distributions		194,710	79,517
Distributions to holders of redeemable units		(198,622)	(160,187)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>\$ (3,912)</b>	<b>\$ (80,670)</b>

## 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, 2023, with comparative information for 2022

	2023	2022
Balance, beginning of year	\$ 3,102,219	\$ 5,710,010
Decrease in net assets attributable to holders of redeemable units	(3,912)	(80,670)
Redeemable unit transactions:		
Proceeds from units issued	4,565,867	3,391,121
Reinvestment of distributions	198,622	160,187
Amounts paid for units redeemed	(5,694,951)	(6,078,429)
Net decrease from redeemable unit transactions	(930,462)	(2,527,121)
<b>Balance, end of year</b>	<b>\$ 2,167,845</b>	<b>\$ 3,102,219</b>

## CDOR 2 FLOATING RATE FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

Operating activities	2023	2022
Decrease in net assets attributable to holders of redeemable units	\$ (3,912)	\$ (80,670)
Adjustments for:		
Foreign exchange loss	—	737
Interest income	(182,300)	(42,207)
Dividend income	(17,215)	(72,832)
Net realized (gain) loss from investments and derivatives	12,741	(22,823)
Net change in unrealized appreciation of investments and derivatives	(7,845)	58,260
Amortization of premiums and discounts	(15)	(2)
Non cash distributions	198,622	160,187
Other receivables	(520)	17
Other accounts payable	4,012	(18,092)
Interest received	182,300	43,955
Dividends received	13,331	90,974
Net sale of investments and derivatives	96,320	2,570,541
	295,519	2,688,045
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	4,565,867	3,391,121
Payments on redemption of redeemable units	(4,861,386)	(6,078,429)
	(295,519)	(2,687,308)
Net increase in cash	—	737
Effect of exchange rate changes on cash	—	(737)
<b>Cash, beginning and end of year</b>	<b>\$ —</b>	<b>\$ —</b>

## CDOR 2 FLOATING RATE FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Publicly Traded	\$ 612,311	\$ 627,044	\$ 194,738	\$ 263,820
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	82	83	296	296
Fund ST3	6	6	6	6
	88	89	302	302
<b>Internal Financing Transactions (note 4)</b>				
Loans to Infrastructure & Renewable Resources program	1,132,765	1,117,064	1,328,209	1,314,121
Loans to QuadReal-managed entities	1,289,277	1,275,000	1,562,993	1,550,000
	2,422,042	2,392,064	2,891,202	2,864,121
<b>Total Investments</b>	<b>\$ 3,034,441</b>	<b>\$ 3,019,197</b>	<b>\$ 3,086,242</b>	<b>\$ 3,128,243</b>



## CDOR 2 FLOATING RATE FUND

### Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023			2022		
	Notional Value <sup>(a)</sup>	Fair Value		Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Equity derivatives</b>						
<b>OTC</b>						
Swaps	\$ 576,661	\$ 2,184	\$ (35,585)	\$ 210,081	\$ 16,682	\$ —
<b>Interest rate derivatives</b>						
<b>OTC</b>						
Swaps	—	—	—	1,250,000	—	(683)
<b>Total</b>	<b>\$ 576,661</b>	<b>\$ 2,184</b>	<b>\$ (35,585)</b>	<b>\$ 1,460,081</b>	<b>\$ 16,682</b>	<b>\$ (683)</b>

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

	2023	2022
Less than 1 year	\$ 576,661	\$ 1,460,081
<b>Total</b>	<b>\$ 576,661</b>	<b>\$ 1,460,081</b>

(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. 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 or guaranteed by the Government of Canada, a Canadian provincial government, or a government-owned and AAA rated Canadian public sector asset manager;
- 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 Funds, portfolios and accounts; and,
- units in the BCI Canadian and/or US Dollar Short Term (money market) Funds 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 rating of A-1 (Low), or have an equivalent credit rating from another credit rating agency;
- 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 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

### Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 7 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2023	2022
Collateral received	\$ 859	\$ 14,389

## 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	2023			2022		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 249,901	\$ 1,125	\$ (2,387)	\$ —	\$ —	\$ —
A	326,760	1,059	(33,198)	210,081	16,682	—
Not rated	—	—	—	1,250,000	—	(683)
<b>Total Derivatives</b>	<b>\$ 576,661</b>	<b>\$ 2,184</b>	<b>\$ (35,585)</b>	<b>\$ 1,460,081</b>	<b>\$ 16,682</b>	<b>\$ (683)</b>

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 \$2,422,042 (2022 - \$2,891,202).

### 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:

2023						
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total	
Derivative assets	\$ 2,184	\$ 2,184	\$ —	\$ —	2,184	
Derivative liabilities	(35,585)	(35,585)	—	—	(35,585)	
	<b>\$ (33,401)</b>	<b>\$ (33,401)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>(33,401)</b>	

  

2022						
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total	
Derivative assets	\$ 16,682	\$ 16,682	\$ —	\$ —	16,682	
Derivative liabilities	(683)	(683)	—	—	(683)	
	<b>\$ 15,999</b>	<b>\$ 15,999</b>	<b>\$ —</b>	<b>\$ —</b>	<b>15,999</b>	

## 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

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. 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 8 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 analyzes 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.

	2023			2022		
	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	\$ 612,311	\$ —	\$ 612,311	\$ 194,738	\$ —	\$ 194,738
Money market funds	88	—	88	302	—	302
Internal financing transactions	—	2,422,042	2,422,042	—	2,891,202	2,891,202
Total investments	612,399	2,422,042	3,034,441	195,040	2,891,202	3,086,242
Swaps, net	—	(33,401)	(33,401)	—	15,999	15,999
<b>Total</b>	<b>\$ 612,399</b>	<b>\$ 2,388,641</b>	<b>\$ 3,001,040</b>	<b>\$ 195,040</b>	<b>\$ 2,907,201</b>	<b>\$ 3,102,241</b>

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 2023 and 2022 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 2023 and 2022, 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	2023			2022		
	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	\$ 5,517,918	\$ 88	2	\$ 5,258,947	\$ 302

## CDOR 3 FLOATING RATE FUND

### Statement of Financial Position

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

As at December 31, 2023, with comparative information for 2022

Assets	NOTES	2023	2022
Cash		\$ —	\$ 3
Interest receivable		4,850	16,851
Derivative assets:			
Swaps		8,041	33,375
Investments		1,625,519	5,884,055
Total assets		1,638,410	5,934,284
<b>Liabilities</b>			
Payable for purchase of investments		—	18,400
BCI cost recoveries payable	4	(9)	4
Other accounts payable		74	53
Derivative liabilities:			
Swaps		2,533	4,405
		2,598	22,862
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 1,635,812</b>	<b>\$ 5,911,422</b>
Number of redeemable units outstanding	5	1,482,540	5,659,290
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 1,103</b>	<b>\$ 1,045</b>

Termination of Fund

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**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## CDOR 3 FLOATING RATE FUND

### Statement of Comprehensive Income (Loss)

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

Revenue	NOTES	2023	2022
Interest income		\$ 237,421	\$ 118,053
Dividend income		3,918	24,051
Securities lending income		3,282	4,094
Other income		8	138
Foreign exchange loss		—	(465)
Change in fair value of investments and derivatives:			
Net realized gain (loss)		16,731	(13,677)
Net change in unrealized appreciation		31,442	(1,729)
Total revenue		292,802	130,465
<b>Expenses</b>			
BCI cost recoveries	4	352	305
Administrative fees		69	48
Commissions and stock exchange fees		2	1
Total operating expenses		423	354
Increase in net assets attributable to holders of redeemable units before distributions		292,379	130,111
Distributions to holders of redeemable units		(244,208)	(145,529)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ 48,171</b>	<b>\$ (15,418)</b>



**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, 2023, with comparative information for 2022

	<b>2023</b>		<b>2022</b>	
Balance, beginning of year	\$	5,911,422	\$	6,185,387
Increase (decrease) in net assets attributable to holders of redeemable units		48,171		(15,418)
Redeemable unit transactions:				
Proceeds from units issued		2,712,809		1,031,858
Reinvestment of distributions		244,208		145,529
Amounts paid for units redeemed		(7,280,798)		(1,435,934)
Net decrease from redeemable unit transactions		(4,323,781)		(258,547)
<b>Balance, end of year</b>	<b>\$</b>	<b>1,635,812</b>	<b>\$</b>	<b>5,911,422</b>

## CDOR 3 FLOATING RATE FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

Operating activities	2023	2022
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 48,171	\$ (15,418)
Adjustments for:		
Foreign exchange loss	—	465
Interest income	(237,421)	(118,053)
Dividend income	(3,918)	(24,051)
Net realized (gain) loss from investments and derivatives	(16,731)	13,677
Net change in unrealized appreciation of investments and derivatives	(31,442)	1,729
Amortization of premiums and discounts	(60,031)	(8,879)
Non cash distributions	244,208	145,529
BCI cost recoveries payable	(13)	(16)
Other accounts payable	21	22
Interest received	249,422	106,688
Dividends received	3,918	24,051
Net sale of investments and derivatives	4,371,802	278,800
	4,567,986	404,544
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	2,712,809	1,031,858
Payments on redemption of redeemable units	(7,280,798)	(1,435,934)
	(4,567,989)	(404,076)
Net increase (decrease) in cash	(3)	468
Effect of exchange rate changes on cash	—	(465)
Cash, beginning of year	3	—
<b>Cash, end of year</b>	<b>\$ —</b>	<b>\$ 3</b>

## CDOR 3 FLOATING RATE FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
<b>Bonds</b>				
Federal Government	\$ 526,357	\$ 526,610	\$ 1,935,672	\$ 1,945,025
Provincial Government	194,430	193,991	788,836	792,942
Corporate	490,090	490,911	1,522,811	1,536,190
	1,210,877	1,211,512	4,247,319	4,274,157
<b>Money Market Investments</b>				
Federal Government	124,842	125,052	623,398	626,046
Corporate	—	—	41,897	41,890
Units in BCI Pooled Investment Portfolio				
Fund ST1	48,475	48,474	131,890	131,890
	173,317	173,526	797,185	799,826
<b>Floating Rate Funds</b>				
Units in BCI Pooled Investment Portfolio				
CDOR 2 Floating Rate Fund	241,325	247,475	839,551	871,970
<b>Total Investments</b>	<b>\$ 1,625,519</b>	<b>\$ 1,632,513</b>	<b>\$ 5,884,055</b>	<b>\$ 5,945,953</b>

## CDOR 3 FLOATING RATE FUND

### Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023			2022		
	Notional Value <sup>(a)</sup>	Fair Value		Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Interest rate derivatives</b>						
<b>Listed</b>						
Futures <sup>(c)</sup>	\$ 28,250	\$ —	\$ —	\$ —	\$ —	\$ —
<b>OTC</b>						
Swaps	753,544	8,041	(2,533)	2,981,000	33,375	(4,405)
<b>Total</b>	<b>\$ 781,794</b>	<b>\$ 8,041</b>	<b>\$ (2,533)</b>	<b>\$ 2,981,000</b>	<b>\$ 33,375</b>	<b>\$ (4,405)</b>

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

	2023	2022
Less than 1 year	\$ 199,794	\$ 1,307,000
1 to 2 years	382,000	145,000
Over 2 years	200,000	1,529,000
<b>Total</b>	<b>\$ 781,794</b>	<b>\$ 2,981,000</b>

- (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 and in realized gains and losses on the Statement of Comprehensive Income

## 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. 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 or guaranteed by the Government of Canada, a Canadian provincial government, or a government-owned and AAA rated Canadian public sector asset manager;
- 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 Funds, portfolios and accounts; and,
- units in the BCI Canadian and/or US Dollar Short Term (money market) Funds 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 rating of A-1 (Low), or have an equivalent credit rating from another credit rating agency;
- 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 7 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	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 610,593	45.7 %	\$ 2,632,523	53.6 %
A	705,127	52.8	2,191,554	44.6
BBB	19,999	1.5	88,537	1.8
<b>Total</b>	<b>\$ 1,335,719</b>	<b>100.0 %</b>	<b>\$ 4,912,614</b>	<b>100.0 %</b>

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	2023			2022		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 693,544	\$ 7,629	\$ (2,533)	\$ 1,604,000	\$ 19,766	\$ (1,252)
A	60,000	412	—	1,377,000	13,609	(3,153)
<b>Total Derivatives</b>	<b>\$ 753,544</b>	<b>\$ 8,041</b>	<b>\$ (2,533)</b>	<b>\$ 2,981,000</b>	<b>\$ 33,375</b>	<b>\$ (4,405)</b>

### Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 7 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2023	2022
Collateral received	\$ 7,386	\$ 29,065
Collateral pledged	200	21,418

## 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:

2023						
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total	
Derivative assets	\$ 8,041	\$ 1,248	\$ 6,675	\$ 118	\$ 8,041	
Derivative liabilities	(2,533)	—	(520)	(2,013)	(2,533)	
	<b>\$ 5,508</b>	<b>\$ 1,248</b>	<b>\$ 6,155</b>	<b>\$ (1,895)</b>	<b>\$ 5,508</b>	

2022						
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total	
Derivative assets	\$ 33,375	\$ 11,509	\$ 2,059	\$ 19,807	\$ 33,375	
Derivative liabilities	(4,405)	(2,823)	—	(1,582)	(4,405)	
	<b>\$ 28,970</b>	<b>\$ 8,686</b>	<b>\$ 2,059</b>	<b>\$ 18,225</b>	<b>\$ 28,970</b>	

### 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	2023		2022	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 459,359	5.2 %	\$ 2,032,543	4.7 %
1 to 2 years	540,565	4.7	503,457	4.9
2 to 5 years	210,953	4.0	1,711,319	4.2
<b>Total Bonds</b>	<b>\$ 1,210,877</b>	<b>4.8 %</b>	<b>\$ 4,247,319</b>	<b>4.5 %</b>

As at December 31, the Fund invested in money market investments with terms to maturity within 1 year, and a weighted average effective yield of 5.1% (2022 - 4.4%).

### Currency Risk

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

## CDOR 3 FLOATING RATE 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*

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

GEOGRAPHIC REGION	2023		2022	
	Total	% of Total	Total	% of Total
Canada	\$ 1,190,786	98.3 %	\$ 4,203,449	99.0 %
United States	20,091	1.7	43,870	1.0
<b>Total</b>	<b>\$ 1,210,877</b>	<b>100.0 %</b>	<b>\$ 4,247,319</b>	<b>100.0 %</b>



## CDOR 3 FLOATING RATE FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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 analyzes 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.

	2023			2022		
	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	\$ 48,475	\$ —	\$ 48,475	\$ 131,890	\$ —	\$ 131,890
Floating rate funds	241,325	—	241,325	839,551	—	839,551
Money market investments	—	124,842	124,842	—	665,295	665,295
Bonds	—	1,210,877	1,210,877	—	4,247,319	4,247,319
Total investments	289,800	1,335,719	1,625,519	971,441	4,912,614	5,884,055
Swaps, net	—	5,508	5,508	—	28,970	28,970
<b>Total</b>	<b>\$ 289,800</b>	<b>\$ 1,341,227</b>	<b>\$ 1,631,027</b>	<b>\$ 971,441</b>	<b>\$ 4,941,584</b>	<b>\$ 5,913,025</b>

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 2023 and 2022 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 2023 and 2022, 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	2023			2022		
	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	\$ 2,679,051	\$ 48,475	1	\$ 1,910,876	\$ 131,890
Investee floating rate funds administered by BCI	1	2,167,845	241,325	1	3,102,219	839,551

## CDOR 4 FLOATING RATE FUND

### Statement of Financial Position

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

As at December 31, 2023, with comparative information for 2022

Assets	NOTES	2023	2022
Receivable from sale of investments		\$ 34,215	\$ —
Receivable from issuance of units		—	50,364
Interest receivable		1,696	1,969
Derivative assets:			
Swaps		1,051	2,218
Investments		885,261	687,739
Total assets		922,223	742,290
<b>Liabilities</b>			
Payable for purchase of investments		—	27,600
Other accounts payable		24	16
Derivative liabilities:			
Swaps		5,919	—
		5,943	27,616
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 916,280</b>	<b>\$ 714,674</b>
Number of redeemable units outstanding	5	840.381	688.217
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 1,090</b>	<b>\$ 1,038</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## CDOR 4 FLOATING RATE FUND

### Statement of Comprehensive Loss

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

Revenue	NOTES	2023	2022
Interest income		\$ 43,830	\$ 18,407
Securities lending income		44	67
Other income		1	—
Change in fair value of investments and derivatives:			
Net realized gain (loss)		9,888	(2,640)
Net change in unrealized appreciation		(5,005)	445
Total revenue		48,758	16,279
<b>Expenses</b>			
BCI cost recoveries	4	1	1
Administrative fees		30	18
Total operating expenses		31	19
Increase in net assets attributable to holders of redeemable units before distributions		48,727	16,260
Distributions to holders of redeemable units		(51,037)	(18,454)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>\$ (2,310)</b>	<b>\$ (2,194)</b>

**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, 2023, with comparative information for 2022

	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$ 714,674	\$ 571,382
Decrease in net assets attributable to holders of redeemable units	(2,310)	(2,194)
Redeemable unit transactions:		
Proceeds from units issued	1,945,250	2,704,949
Reinvestment of distributions	51,037	18,454
Amounts paid for units redeemed	(1,792,371)	(2,577,917)
Net increase from redeemable unit transactions	203,916	145,486
<b>Balance, end of year</b>	<b>\$ 916,280</b>	<b>\$ 714,674</b>

## CDOR 4 FLOATING RATE FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

Operating activities	2023	2022
Decrease in net assets attributable to holders of redeemable units	\$ (2,310)	\$ (2,194)
Adjustments for:		
Interest income	(43,830)	(18,407)
Net realized (gain) loss from investments and derivatives	(9,888)	2,640
Net change in unrealized appreciation of investments and derivatives	5,005	(445)
Amortization of premiums and discounts	(17,982)	(3,857)
Non cash distributions	51,037	18,454
Other accounts payable	8	3
Interest received	44,103	16,837
Net purchase of investments and derivatives	(229,386)	(89,699)
	(203,243)	(76,668)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	1,995,614	2,654,585
Payments on redemption of redeemable units	(1,792,371)	(2,577,917)
	203,243	76,668
<b>Cash, beginning and end of year</b>	<b>\$ —</b>	<b>\$ —</b>

## CDOR 4 FLOATING RATE FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
<b>Bonds</b>				
Federal Government	\$ 281,734	\$ 281,696	\$ 338,965	\$ 339,656
Provincial Government	282,368	282,496	229,060	230,229
	564,102	564,192	568,025	569,885
<b>Money Market Investments</b>				
Federal Government	226,416	226,112	96,589	96,596
Units in BCI Pooled Investment Portfolio				
Fund ST1	94,743	94,743	23,125	23,125
	321,159	320,855	119,714	119,721
<b>Total Investments</b>	<b>\$ 885,261</b>	<b>\$ 885,047</b>	<b>\$ 687,739</b>	<b>\$ 689,606</b>

## CDOR 4 FLOATING RATE FUND

### Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023			2022		
	Notional Value <sup>(a)</sup>	Fair Value		Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Interest rate derivatives</b>						
<b>OTC</b>						
Swaps	\$ 792,000	\$ 1,051	\$ (5,919)	\$ 287,000	\$ 2,218	—
<b>Total</b>	<b>\$ 792,000</b>	<b>\$ 1,051</b>	<b>\$ (5,919)</b>	<b>\$ 287,000</b>	<b>\$ 2,218</b>	<b>\$ —</b>

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

	2023	2022
Less than 1 year	\$ 495,000	\$ 100,000
1 to 2 years	177,000	—
Over 2 years	120,000	187,000
<b>Total</b>	<b>\$ 792,000</b>	<b>\$ 287,000</b>

(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 or guaranteed by the Government of Canada, a Canadian provincial government, or a government-owned and AAA rated Canadian public sector asset manager;
- 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 Funds, portfolios and accounts; and,
- units in the BCI Canadian and/or US Dollar Short Term (money market) Funds 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 rating of A-1 (Low), or have an equivalent credit rating from another credit rating agency;
- 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 7 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	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 281,734	35.6 %	\$ 389,084	58.5 %
A	508,784	64.4	275,530	41.5
<b>Total</b>	<b>\$ 790,518</b>	<b>100.0 %</b>	<b>\$ 664,614</b>	<b>100.0 %</b>

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	2023			2022		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 282,000	\$ 1,051	\$ (4,100)	\$ 187,000	\$ 2,137	\$ —
A	510,000	—	(1,819)	100,000	81	—
<b>Total Derivatives</b>	<b>\$ 792,000</b>	<b>\$ 1,051</b>	<b>\$ (5,919)</b>	<b>\$ 287,000</b>	<b>\$ 2,218</b>	<b>\$ —</b>

### Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 7 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2023	2022
Collateral received	\$ —	\$ 2,218

## 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:

2023						
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year		Total
Derivative assets	\$ 1,051	\$ —	\$ 1,051	\$ —		1,051
Derivative liabilities	(5,919)	(1,204)	(1,287)	(3,428)		(5,919)
	<b>\$ (4,868)</b>	<b>\$ (1,204)</b>	<b>\$ (236)</b>	<b>\$ (3,428)</b>		<b>(4,868)</b>

2022						
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year		Total
Derivative assets	\$ 2,218	\$ 81	\$ —	\$ 2,137		2,218
Derivative liabilities	—	—	—	—		—
	<b>\$ 2,218</b>	<b>\$ 81</b>	<b>\$ —</b>	<b>\$ 2,137</b>		<b>2,218</b>

### 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	2023		2022	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 276,897	4.8 %	\$ 320,527	4.5 %
1 to 2 years	173,186	4.1	70,300	4.6
2 to 5 years	114,019	3.8	177,198	3.9
<b>Total Bonds</b>	<b>\$ 564,102</b>	<b>4.4 %</b>	<b>\$ 568,025</b>	<b>4.3 %</b>

As at December 31, the Fund invested in money market investments with terms to maturity within 1 year, and a weighted average effective yield of 4.8% (2022 - 4.5%)

### 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 8 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 analyzes 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.

	2023			2022		
	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	\$ 94,743	\$ —	\$ 94,743	\$ 23,125	\$ —	\$ 23,125
Money market investments	—	226,416	226,416	—	96,589	96,589
Bonds	—	564,102	564,102	—	568,025	568,025
Total investments	94,743	790,518	885,261	23,125	664,614	687,739
Swaps, net	—	(4,868)	(4,868)	—	2,218	2,218
<b>Total</b>	<b>\$ 94,743</b>	<b>\$ 785,650</b>	<b>\$ 880,393</b>	<b>\$ 23,125</b>	<b>\$ 666,832</b>	<b>\$ 689,957</b>

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 2023 and 2022 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 2023 and 2022, 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	2023			2022		
	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	\$ 2,679,051	\$ 94,743	1	\$ 1,910,876	\$ 23,125

## CORRA 1 FLOATING RATE FUND

### Statement of Financial Position

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

As at December 31, 2023 (note 1)

Assets	NOTES	2023
Cash		\$ 23
Receivable from sale of investments		833,565
Interest receivable		25,018
Other receivables		1
Derivative assets:		
Swaps		8,450
Investments		6,432,861
Total assets		7,299,918
<b>Liabilities</b>		
BCI cost recoveries payable	4	49
Other accounts payable		57
Derivative liabilities:		
Swaps		44,531
		44,637
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 7,255,281</b>
Number of redeemable units outstanding	5	7,097.943
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 1,022</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## CORRA 1 FLOATING RATE FUND

### Statement of Comprehensive Income (Loss)

(Expressed in thousands of dollars)

Period ended December 31, 2023 (note 1)

Revenue	NOTES	2023
Interest income	\$	89,937
Dividend income		206
Securities lending income		676
Foreign exchange loss		(12)
Change in fair value of investments and derivatives:		
Net realized gain		7,170
Net change in unrealized appreciation		(3,779)
Total revenue		94,198
<b>Expenses</b>		
BCI cost recoveries	4	116
Administrative fees		29
Total operating expenses		145
Increase in net assets attributable to holders of redeemable units before distributions		94,053
Distributions to holders of redeemable units		(97,581)
<b>Decrease in net assets attributable to holders of redeemable units</b>	<b>\$</b>	<b>(3,528)</b>

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

(Expressed in thousands of dollars)

Period ended December 31, 2023 (note 1)

	<b>2023</b>
Balance, beginning of period	\$ —
Decrease in net assets attributable to holders of redeemable units	(3,528)
Redeemable unit transactions:	
Proceeds from units issued	13,787,677
Reinvestment of distributions	97,581
Amounts paid for units redeemed	(6,626,449)
Net increase from redeemable unit transactions	7,258,809
<b>Balance, end of period</b>	<b>\$ 7,255,281</b>



## CORRA 1 FLOATING RATE FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Period ended December 31, 2023 (note 1)

Operating activities	2023
Decrease in net assets attributable to holders of redeemable units	\$ (3,528)
Adjustments for:	
Foreign exchange loss	12
Interest income	(89,937)
Dividend income	(206)
Net realized gain from investments and derivatives	(7,170)
Net change in unrealized appreciation of investments and derivatives	3,779
Amortization of premiums and discounts	(36,785)
Non cash distributions	97,581
Other receivables	(1)
BCI cost recoveries payable	49
Other accounts payable	57
Interest received	64,919
Dividends received	206
Net purchase of investments	(7,190,169)
	(7,161,193)
<b>Financing activities</b>	
Proceeds from issuance of redeemable units	13,787,677
Payments on redemption of redeemable units	(6,626,449)
	7,161,228
Net increase in cash	35
Effect of exchange rate changes on cash	(12)
Cash, beginning of period	—
<b>Cash, end of period</b>	<b>\$ 23</b>

## CORRA 1 FLOATING RATE FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2023 (note 1)

	2023	
	Fair Value	Cost
<b>Bonds</b>		
Federal Government	\$ 2,538,752	\$ 2,515,935
Provincial Government	1,146,144	1,130,720
Supranational and Sovereign	2,036,976	2,024,495
	5,721,872	5,671,150
<b>Money Market Investments</b>		
Federal Government	242,814	242,290
Corporate	25,000	25,000
Units in BCI Pooled Investment Portfolio		
Fund ST1	50,331	50,331
	318,145	317,621
<b>Floating Rate Funds</b>		
Units in BCI Pooled Investment Portfolio		
CDOR 2 Floating Rate Fund	392,844	392,595
<b>Total Investments</b>	<b>\$ 6,432,861</b>	<b>\$ 6,381,366</b>

## CORRA 1 FLOATING RATE FUND

### Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2023 (note 1)

	2023		
	Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Currency derivatives</b>			
<b>OTC</b>			
Swaps	\$ 105,488	\$ 3,490	\$ —
<b>Interest rate derivatives</b>			
<b>Listed</b>			
Futures <sup>(c)</sup>	212,500	—	—
<b>OTC</b>			
Swaps	4,676,000	4,960	(44,531)
<b>Total</b>	<b>\$ 4,993,988</b>	<b>\$ 8,450</b>	<b>\$ (44,531)</b>

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

	2023
Less than 1 year	\$ 1,333,500
1 to 2 years	1,725,744
Over 2 years	1,934,744
<b>Total</b>	<b>\$ 4,993,988</b>

- (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 and in realized gains and losses on the Statement of Comprehensive Income.

## CORRA 1 FLOATING RATE FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The CORRA 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 or guaranteed by the Government of Canada, a Canadian provincial government, or a government-owned and AAA rated Canadian public sector asset manager;
- 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 Funds, portfolios and accounts; and,
- units in the BCI Canadian and/or US Dollar Short Term (money market) Funds 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 rating of A-1 (Low), or have an equivalent credit rating from another credit rating agency;
- 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 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## CORRA 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	2023	
	Total	% of Total
AAA/AA	\$ 3,095,659	51.7 %
A	2,838,848	47.4
BBB	55,179	0.9
<b>Total</b>	<b>\$ 5,989,686</b>	<b>100.0 %</b>

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	2023		
	Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 2,739,000	\$ 4,181	\$ (28,358)
A	2,042,488	4,269	(16,173)
<b>Total Derivatives</b>	<b>\$ 4,781,488</b>	<b>\$ 8,450</b>	<b>\$ (44,531)</b>

### Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 7 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2023
Collateral pledged	\$ 44,088

### 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:

	2023				
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 8,450	\$ 218	\$ 6,163	\$ 2,069	\$ 8,450
Derivative liabilities	(44,531)	(2,710)	(10,071)	(31,750)	(44,531)
	<b>\$ (36,081)</b>	<b>\$ (2,492)</b>	<b>\$ (3,908)</b>	<b>\$ (29,681)</b>	<b>\$ (36,081)</b>

## CORRA 1 FLOATING RATE FUND

### 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 CORRA. 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	2023	
	Total	Avg Effective Yield
Within 1 year	\$ 1,751,199	4.9 %
1 to 2 years	2,019,736	4.4
2 to 5 years	1,950,937	4.1
<b>Total Bonds</b>	<b>\$ 5,721,872</b>	<b>4.5 %</b>

As at December 31, the Fund invested in money market investments with terms to maturity within 1 year, and a weighted average effective yield of 5.0%.

### 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.

2023				
	Net Investments and Investment-Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable	Net Exposure	% of Total Net Assets
United States Dollar	\$ 106,757	\$ (105,488)	\$ 1,269	0.0 %

As at December 31, 2023, 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 \$13, representing 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*

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

GEOGRAPHIC REGION	2023	
	Total	% of Total
Canada	\$ 5,600,753	97.9 %
United States	121,119	2.1
<b>Total</b>	<b>\$ 5,721,872</b>	<b>100.0 %</b>

## CORRA 1 FLOATING RATE FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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 analyzes 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.

2023				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	
Money market funds	\$ 50,331	\$ —	\$ 50,331	
Floating rate funds	392,844	—	392,844	
Money market investments	—	267,814	267,814	
Bonds	—	5,721,872	5,721,872	
Total investments	443,175	5,989,686	6,432,861	
Swaps, net	—	(36,081)	(36,081)	
<b>Total</b>	<b>\$ 443,175</b>	<b>\$ 5,953,605</b>	<b>\$ 6,396,780</b>	

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 2023 there were no significant transfers between the three levels in the hierarchy.

## CORRA 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 2023, 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:

2023			
Entity	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	\$ 2,679,051	\$ 50,331
Investee floating rate funds administered by BCI	1	2,167,845	392,844



## CORRA 3 FLOATING RATE FUND

### Statement of Financial Position

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

As at December 31, 2023 (note 1)

Assets	NOTES	2023
Interest receivable		\$ 22,798
Derivative assets:		
Swaps		8,079
Investments		5,773,701
Total assets		5,804,578
<b>Liabilities</b>		
BCI cost recoveries payable	4	18
Other accounts payable		23
Derivative liabilities:		
Swaps		33,832
		33,873
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 5,770,705</b>
Number of redeemable units outstanding	5	5,639,421
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 1,023</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## CORRA 3 FLOATING RATE FUND

### Statement of Comprehensive Income (Loss)

(Expressed in thousands of dollars)

Period ended December 31, 2023 (note 1)

Revenue	NOTES	2023
Interest income		\$ 66,899
Dividend income		324
Securities lending income		428
Foreign exchange gain		1
Change in fair value of investments and derivatives:		
Net realized gain		4,571
Net change in unrealized appreciation		(2,163)
Total revenue		70,060
<b>Expenses</b>		
BCI cost recoveries	4	52
Administrative fees		33
Total operating expenses		85
Increase in net assets attributable to holders of redeemable units before distributions		69,975
Distributions to holders of redeemable units		(72,138)
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>\$ (2,163)</b>

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

(Expressed in thousands of dollars)

Period ended December 31, 2023 (note 1)

	<b>2023</b>
Balance, beginning of period	\$ —
Decrease in net assets attributable to holders of redeemable units	(2,163)
Redeemable unit transactions:	
Proceeds from units issued	5,747,124
Reinvestment of distributions	72,138
Amounts paid for units redeemed	(46,394)
Net increase from redeemable unit transactions	5,772,868
<b>Balance, end of period</b>	<b>\$ 5,770,705</b>

## CORRA 3 FLOATING RATE FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Period ended December 31, 2023 (note 1)

Operating activities	2023
Decrease in net assets attributable to holders of redeemable units	\$ (2,163)
Adjustments for:	
Foreign exchange gain	(1)
Interest income	(66,899)
Dividend income	(324)
Net realized gain from investments and derivatives	(4,571)
Net change in unrealized appreciation of investments and derivatives	2,163
Amortization of premiums and discounts	(30,136)
Non cash distributions	72,138
BCI cost recoveries payable	18
Other accounts payable	23
Interest received	44,101
Dividends received	324
Net purchase of investments	(5,715,404)
	(5,700,731)
<b>Financing activities</b>	
Proceeds from issuance of redeemable units	5,747,124
Payments on redemption of redeemable units	(46,394)
	5,700,730
Net decrease in cash	(1)
Effect of exchange rate changes on cash	1
<b>Cash, beginning and end of period</b>	<b>\$ —</b>

## CORRA 3 FLOATING RATE FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2023 (note 1)

	2023	
	Fair Value	Cost
<b>Bonds</b>		
Federal Government	\$ 1,952,263	\$ 1,937,349
Provincial Government	895,433	879,741
Corporate	1,591,977	1,579,235
	4,439,673	4,396,325
<b>Money Market Investments</b>		
Federal Government	369,854	369,444
Units in BCI Pooled Investment Portfolio		
Fund ST1	35,668	35,668
Fund ST3	70	71
	405,592	405,183
<b>Floating Rate Funds</b>		
Units in BCI Pooled Investment Portfolio		
CDOR 2 Floating Rate Fund	928,436	928,251
	928,436	928,251
<b>Total Investments</b>	<b>\$ 5,773,701</b>	<b>\$ 5,729,759</b>

## CORRA 3 FLOATING RATE FUND

### Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2023 (note 1)

	2023		
	Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Currency derivatives</b>			
<b>OTC</b>			
Swaps	26,372	2,879	—
<b>Interest rate derivatives</b>			
<b>OTC</b>			
Swaps	4,079,179	5,200	(33,832)
<b>Total</b>	<b>\$ 4,105,551</b>	<b>\$ 8,079</b>	<b>\$ (33,832)</b>

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

	2023
Less than 1 year	\$ 1,343,179
1 to 2 years	1,530,000
Over 2 years	1,232,372
<b>Total</b>	<b>\$ 4,105,551</b>

(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.

## CORRA 3 FLOATING RATE FUND

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The CORRA 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. 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 or guaranteed by the Government of Canada, a Canadian provincial government, or a government-owned and AAA rated Canadian public sector asset manager;
- 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 Funds, portfolios and accounts; and,
- units in the BCI Canadian and/or US Dollar Short Term (money market) Funds 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 rating of A-1 (Low), or have an equivalent credit rating from another credit rating agency;
- 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 7 of the financial statements provides information on various types of financial risks associated with investing. The following information pertains specifically to this Fund.

## CORRA 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	2023	
	Total	% of Total
AAA/AA	\$ 2,485,809	51.7 %
A	2,283,714	47.5
BBB	40,004	0.8
<b>Total</b>	<b>\$ 4,809,527</b>	<b>100.0 %</b>

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	2023		
	Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 2,559,179	\$ 5,250	\$ (21,396)
A	1,546,372	2,829	(12,436)
<b>Total Derivatives</b>	<b>\$ 4,105,551</b>	<b>\$ 8,079</b>	<b>\$ (33,832)</b>

### Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 7 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2023
Collateral pledged	\$ 4,708

### 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:

	2023				
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 8,079	\$ 1,209	\$ 1,738	\$ 5,132	\$ 8,079
Derivative liabilities	(33,832)	(3,353)	(15,566)	(14,913)	(33,832)
	<b>\$ (25,753)</b>	<b>\$ (2,144)</b>	<b>\$ (13,828)</b>	<b>\$ (9,781)</b>	<b>\$ (25,753)</b>



## CORRA 3 FLOATING RATE FUND

### 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 CORRA. 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	2023	
	Total	Avg Effective Yield
Within 1 year	\$ 1,459,275	4.9 %
1 to 2 years	1,605,149	4.4
2 to 5 years	1,375,249	4.2
<b>Total Bonds</b>	<b>\$ 4,439,673</b>	<b>4.5 %</b>

As at December 31, the Fund invested in money market investments with terms to maturity within 1 year, and a weighted average effective yield of 5.0%.

### 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.

2023				
	Net Investments and Investment-Related Receivables/ (Payables)	Net Foreign Currency Contracts Receivable	Net Exposure	% of Total Net Assets
United States Dollar	\$ 26,819	\$ (26,372)	\$ 447	0.0 %

As at December 31, 2023, 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 \$4, representing 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

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

GEOGRAPHIC REGION	2023	
	Total	% of Total
Canada	\$ 4,369,960	98.4 %
United States	69,713	1.6
<b>Total</b>	<b>\$ 4,439,673</b>	<b>100.0 %</b>

## CORRA 3 FLOATING RATE FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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 analyzes 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.

2023				
	Level 1 (Quoted Price in Active Market)	Level 2 (Significant Observable Inputs)	Total	
Money market funds	\$ 35,738	\$ —	\$ 35,738	
Floating rate funds	928,436	—	928,436	
Money market investments	—	369,854	369,854	
Bonds	—	4,439,673	4,439,673	
Total investments	964,174	4,809,527	5,773,701	
Swaps, net	—	(25,753)	(25,753)	
<b>Total</b>	<b>\$ 964,174</b>	<b>\$ 4,783,774</b>	<b>\$ 5,747,948</b>	

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 2023 there were no significant transfers between the three levels in the hierarchy.

## CORRA 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 2023, 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:

2023			
Entity	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	\$ 5,517,918	\$ 35,738
Investee floating rate funds administered by BCI	1	2,167,845	928,436

## SHORT TERM BOND FUND

### Statement of Financial Position

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

As at December 31, 2023, with comparative information for 2022

Assets	NOTES	2023	2022
Receivable from sale of investments		\$ —	\$ 33,897
Interest receivable		11,221	6,744
Investments		1,703,058	1,549,182
Total assets		1,714,279	1,589,823
<b>Liabilities</b>			
Payable for purchase of investments		—	39,343
BCI cost recoveries payable	4	53	55
Other accounts payable		25	18
		78	39,416
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 1,714,201</b>	<b>\$ 1,550,407</b>
Number of redeemable units outstanding	5	605,457	570,428
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 2,831</b>	<b>\$ 2,718</b>

**[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, 2023, with comparative information for 2022

Revenue	NOTES	2023	2022
Interest income		\$ 52,891	\$ 26,515
Securities lending income		464	532
Change in fair value of investments:			
Net realized loss		(48,628)	(33,402)
Net change in unrealized appreciation		65,333	(48,044)
Total revenue (loss)		70,060	(54,399)
<b>Expenses</b>			
BCI cost recoveries	4	716	497
Administrative fees		29	19
Total operating expenses		745	516
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		69,315	(54,915)
Distributions to holders of redeemable units		(52,610)	(26,531)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ 16,705</b>	<b>\$ (81,446)</b>

## 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, 2023, with comparative information for 2022

	2023	2022
Balance, beginning of year	\$ 1,550,407	\$ 940,822
Increase (decrease) in net assets attributable to holders of redeemable units	16,705	(81,446)
Redeemable unit transactions:		
Proceeds from units issued	169,855	1,032,000
Reinvestment of distributions	52,610	26,531
Amounts paid for units redeemed	(75,376)	(367,500)
Net increase from redeemable unit transactions	147,089	691,031
<b>Balance, end of year</b>	<b>\$ 1,714,201</b>	<b>\$ 1,550,407</b>

## SHORT TERM BOND FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

Operating activities	2023	2022
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 16,705	\$ (81,446)
Adjustments for:		
Interest income	(52,891)	(26,515)
Net realized loss from investments	48,628	33,402
Net change in unrealized appreciation of investments	(65,333)	48,044
Amortization of premiums and discounts	(10,447)	2,892
Non cash distributions	52,610	26,531
BCI cost recoveries payable	(2)	15
Other accounts payable	7	3
Interest received	48,414	22,754
Net purchase of investments	(132,170)	(690,180)
	(94,479)	(664,500)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	169,855	1,032,000
Payments on redemption of redeemable units	(75,376)	(367,500)
	94,479	664,500
<b>Cash, beginning and end of year</b>	<b>\$ —</b>	<b>\$ —</b>

## SHORT TERM BOND FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
<b>Bonds</b>				
Federal Government	\$ 1,126,700	\$ 1,119,639	\$ 1,089,132	\$ 1,124,597
Provincial Government	441,640	442,047	442,537	464,041
Mortgage-Backed Securities	123,151	121,518	—	—
Supranational and Sovereign	—	—	10,241	10,318
	1,691,491	1,683,204	1,541,910	1,598,956
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	11,567	11,567	7,272	7,272
<b>Total Investments</b>	<b>\$ 1,703,058</b>	<b>\$ 1,694,771</b>	<b>\$ 1,549,182</b>	<b>\$ 1,606,228</b>



## 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 benchmark is the FTSE Canada Short Term Government Bond Index. 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, a Canadian provincial or municipal government, or Canadian government-related entities;
- Canadian dollar denominated fixed income securities which are 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;
- fully hedged US-dollar denominated securities that meet investment guideline criteria;
- units in BCI's Short Term Money Market Fund (ST1) and other BCI Funds that meet the Fund's Investment Policies criteria; and
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, and/or liquidity management.

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 securities issued by municipalities and Canadian government-related entities shall not exceed 10 percentage points above the weighting of such securities within the FTSE Canada Short Term Government Bond Index;
- the maximum term to maturity is 5.5 years, unless it is a callable bond which has a high probability of being called within 5.5 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 discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 7 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	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 1,290,586	76.3 %	\$ 1,247,033	80.9 %
A	400,905	23.7	294,877	19.1
<b>Total</b>	<b>\$ 1,691,491</b>	<b>100.0 %</b>	<b>\$ 1,541,910</b>	<b>100.0 %</b>

### 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	2023		2022	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ —	0.0 %	\$ 45,288	4.6 %
1 to 2 years	554,812	4.2	330,738	4.3
2 to 5 years	1,092,634	3.5	1,165,884	3.8
5 to 10 years	44,045	3.3	—	0.0
<b>Total Bonds</b>	<b>\$ 1,691,491</b>	<b>3.7 %</b>	<b>\$ 1,541,910</b>	<b>3.9 %</b>

The duration is to be managed within  $\pm 20$  percent of the benchmark duration, which was 2.6 years as at December 31, 2023 (2022 - 2.7 years). As at December 31, 2023, the Fund had an average duration of 2.6 years (2022 - 2.6 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 \$44,317 (2022 - \$41,015), representing 2.6% of the Fund's net assets (2022 - 2.6%). 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*

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

GEOGRAPHIC REGION	2023		2022	
	Total	% of Total	Total	% of Total
Canada	\$ 1,691,491	100.0 %	\$ 1,531,669	99.3 %
Supranational	—	—	10,241	0.7
<b>Total</b>	<b>\$ 1,691,491</b>	<b>100.0 %</b>	<b>\$ 1,541,910</b>	<b>100.0 %</b>

## SHORT TERM BOND FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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 analyzes 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.

	2023			2022		
	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	\$ 11,567	\$ —	\$ 11,567	\$ 7,272	\$ —	\$ 7,272
Bonds	—	1,691,491	1,691,491	—	1,541,910	1,541,910
<b>Total</b>	<b>\$ 11,567</b>	<b>\$ 1,691,491</b>	<b>\$ 1,703,058</b>	<b>\$ 7,272</b>	<b>\$ 1,541,910</b>	<b>\$ 1,549,182</b>

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 2023 and 2022 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 2023 and 2022, 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	2023			2022		
	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	\$ 2,679,051	\$ 11,567	1	\$ 1,910,876	\$ 7,272

## CORPORATE BOND FUND

### Statement of Financial Position

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

As at December 31, 2023, with comparative information for 2022

Assets	NOTES	2023	2022
Cash		\$ 18,340	\$ 20,005
Receivable from sale of investments		9,307	—
Receivable from issuance of units		37,800	—
Interest receivable		147,908	116,591
Derivative assets:			
Forwards		261,572	5,705
Investments		12,759,135	11,117,047
Total assets		13,234,062	11,259,348
<b>Liabilities</b>			
Payable for purchase of investments		15,333	—
Payable for redemption of units		37,800	—
BCI cost recoveries payable	4	2,101	1,152
Other accounts payable		74	63
Derivative liabilities:			
Forwards		2,554	428,330
		57,862	429,545
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 13,176,200</b>	<b>\$ 10,829,803</b>
Number of redeemable units outstanding	5	9,661.023	8,719.830
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 1,364</b>	<b>\$ 1,242</b>

**[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, 2023, with comparative information for 2022

Revenue	NOTES	2023	2022
Interest income		\$ 783,520	\$ 713,038
Dividend income		33,276	14,556
Securities lending income		7,420	6,210
Other income		206	92
Foreign exchange loss		(14,191)	(41,652)
Change in fair value of investments and derivatives:			
Net realized loss		(673,159)	(1,547,089)
Net change in unrealized appreciation		1,030,734	(688,785)
Total revenue (loss)		1,167,806	(1,543,630)
<b>Expenses</b>			
BCI cost recoveries	4	20,955	13,981
Administrative fees		96	111
Commissions and stock exchange fees		358	496
Total operating expenses		21,409	14,588
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		1,146,397	(1,558,218)
Distributions to holders of redeemable units		(789,163)	(677,868)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ 357,234</b>	<b>\$ (2,236,086)</b>

## CORPORATE BOND FUND

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Balance, beginning of year	\$ 10,829,803	\$ 13,483,060
Increase (decrease) in net assets attributable to holders of redeemable units	357,234	(2,236,086)
Redeemable unit transactions:		
Proceeds from units issued	2,426,265	2,081,475
Reinvestment of distributions	789,163	677,868
Amounts paid for units redeemed	(1,226,265)	(3,176,514)
Net increase (decrease) from redeemable unit transactions	1,989,163	(417,171)
<b>Balance, end of year</b>	<b>\$ 13,176,200</b>	<b>\$ 10,829,803</b>

## CORPORATE BOND FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

Operating activities	2023	2022
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 357,234	\$ (2,236,086)
Adjustments for:		
Foreign exchange loss	14,191	41,652
Interest income	(783,520)	(713,038)
Dividend income	(33,276)	(14,556)
Net realized loss from investments and derivatives	673,159	1,547,089
Net change in unrealized appreciation of investments and derivatives	(1,030,734)	688,785
Amortization of premiums and discounts	(192,413)	(153,385)
Non cash distributions	789,163	677,868
BCI cost recoveries payable	949	369
Other accounts payable	11	9
Interest received	752,203	700,715
Dividends received	33,276	14,556
Net sale (purchase) of investments and derivatives	(1,767,717)	581,217
	(1,187,474)	1,135,195
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	2,388,465	2,081,475
Payments on redemption of redeemable units	(1,188,465)	(3,176,514)
	1,200,000	(1,095,039)
Net increase in cash	12,526	40,156
Effect of exchange rate changes on cash	(14,191)	(41,652)
Cash, beginning of year	20,005	21,501
<b>Cash, end of year</b>	<b>\$ 18,340</b>	<b>\$ 20,005</b>



## CORPORATE BOND FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
<b>Equity Investments</b>				
Exchange Traded Funds	\$ 818,446	\$ 793,394	\$ 490,756	\$ 479,068
<b>Bonds</b>				
Federal Government	1,581,550	1,567,483	1,659,670	1,675,103
Corporate	9,943,787	10,012,666	7,655,345	8,025,336
	11,525,337	11,580,149	9,315,015	9,700,439
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	200,961	200,961	161,549	161,550
Fund ST3	214,391	215,899	1,149,727	1,156,349
	415,352	416,860	1,311,276	1,317,899
<b>Total Investments</b>	<b>\$ 12,759,135</b>	<b>\$ 12,790,403</b>	<b>\$ 11,117,047</b>	<b>\$ 11,497,406</b>

## CORPORATE BOND FUND

### Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023			2022		
	Notional Value <sup>(a)</sup>	Fair Value		Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Currency derivatives</b>						
<b>OTC</b>						
Forwards	\$ 11,584,793	\$ 261,572	\$ (2,554)	\$ 8,915,301	\$ 5,705	\$ (428,330)
<b>Interest rate derivatives</b>						
<b>Listed</b>						
Futures <sup>(c)</sup>	461,420	—	—	752,200	—	—
<b>Total</b>	<b>\$ 12,046,213</b>	<b>\$ 261,572</b>	<b>\$ (2,554)</b>	<b>\$ 9,667,501</b>	<b>\$ 5,705</b>	<b>\$ (428,330)</b>

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

	2023	2022
Less than 1 year	\$ 12,046,213	\$ 9,667,501
<b>Total</b>	<b>\$ 12,046,213</b>	<b>\$ 9,667,501</b>

- (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 and in realized gains and losses on the Statement of Comprehensive Income.

## 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; and
- units in BCI Canadian and/or US Dollar Short Term Money Market Funds, other BCI short-term fixed income Funds, and the 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;
- no 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 borrow money to satisfy cash flow needs and/or to avoid the untimely sale of assets;
- 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 discretion with respect to the sale of any affected security or the termination of any affected derivative transaction.

Note 7 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	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 1,722,760	14.9 %	\$ 1,765,665	19.0 %
A	1,647,823	14.3	1,363,165	14.6
BBB	2,977,229	25.8	2,690,922	28.9
BB	3,906,868	34.0	2,378,445	25.5
B	1,270,657	11.0	1,116,818	12.0
<b>Total</b>	<b>\$ 11,525,337</b>	<b>100.0 %</b>	<b>\$ 9,315,015</b>	<b>100.0 %</b>

In addition, the Fund is exposed to credit risk through the underlying securities held in exchange traded funds.

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	2023			2022		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
AAA/AA	\$ 3,171,308	\$ 76,963	\$ (647)	\$ 2,042,537	\$ 791	\$ (95,842)
A	8,413,485	184,609	(1,907)	6,872,764	4,914	(332,488)
<b>Total Derivatives</b>	<b>\$ 11,584,793</b>	<b>\$ 261,572</b>	<b>\$ (2,554)</b>	<b>\$ 8,915,301</b>	<b>\$ 5,705</b>	<b>\$ (428,330)</b>

### Collateral Pledged and Received

BCI is party to derivative contracts that involve pledging and holding collateral, as outlined in Note 7 (b). The following table illustrates the fair value of such collateral:

COLLATERAL	2023	2022
Collateral pledged	\$ 18,939	\$ 18,290

### 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:

	2023				
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 261,572	\$ 261,572	\$ —	\$ —	\$ 261,572
Derivative liabilities	(2,554)	(2,554)	—	—	(2,554)
	<b>\$ 259,018</b>	<b>\$ 259,018</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 259,018</b>

## CORPORATE BOND FUND

2022					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 5,705	\$ 5,705	\$ —	\$ —	5,705
Derivative liabilities	(428,330)	(428,330)	—	—	(428,330)
	<b>\$ (422,625)</b>	<b>\$ (422,625)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>(422,625)</b>

### 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	2023		2022	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 60,263	5.9 %	\$ —	0.0 %
1 to 2 years	162,045	6.3	16,737	6.4
2 to 5 years	2,387,498	5.4	1,790,908	5.6
5 to 10 years	6,254,216	5.6	3,556,928	6.5
10 to 20 years	834,055	4.9	1,265,088	5.4
20 to 30 years	961,075	4.9	747,095	4.6
Over 30 years	866,185	7.4	1,938,259	7.7
<b>Total Bonds</b>	<b>\$ 11,525,337</b>	<b>5.6 %</b>	<b>\$ 9,315,015</b>	<b>6.3 %</b>

As at December 31, 2023, the Fund had an average duration of 5.7 years (2022 - 5.6 years). As at December 31, the Fund invested in fixed income instruments with the longest term to maturity of 76 years (2022 - 77 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 \$729,554 (2022 - \$603,613), representing 5.5% of the Fund's net assets (2022 - 5.6%). In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

In addition, the Fund is exposed to interest rate risk through the underlying securities held in exchange traded funds.

### Currency Risk

At December 31, 2023, 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.

2023					
	Net Investments and Investments-Related Receivable/(Payable)	Net Foreign Currency Contracts Receivable/(Payable)	Net exposure	% of total net asset	
United States Dollar	\$ 11,665,723	\$ (11,339,960)	\$ 325,763	2.5 %	

2022					
	Net Investment Related Receivable/(Payable)	Net Foreign Currency Contracts Receivable/(Payable)	Net exposure	% of total net asset	
United States Dollar	\$ 9,253,117	\$ (9,349,155)	\$ (96,038)	(0.9) %	

As at December 31, 2023, 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 \$3,258 (2022 - \$(960)). 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	2023		2022	
	Total	% of Total	Total	% of Total
Canada	\$ 2,075,777	18.0 %	\$ 2,928,265	31.4 %
Netherlands	299,411	2.6	37,002	0.4
Singapore	53,425	0.5	—	0.0
United States	9,096,724	78.9	6,349,748	68.2
<b>Total Bonds</b>	<b>\$ 11,525,337</b>	<b>100.0 %</b>	<b>\$ 9,315,015</b>	<b>100.0 %</b>

## CORPORATE BOND FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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 analyzes 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.

	2023			2022		
	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
Exchange traded funds	\$ 818,446	\$ —	\$ 818,446	\$ 490,756	\$ —	\$ 490,756
Money market funds	415,352	—	415,352	1,311,276	—	1,311,276
Bonds	—	11,525,337	11,525,337	—	9,315,015	9,315,015
Total investments	1,233,798	11,525,337	12,759,135	1,802,032	9,315,015	11,117,047
Forwards, net	—	259,018	259,018	—	(422,625)	(422,625)
<b>Total</b>	<b>\$ 1,233,798</b>	<b>\$ 11,784,355</b>	<b>\$ 13,018,153</b>	<b>\$ 1,802,032</b>	<b>\$ 8,892,390</b>	<b>\$ 10,694,422</b>

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 2023 and 2022 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 2023 and 2022, 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	2023			2022		
	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	\$ 5,517,918	\$ 415,352	2	\$ 5,258,947	\$ 1,311,276
Investee funds administered by external manager	2	35,787,559	818,446	—	20,307,114	490,756



## THE FUNDING PROGRAM (FORMERLY LEVERAGED BOND FUND)

### Statement of Financial Position

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

As at December 31, 2023, with comparative information for 2022

Assets	NOTES	2023	2022
Cash		\$ 1,551	\$ —
Receivable from sale of investments		646,204	325,540
Interest receivable		117,042	71,596
Derivative assets:			
Swaps		105,707	10,815
Investments		23,920,063	17,372,277
Total assets		24,790,567	17,780,228
<b>Liabilities</b>			
Payable for purchase of investments		292,152	228,476
BCI cost recoveries payable	4	1,440	1,000
Interest payable		222,040	117,800
Amounts payable under repurchase agreements		18,856,215	15,771,504
Other accounts payable		1,477	98
Derivative liabilities:			
Swaps		—	12,347
Capital market debt financing	6	1,352,170	—
		20,725,494	16,131,225
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 4,065,073</b>	<b>\$ 1,649,003</b>
Number of redeemable units outstanding	5	4,698,679.223	1,703,399.260
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 1</b>	<b>\$ 1</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## THE FUNDING PROGRAM (FORMERLY LEVERAGED BOND FUND)

### Statement of Comprehensive Income (Loss)

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

Revenue	NOTES	2023	2022
Interest income		\$ 659,916	\$ 404,286
Other income		36	3
Change in fair value of investments, derivatives and capital market debt financing:			
Net realized loss		(533,589)	(998,756)
Net change in unrealized appreciation		1,176,283	(1,449,305)
Total revenue (loss)		1,302,646	(2,043,772)
<b>Expenses</b>			
BCI cost recoveries	4	15,800	10,227
Administrative fees		1,457	77
Interest expense		830,515	292,340
Commissions and stock exchange fees		5,244	49
Total operating expenses		853,016	302,693
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		449,630	(2,346,465)
Distributions to holders of redeemable units		—	(101,596)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ 449,630</b>	<b>\$ (2,448,061)</b>

## THE FUNDING PROGRAM (FORMERLY LEVERAGED BOND FUND)

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Balance, beginning of year	\$ 1,649,003	\$ 990,468
Increase (decrease) in net assets attributable to holders of redeemable units	449,630	(2,448,061)
Redeemable unit transactions:		
Proceeds from units issued	2,006,381	3,561,996
Reinvestment of distributions	—	101,596
Amounts paid for units redeemed	(39,941)	(556,996)
Net increase from redeemable unit transactions	1,966,440	3,106,596
<b>Balance, end of year</b>	<b>\$ 4,065,073</b>	<b>\$ 1,649,003</b>

## THE FUNDING PROGRAM (FORMERLY LEVERAGED BOND FUND)

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

Operating activities	2023	2022
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 449,630	\$ (2,448,061)
Adjustments for:		
Interest income	(659,916)	(404,286)
Interest expense	830,515	292,340
Net realized loss from investments, derivatives, and capital market debt financing	533,589	998,756
Net change in unrealized appreciation of investments, derivatives and capital market debt financing	(1,176,283)	1,449,305
Amortization of premiums and discounts	(22,057)	28,514
Non cash distributions	—	101,596
BCI cost recoveries payable	440	450
Other accounts payable	1,379	(555)
Interest received	614,470	372,553
Interest paid	(726,275)	(184,011)
Net purchase of investments and derivatives	(6,135,542)	(3,314,506)
	(6,290,050)	(3,107,905)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	2,006,381	3,561,996
Payments on redemption of redeemable units	(39,941)	(556,996)
Net proceeds from repurchase agreements	3,084,711	102,234
Proceeds from issuance of capital market debt financing	1,240,450	—
	6,291,601	3,107,234
Net increase (decrease) in cash	1,551	(671)
Cash, beginning of year	—	671
<b>Cash, end of year</b>	<b>\$ 1,551</b>	<b>\$ —</b>

## THE FUNDING PROGRAM (FORMERLY LEVERAGED BOND FUND)

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
<b>Bonds</b>				
Pledged financial assets at FVTPL				
Federal Government	\$ 13,827,328	\$ 13,622,271	\$ 9,978,091	\$ 10,305,575
Provincial Government	7,270,877	7,839,161	6,530,880	7,562,144
Non-pledged financial assets at FVTPL				
Federal Government	314,158	307,735	—	—
Provincial Government	1,444,930	1,425,404	848,141	995,565
Municipal Government	73,901	67,147	—	—
Supranational and Sovereign	55,749	55,080	—	—
	22,986,943	23,316,798	17,357,112	18,863,284
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	3,614	3,614	3,947	3,947
	3,614	3,614	3,947	3,947
<b>Investment Related Receivables</b>				
Securities purchased under reverse repurchase agreements	929,506	929,501	11,218	11,218
<b>Total Investments</b>	<b>\$ 23,920,063</b>	<b>\$ 24,249,913</b>	<b>\$ 17,372,277</b>	<b>\$ 18,878,449</b>

## THE FUNDING PROGRAM (FORMERLY LEVERAGED BOND FUND)

### Schedule of Derivative Assets and Liabilities

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023			2022		
	Notional Value <sup>(a)</sup>	Fair Value		Notional Value <sup>(a)</sup>	Fair Value	
		Derivative Assets <sup>(b)</sup>	Derivative Liabilities		Derivative Assets <sup>(b)</sup>	Derivative Liabilities
<b>Interest rate derivatives</b>						
<b>Listed</b>						
Futures <sup>(c)</sup>	\$ 2,141,200	\$ —	\$ —	\$ —	\$ —	\$ —
<b>OTC</b>						
Swaps	1,375,000	105,707	—	290,000	10,815	(12,347)
<b>Total</b>	<b>\$ 3,516,200</b>	<b>\$ 105,707</b>	<b>\$ —</b>	<b>\$ 290,000</b>	<b>\$ 10,815</b>	<b>\$ (12,347)</b>

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

	2023	2022
Less than 1 year	\$ 2,266,200	\$ 290,000
1 to 2 years	—	—
Over 2 years	1,250,000	—
<b>Total</b>	<b>\$ 3,516,200</b>	<b>\$ 290,000</b>

- (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 and in realized gains and losses on the Statement of Comprehensive Income.

## THE FUNDING PROGRAM (FORMERLY LEVERAGED BOND FUND)

### Financial Risk Management Discussion

(Expressed in thousands of dollars)

The investment objective of the The Funding Program (formerly Leveraged Bond Fund) (the "Fund") is to provide participating clients with an opportunity to benefit from BCI's use of leverage. The Fund's asset benchmark is actual performance and liability benchmark is realized cost of financing.

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;
- money market instruments including repurchase agreements;
- agreements to finance other BCI Pools, portfolios, and accounts;
- derivative instruments for the purposes of synthetic indexing, risk control, lowering transaction costs, liquidity management, and/or leverage; and
- units in BCI Canadian and/or US Dollar Short Term Money Market Funds, other BCI short-term fixed income Funds, and the Floating Rate Funds.

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 weighting of securities issued by municipalities 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; and
- Not more than 25 percent of the market value of the Fund's bond portfolio 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 CEO/CIO approval;
- the Fund may not sell a security which it does not own (i.e. short sale);
- 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 derivatives 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 7 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.

BONDS BY CREDIT RATING	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 19,017,238	82.7 %	\$ 12,945,775	74.6 %
A	3,969,705	17.3	4,411,337	25.4
<b>Total</b>	<b>\$ 22,986,943</b>	<b>100.0 %</b>	<b>\$ 17,357,112</b>	<b>100.0 %</b>

## THE FUNDING PROGRAM (FORMERLY 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	2023				2022			
	Fair Value				Fair Value			
	Notional Value	Derivative Assets	Derivative Liabilities		Notional Value	Derivative Assets	Derivative Liabilities	
AAA/AA	\$ 1,325,000	\$ 105,334	\$ —		\$ 5,131	\$ (5,513)		
A	50,000	373	—		290,000	5,684	(6,834)	
<b>Total Derivatives</b>	<b>\$ 1,375,000</b>	<b>\$ 105,707</b>	<b>\$ —</b>	<b>\$ 290,000</b>	<b>\$ 10,815</b>	<b>\$ (12,347)</b>		

### 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:

	2023	2022
Amounts pledged under repurchase agreements	\$ 18,856,215	\$ 15,771,504
Collateral received	105,707	5,684
Collateral pledged	21,098,205	16,508,971

Credit risk relating to 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, the Fund invested in securities purchased under reverse repurchase agreements with the following issuer credit ratings:

REVERSE REPURCHASE INVESTMENTS BY CREDIT RATING	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 773,506	83.2 %	\$ 11,218	100.0 %
A	156,000	16.8	—	0.0
<b>Total</b>	<b>\$ 929,506</b>	<b>100.0 %</b>	<b>\$ 11,218</b>	<b>100.0 %</b>

### Liquidity Risk

The carrying amount of capital market debt financing designated as FVTPL at December 31 was \$1,352,170. The Fund's capital market debt financing is due June 2, 2033. All other non-derivative liabilities and amounts payable under repurchase agreements are due within 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:

	2023				
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 105,707	\$ 575	\$ —	\$ 105,132	\$ 105,707
Derivative liabilities	—	—	—	—	—
	<b>\$ 105,707</b>	<b>\$ 575</b>	<b>\$ —</b>	<b>\$ 105,132</b>	<b>\$ 105,707</b>



## THE FUNDING PROGRAM (FORMERLY LEVERAGED BOND FUND)

2022					
	Carrying value	Less than 1 year	1 to 2 years	Over 2 year	Total
Derivative assets	\$ 10,815	\$ 10,815	\$ —	\$ —	10,815
Derivative liabilities	(12,347)	(12,347)	—	—	(12,347)
	<b>\$ (1,532)</b>	<b>\$ (1,532)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>(1,532)</b>

### 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 6 times the net asset value of the Fund (2022 - 11), 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	2023		2022	
	Total	Avg Effective Yield	Total	Avg Effective Yield
1 to 2 years	\$ 2,094,474	4.0 %	\$ 1,428,925	4.1 %
2 to 5 years	5,127,065	3.5	4,948,157	3.7
5 to 10 years	8,525,531	4.0	5,494,839	3.6
10 to 20 years	3,376,357	3.8	2,660,241	4.1
20 to 30 years	3,031,346	4.0	2,238,480	4.3
Over 30 years	832,170	3.8	586,470	3.9
<b>Total Bonds</b>	<b>\$ 22,986,943</b>	<b>3.9 %</b>	<b>\$ 17,357,112</b>	<b>3.8 %</b>

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 \$1,817,650 (2022 - \$1,377,309), representing 44.7% of the Fund's net assets (2022 - 83.5%). In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

The Fund's capital market debt financing bears interest at 4.9% per annum, maturing on June 2, 2033. The Fund has simultaneously entered into an interest rate swap with a total notional value of \$1,250,000 maturing on June 2, 2033 whereby the fixed interest rate return of the capital market debt financing is swapped for a floating rate of return. Therefore, the Fund is generally not exposed to fair value interest rate risk from the capital market debt financing held within the Fund.

### 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.

## THE FUNDING PROGRAM (FORMERLY LEVERAGED BOND FUND)

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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 analyzes 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.

	2023			2022		
	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	\$ 3,614	\$ —	\$ 3,614	\$ 3,947	\$ —	\$ 3,947
Bonds	—	22,986,943	22,986,943	—	17,357,112	17,357,112
Securities purchased under reverse repurchase agreements	—	929,506	929,506	—	11,218	11,218
Investment fund investment	—	—	—	—	—	—
Total investments	3,614	23,916,449	23,920,063	3,947	17,368,330	17,372,277
Swaps, net	—	105,707	105,707	—	(1,532)	(1,532)
Capital market debt financing	—	(1,352,170)	(1,352,170)	—	—	—
Amounts payable under repurchase agreements	—	(18,856,215)	(18,856,215)	—	(15,771,504)	(15,771,504)
<b>Total</b>	<b>\$ 3,614</b>	<b>\$ 3,813,771</b>	<b>\$ 3,817,385</b>	<b>\$ 3,947</b>	<b>\$ 1,595,294</b>	<b>\$ 1,599,241</b>

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 2023 and 2022 there were no significant transfers between the three levels in the hierarchy.

## THE FUNDING PROGRAM (FORMERLY 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 2023 and 2022, 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	2023			2022		
	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	\$ 2,679,051	\$ 3,614	1	\$ 1,910,876	\$ 3,947

## GOVERNMENT BOND FUND

### Statement of Financial Position

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

As at December 31, 2023, with comparative information for 2022

Assets	NOTES	2023	2022
Cash		\$ 1,355	\$ —
Receivable from sale of investments		59,653	539,742
Receivable from issuance of units		57,500	—
Interest receivable		90,507	66,394
Investments		18,567,332	15,025,418
Total assets		18,776,347	15,631,554
<b>Liabilities</b>			
Payable for purchase of investments		53,404	538,679
Payable for redemption of units		57,500	—
BCI cost recoveries payable	4	491	718
Other accounts payable		55	28
		111,450	539,425
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 18,664,897</b>	<b>\$ 15,092,129</b>
Number of redeemable units outstanding	5	20,391.019	17,488.850
<b>Net assets attributable to holders of redeemable units per unit</b>		<b>\$ 915</b>	<b>\$ 863</b>

**[S] Gordon J. Fyfe**

Gordon J. Fyfe  
Chief Executive Officer  
Chief Investment Officer

## GOVERNMENT BOND FUND

### Statement of Comprehensive Income (Loss)

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

Revenue	NOTES	2023	2022
Interest income		\$ 587,928	\$ 387,151
Securities lending income		9,153	7,674
Other income		1	(1)
Change in fair value of investments:			
Net realized loss		(507,129)	(1,123,218)
Net change in unrealized appreciation		956,160	(1,078,114)
Total revenue (loss)		1,046,113	(1,806,508)
<b>Expenses</b>			
BCI cost recoveries	4	7,846	7,489
Administrative fees		86	47
Commissions and stock exchange fees		156	43
Total operating expenses		8,088	7,579
Increase (decrease) in net assets attributable to holders of redeemable units before distributions		1,038,025	(1,814,087)
Distributions to holders of redeemable units		(589,159)	(387,245)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ 448,866</b>	<b>\$ (2,201,332)</b>

## GOVERNMENT BOND FUND

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Balance, beginning of year	\$ 15,092,129	\$ 12,099,906
Increase (decrease) in net assets attributable to holders of redeemable units	448,866	(2,201,332)
Redeemable unit transactions:		
Proceeds from units issued	6,329,439	9,780,445
Reinvestment of distributions	589,159	387,245
Amounts paid for units redeemed	(3,794,696)	(4,974,135)
Net increase from redeemable unit transactions	3,123,902	5,193,555
<b>Balance, end of year</b>	<b>\$ 18,664,897</b>	<b>\$ 15,092,129</b>

## GOVERNMENT BOND FUND

### Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
<b>Operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 448,866	\$ (2,201,332)
Adjustments for:		
Interest income	(587,928)	(387,151)
Net realized loss from investments	507,129	1,123,218
Net change in unrealized appreciation of investments	(956,160)	1,078,114
Amortization of premiums and discounts	(46,647)	10,260
Non cash distributions	589,159	387,245
BCI cost recoveries payable	(227)	379
Other accounts payable	27	5
Interest received	563,815	347,079
Net purchase of investments	(3,051,422)	(5,164,127)
	(2,533,388)	(4,806,310)
<b>Financing activities</b>		
Proceeds from issuance of redeemable units	6,271,939	9,780,445
Payments on redemption of redeemable units	(3,737,196)	(4,974,135)
	2,534,743	4,806,310
Net increase in cash	1,355	—
Cash, beginning of year	—	—
<b>Cash, end of year</b>	<b>\$ 1,355</b>	<b>\$ —</b>

## GOVERNMENT BOND FUND

### Schedule of Investments

(Expressed in thousands of dollars)

As at December 31, 2023, with comparative information for 2022

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
<b>Bonds</b>				
Federal Government	\$ 11,126,854	\$ 10,913,821	\$ 8,504,912	\$ 8,714,136
Provincial Government	7,026,745	7,334,588	6,136,980	6,963,098
Municipal Government	304,183	310,304	313,082	334,545
Supranational and Sovereign	105,719	107,171	66,958	68,696
	18,563,501	18,665,884	15,021,932	16,080,475
<b>Money Market Investments</b>				
Units in BCI Pooled Investment Portfolio				
Fund ST1	3,831	3,831	3,486	3,486
	3,831	3,831	3,486	3,486
<b>Total Investments</b>	<b>\$ 18,567,332</b>	<b>\$ 18,669,715</b>	<b>\$ 15,025,418</b>	<b>\$ 16,083,961</b>



## 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 Canadian and/or US Dollar Short Term Money Market Funds, other BCI short-term fixed income Funds, and the Floating Rate Funds.

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 securities issued by municipalities and Canadian government-related entities shall not exceed 10 percentage points above the weighting of such bonds within the 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 7 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.

BONDS BY CREDIT RATING	2023		2022	
	Total	% of Total	Total	% Total
AAA/AA	\$ 15,382,260	82.9 %	\$ 11,676,870	77.7 %
A	3,181,241	17.1	3,345,062	22.3
<b>Total</b>	<b>\$ 18,563,501</b>	<b>100.0 %</b>	<b>\$ 15,021,932</b>	<b>100.0 %</b>

#### 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	2023		2022	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	\$ 38,207	4.8 %	\$ —	0.0 %
1 to 2 years	1,527,041	4.0	848,067	4.1
2 to 5 years	4,830,498	3.5	3,988,599	3.8
5 to 10 years	5,930,596	3.3	5,169,910	3.6
10 to 20 years	2,913,668	3.8	2,529,191	4.2
20 to 30 years	2,448,861	4.0	1,834,931	4.4
Over 30 years	874,630	3.8	651,234	4.0
<b>Total Bonds</b>	<b>\$ 18,563,501</b>	<b>3.6 %</b>	<b>\$ 15,021,932</b>	<b>3.9 %</b>

The duration is to be managed within  $\pm 20$  percent of the benchmark duration, which was 7.9 years as at December 31, 2023 (2022 - 7.9 years). As at December 31, 2023, the Fund had an average duration of 7.9 years (2022 - 7.9 years). At December 31, the longest term to maturity for a debt instrument within the Fund is 41 years (2022 - 42 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 \$1,462,804 (2022 - \$1,192,741), representing 7.8% (2022 - 7.9%) 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*

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

GEOGRAPHIC REGION	2023		2022	
	Total	% of Total	Total	% of Total
Canada	\$ 18,457,782	99.4 %	\$ 14,954,974	99.6 %
Supranational	105,719	0.6	66,958	0.4
<b>Total</b>	<b>\$ 18,563,501</b>	<b>100.0 %</b>	<b>\$ 15,021,932</b>	<b>100.0 %</b>

## GOVERNMENT BOND FUND

### Fair Value Measurement Discussion

(Expressed in thousands of dollars)

As described in note 8 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 analyzes 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.

	2023			2022		
	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	\$ 3,831	\$ —	\$ 3,831	\$ 3,486	\$ —	\$ 3,486
Bonds	—	18,563,501	18,563,501	—	15,021,932	15,021,932
<b>Total</b>	<b>\$ 3,831</b>	<b>\$ 18,563,501</b>	<b>\$ 18,567,332</b>	<b>\$ 3,486</b>	<b>\$ 15,021,932</b>	<b>\$ 15,025,418</b>

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 2023 and 2022 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 2023 and 2022, 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	2023			2022		
	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	\$ 2,679,051	\$ 3,831	1	\$ 1,910,876	\$ 3,486

## 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
U.S. Dollar Money Market Fund ST4	April 1, 2022
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
CORRA 1 Floating Rate Fund	July 26, 2023
CORRA 3 Floating Rate Fund	July 21, 2023
Short Term Bond Fund	November 1, 1995
Corporate Bond Fund	January 8, 2016
The Funding Program (formerly Leveraged Bond Fund)	September 19, 2019
Government Bond Fund	January 7, 2021

The CORRA 1 Floating Rate Fund and CORRA 3 Floating Rate Fund were established in 2023, therefore no comparative information has been presented in these financial statements. In response to the planned cessation of the calculation and publication of all tenors of Canadian Dollar Offered Rate effective June 28, 2024, BCI intends to windup CDOR 1 Floating Rate Fund, CDOR 2 Floating Rate Fund, and CDOR 4 Floating Rate Fund with proceeds from the liquidation paid to the holders of redeemable units on a pro-rata basis. Note 11 provides information on the termination of the CDOR 3 Floating Rate Fund subsequent to year end.

## 2. BASIS OF PRESENTATION

### (a) Statement of compliance

These financial statements have been prepared in compliance with IFRS Accounting Standards. These financial statements were authorized for issue by the Chief Executive Officer / Chief Investment Officer on April 16, 2024.

### (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, amounts payable under repurchase agreements, capital market debt financing, 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 and U.S. Dollar Money Market Fund ST4, which are 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 Accounting Standards 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 POLICY INFORMATION**

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.

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 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.

**(iv) Classification of financial assets and liabilities**

The following table summarizes the classification of the Funds' financial assets and liabilities:

FINANCIAL ASSET OR LIABILITY	CLASSIFICATION
Investments	FVTPL
Derivative financial instruments	FVTPL
Amounts payable under repurchase agreements	FVTPL
Capital market debt financing	FVTPL
Redeemable units	FVTPL
Cash	Amortized cost
Receivable from sale of investments	Amortized cost
Receivable from issuance of units	Amortized cost
Dividend receivable	Amortized cost
Interest receivable	Amortized cost
Other receivables	Amortized cost
Other accounts payable	Amortized cost
Payable for purchase of investments	Amortized cost
Payable for redemption of units	Amortized cost
BCI cost recoveries payable	Amortized cost

**(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 the Statement of 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 and U.S. Dollar Money Market Fund ST4). 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**

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 and the U.S. Dollar Money Market Fund ST4) 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.

**(g) Fees and commission expense**

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.

**(h) 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.

**(i) 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.

**(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, 2023, 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, 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Lease liability in a sale and leaseback (Amendments to IFRS 16)
- Non-current liabilities with covenants (Amendments to IAS 1)
- Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)

Effective on January 1, 2025:

- Lack of exchangeability – Amendments to IAS 21

#### 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

The Funds enter into investment transactions with related parties in the normal course of business. The terms of the respective purchases and sales are equivalent to those prevailing in an arm's length transaction, with each Fund's interests represented by different BCI personnel.

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.

##### Internal financing transactions

In the normal course of business, CDOR 2 Floating Rate Fund extended internal fixed term financing to the below entities managed by BCI which are classified as related parties. These transactions are governed by BCI's *Internal Transaction Directive*. The amounts in the table represent outstanding amounts as at:

Borrowing entity	Initial principal financing commitment	December 31, 2023	December 31, 2022
Infrastructure & Renewable Resources <sup>1</sup>	Up to \$2,000,000	\$ 1,132,765	\$ 1,328,209
Total Loans to Infrastructure & Renewable Resources Program		\$ 1,132,765	\$ 1,328,209

<sup>1</sup>The borrowing entities are stopper corporations within Bolsena Fund, Bolsena (Public) Fund and client segregated accounts within the Infrastructure and Renewable Resources program. The Facilities earn a floating rate return that is linked to the Canadian Dollar Offered Rate or Canadian Overnight Repo Rate plus 0.70% - 1.21% and of which \$854,114 matured in January 2024 and \$278,651 matures in July 2024.

Borrowing entity	Initial principal financing commitment	December 31, 2023	December 31, 2022
QuadReal Multi Asset Realty <sup>2,3</sup>	\$500,000	\$ 505,159	\$ 505,073
QuadReal Multi Asset Realty <sup>3,4</sup>	\$500,000	507,876	504,672
QuadReal Multi Asset Realty <sup>3,5</sup>	\$250,000	251,005	250,933
QuadReal Global I REIT Investment LP <sup>6</sup>	Up to \$500,000	25,237	302,315
Total Loans to QuadReal-managed entities		\$ 1,289,277	\$ 1,562,993

Internal transactions between Funds are not secured in that specific assets are not pledged by the borrowing Fund to secure its obligations; however, the obligations of the borrowing Funds 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.

### Credit Facility

During the period, BCI entered into a secured and uncommitted line of credit (the "Facility") with its custodian for up to \$1,000,000 for cash flow management, working capital, and settlement coverage needs. The Facility is secured by certain qualified assets of the CDOR 1 Floating Rate Fund and CORRA 1 Floating Rate Fund. In the event that an amount has been drawn on this Facility, the associated proceeds and liability would be held by the benefiting Fund. The Facility bears interest at the Federal Funds Target Rate plus 100 basis points per annum. As at December 31, 2023, no amount has been drawn on this credit facility.

<sup>2</sup>The borrowing entity is QuadReal Multi Asset Realty, a pooled fund managed by QuadReal. The Facility earned a floating rate return that was linked to the Canadian Dollar Offered Rate plus 1.15%. In July 2023, this Facility was rolled over for an additional 12 months to mature July 2024. The extended facility earns a floating rate return that is linked to the Canadian Overnight Repo Rate plus 1.33%.

<sup>3</sup>To ensure client fairness and reflect savings from the scale of BCI's impact on lowering financing costs, a savings sharing mechanism ("SSM") was introduced, whereby 50% of returns earned by the Facility are distributed directly to participating BCI clients.

<sup>4</sup>The borrowing entity is QuadReal Multi Asset Realty, a pooled fund managed by QuadReal. The Facility earned a floating rate return that was linked to the Canadian Dollar Offered Rate plus 0.625%. In October 2023, this Facility was rolled over for additional 12 months to mature October 2024. The extended facility earns a floating rate return that is linked to the Canadian Overnight Repo Rate plus 1.40%.

<sup>5</sup>The borrowing entity is QuadReal Multi Asset Realty, a pooled fund managed by QuadReal. The Facility earned a floating rate return that was linked to the Canadian Dollar Offered Rate plus 1.075%. In December 2023, this Facility was rolled over for additional 12 months to mature December 2024. The extended facility earns a floating rate return that is linked to the Canadian Overnight Repo Rate plus 1.34%.

<sup>6</sup>The borrowing 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 Canadian Dollar Offered Rate plus a set percentage based on loan-to-value of securities held within QuadReal Global I REIT Investment LP ranging from 0.75% - 1.00%. In February 2023, this Facility was rolled over for additional 12 months to mature February 2024.

## 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	
	2023	2022	2023	2022	2023	2022
Outstanding, beginning of period	476.004	405.370	580.319	984.743	1,057.180	1,276.337
Issued for cash	12,735.546	13,444.103	1,603.624	1,491.342	10,398.605	10,013.664
Issued on reinvestment of distributions	29.449	10.688	25.719	11.657	42.315	13.182
Consolidation of units	(29.449)	(10.688)	(25.719)	(11.657)	(42.315)	(13.182)
Redeemed	(12,575.324)	(13,373.469)	(1,627.069)	(1,895.766)	(10,580.561)	(10,232.821)
<b>Outstanding, end of period</b>	<b>636.226</b>	<b>476.004</b>	<b>556.874</b>	<b>580.319</b>	<b>875.224</b>	<b>1,057.180</b>

	U.S. DOLLAR MONEY MARKET FUND ST4		CDOR 1 FLOATING RATE FUND		CDOR 2 FLOATING RATE FUND	
	2023	2022	2023	2022	2023	2022
Outstanding, beginning of period	479.413	—	17,455.930	13,149.430	2,794.770	5,281.190
Issued for cash	378.047	486.710	21,755.483	44,860.562	3,976.731	3,122.099
Issued on reinvestment of distributions	—	—	556.429	435.023	173.696	146.210
Consolidation of units	—	—	(556.429)	(435.023)	(173.696)	(146.210)
Redeemed	(232.135)	(7.297)	(35,562.851)	(40,554.062)	(4,930.237)	(5,608.519)
<b>Outstanding, end of period</b>	<b>625.325</b>	<b>479.413</b>	<b>3,648.562</b>	<b>17,455.930</b>	<b>1,841.264</b>	<b>2,794.770</b>

	CDOR 3 FLOATING RATE FUND		CDOR 4 FLOATING RATE FUND		CORRA 1 FLOATING RATE FUND	CORRA 3 FLOATING RATE FUND
	2023	2022	2023	2022	2023	2023
Outstanding, beginning of period	5,659.290	6,057.650	688.217	561.921	—	—
Issued for cash	2,537.097	1,000.461	1,827.664	2,646.556	13,614.897	5,685.283
Issued on reinvestment of distributions	227.429	140.874	47.957	17.962	—	—
Consolidation of units	(227.429)	(140.874)	(47.957)	(17.962)	—	—
Redeemed	(6,713.847)	(1,398.821)	(1,675.500)	(2,520.260)	(6,516.954)	(45.862)
<b>Outstanding, end of period</b>	<b>1,482.540</b>	<b>5,659.290</b>	<b>840.381</b>	<b>688.217</b>	<b>7,097.943</b>	<b>5,639.421</b>

	SHORT TERM BOND FUND		CORPORATE BOND FUND		THE FUNDING PROGRAM	
	2023	2022	2023	2022	2023	2022
Outstanding, beginning of period	570.428	333.441	8,719.830	9,659.050	1,703,399.260	1,403.250
Issued for cash	62.274	372.340	1,897.403	1,586.900	3,039,511.236	1,791,169.211
Issued on reinvestment of distributions	18.962	9.579	605.657	513.945	1,084.662	203.214
Consolidation of units	(18.962)	(9.579)	(605.657)	(513.945)	(1,084.662)	(203.214)
Redeemed	(27.245)	(135.353)	(956.210)	(2,526.120)	(44,231.273)	(89,173.201)
<b>Outstanding, end of period</b>	<b>605.457</b>	<b>570.428</b>	<b>9,661.023</b>	<b>8,719.830</b>	<b>4,698,679.223</b>	<b>1,703,399.260</b>

	GOVERNMENT BOND FUND	
	2023	2022
Outstanding, beginning of period	17,488.850	12,342.140
Issued for cash	7,238.764	10,915.458
Issued on reinvestment of distributions	662.737	420.148
Consolidation of units	(662.737)	(420.148)
Redeemed	(4,336.595)	(5,768.748)
<b>Outstanding, end of period</b>	<b>20,391.019</b>	<b>17,488.850</b>

## 6. CAPITAL MARKET DEBT FINANCING

During the year ended December 31, 2023, BCI issued senior unsecured medium term debt in respect of all assets under management that are held within pooled investment portfolios as defined under the Regulations, excluding real estate and real estate debt funds managed by BCI's wholly owned real estate and real estate debt asset management platform, QuadReal, (collectively referred to as the "Combined Funds"). The capital raised from the capital market debt financing is used for general investment purposes. The Funding Program (formerly Leveraged Bond Fund) is the holder of the capital market debt financing and the associated proceeds, in respect of the Combined Funds. Recourse under the senior unsecured medium term debt, including upon the occurrence of an event of default, is limited to the assets of the Combined Funds.

The following outlines the terms as well as the fair value of the notes issued under the capital market debt financing program as at December 31, 2023:

	Capital amounts payable at maturity	Fair value
Senior unsecured medium-term Canadian dollar note Series 1, bearing interest at 4.9% per annum and maturing on June 2, 2033	\$ 1,250,000	\$ 1,352,170

On January 11, 2024, BCI issued an additional \$1,000,000 in Series 1 medium term debt, bearing interest at 4.9% per annum and maturing on June 2, 2033.

## 7. 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.

**Interest rate benchmark reform**

A fundamental reform of major interest rate benchmarks has been taking place globally. The reform aims 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 their investments in bonds and derivatives that are being replaced or reformed as part of this market-wide initiative.

The main risks to which the Funds have 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 working group evaluates the extent to which operational systems are impacted by the IBOR reform, provides updates and guidance on the transition to relevant stakeholders, and promotes awareness of changes to relevant stakeholders.

For non-derivative financial instruments, BCI continues to identifying agreements referring to IBORs and engaging in a timely contract remediation process with the related counterparties. For derivative financial instruments, the Funds have adhered to the International Swaps and Derivatives Association ("ISDA") Fallbacks Protocol that took effect January 25, 2021, which provides an efficient mechanism to switch to Alternative Benchmark Rates ("ABRs") as IBORs become unavailable.

The following table presents the fair value of non-derivative financial instruments and the notional value of derivative financial instruments referencing IBORs subject to IBOR reform that have yet to transition to ABRs and maturing after the date of permanent cessation as at December 31:



Pooled Investment Portfolios	Non-derivative financial assets	Derivative financial assets (notional)
CDOR 1 Floating Rate Fund	\$ 1,014,859	\$ 1,396,704
CDOR 2 Floating Rate Fund	—	45,430
CDOR 3 Floating Rate Fund	400,991	432,000
CDOR 4 Floating Rate Fund	20,050	—
CORRA 1 Floating Rate Fund	—	54,152

## (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.

# 8. 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 exist 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 Accounting Standards. 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, other receivables, payable for purchase of investments, amounts payable under repurchase agreements, 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.

## 9. TAXES

Net cumulative capital losses and non-capital losses for the Funds with tax losses are as follows as of December 31, 2023:

Pooled Investment Portfolios	Net Capital Losses	Non Capital Losses
CDOR 1 Floating Rate Fund	\$ 141,566	\$ —
CDOR 2 Floating Rate Fund	270,564	—
CDOR 3 Floating Rate Fund	20,327	—
Short Term Bond Fund	82,030	—
Corporate Bond Fund	2,219,861	—
The Funding Program (formerly Leveraged Bond Fund)	1,785,585	187,890
Government Bond Fund	1,769,127	—

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.

## 10. 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	
	2023	2022	2023	2022
CDOR 1 Floating Rate Fund	\$ 1,625,484	\$ 5,637,085	45.7 %	34.1 %
CDOR 2 Floating Rate Fund	120,464	65,332	19.7	33.5
CDOR 3 Floating Rate Fund	577,360	1,950,823	43.2	39.7
CDOR 4 Floating Rate Fund	49,010	9,433	6.2	1.4
Short Term Bond Fund	426,415	687,882	25.2	44.6
Corporate Bond Fund	2,436,159	1,942,136	19.7	19.8
Government Bond Fund	6,961,508	5,110,416	37.5	34.0

## 11. TERMINATION OF FUND

Unitholders of the CDOR 3 Floating Rate Fund redeemed all outstanding units in the Fund on March 25, 2024.



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