

# Quarterly Results Presentation

**Third Quarter Fiscal 2021**

February 11, 2020

**CPP**  **Investments**



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# Financial Results

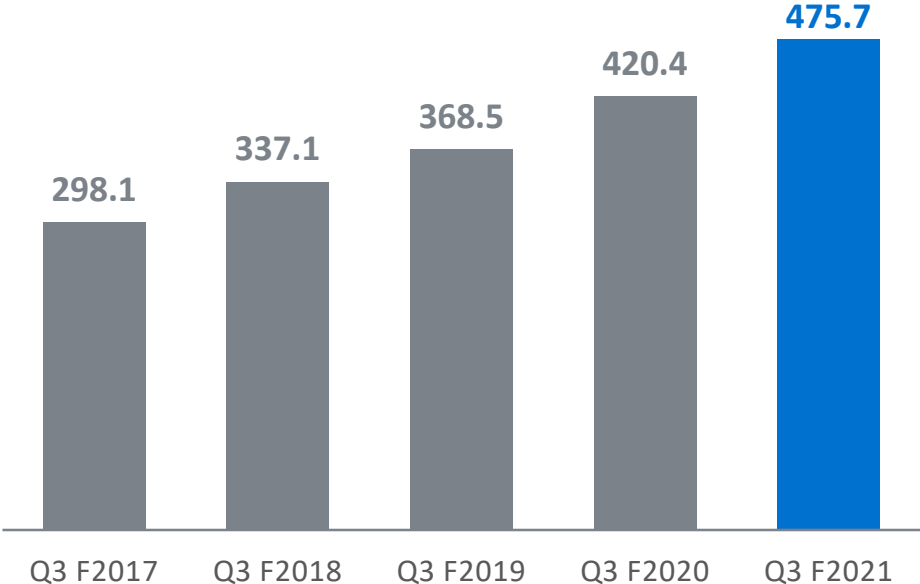
## Third Quarter Fiscal 2021 Results



CPP Investments delivered strong performance gains amid continued global uncertainty

Q3  
Fiscal 2021

Q3 Net Assets Year-Over-Year Comparison (C\$ billion)

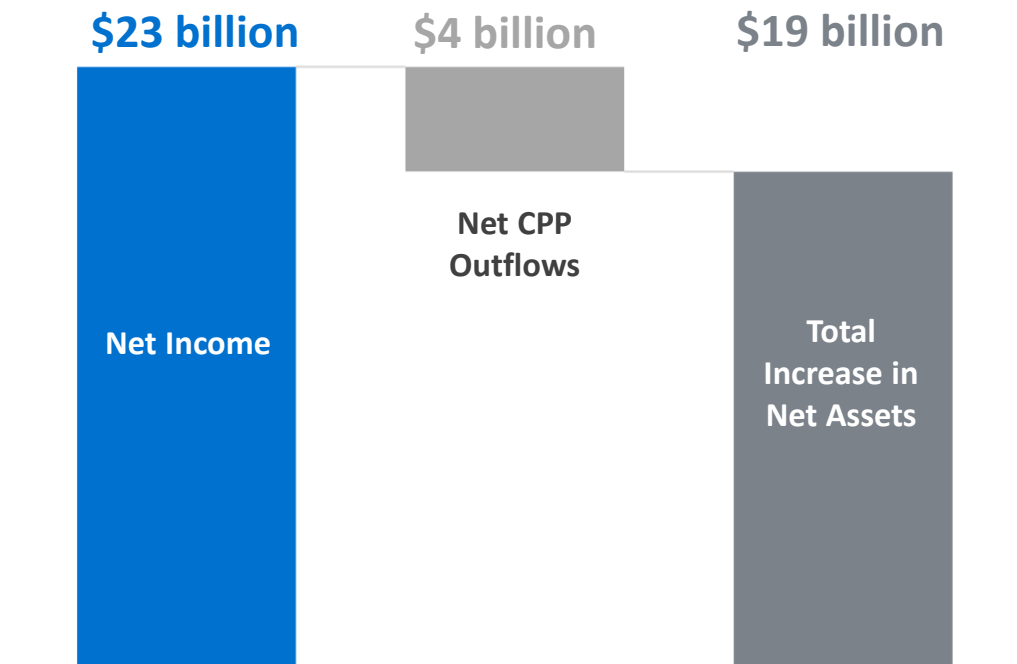


Quarterly increase in Net Assets

\$19.0 billion

## Highest quarterly net income since inception

Q3  
Fiscal 2021



Net Return

5.1 %

Longer-term performance remains strong

Q3  
Fiscal 2021

**10-year  
Net Income**  
**\$292.1**  
billion

**10-year  
Net Nominal Return**  
**10.8%**

## Performance drivers



Despite the ongoing challenges caused by the global pandemic, all of our teams continue to collaborate seamlessly across the enterprise to achieve strong results.

The commitment to operational excellence among all our employees is critical in seizing opportunities to create long-term value for the Fund. The long-term results are the most important for the Fund and we are pleased to be sustaining double-digit 10-year returns.

**Mark Machin**  
President & Chief Executive Officer  
CPP Investments



Q3  
Fiscal 2021

## Market update

Q3  
Fiscal 2021



The Fund's strong results in the third quarter were driven by returns in both public and private equity assets.



The prospect of a recovery in the global economy and a series of vaccine breakthroughs propelled global public equity markets higher.



While all investment departments reported positive quarterly results before foreign exchange impact, the weakening of the U.S. dollar against the Canadian dollar tempered some of the Fund's gains.



# Operational Highlights

Third Quarter Fiscal 2021





## CORPORATE DEVELOPMENT

Mark Machin, together with the CEOs of Canada’s leading pension plan investment managers, signed a [joint statement](#) calling on companies and investors to provide consistent and comprehensive environmental, social, and governance (ESG) information to strengthen investment decision-making and better assess and manage their collective ESG risk exposures.



## EXECUTIVE ANNOUNCEMENT

Appointed Frank Ieraci as Senior Managing Director & Global Head of Active Equities. In this role, Frank leads the Active Equities department, which invests globally in public and soon-to be public companies, as well as securities focused on long-horizon structural changes, which can include earlier-stage private companies. The department also includes CPP Investments’ Sustainable Investing group. Frank was most recently Managing Director, Head of Research and Portfolio Strategy at CPP Investments.

# Thinking Ahead: 2021 Economic and Financial Outlook

In 2021, we expect COVID-19 to continue to be the biggest factor in the global economy. The ripple effects will be far-reaching, from the adequacy of governments' response to impacts of this shock on the workforce to changes in the pattern of global trade.

In our outlook for 2021, we highlight several of these knock-on effects and consider possible long-term outcomes.



#### THEME 1

Evolution of COVID-19 and its impact on the economy



#### THEME 2

Productivity, scarring and implications for potential growth



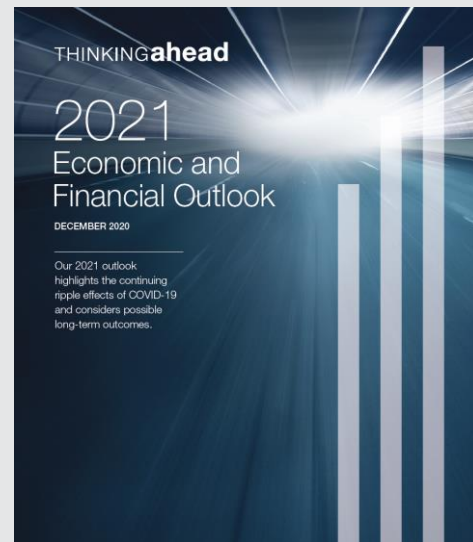
#### THEME 3

Monetary and fiscal policy and debt sustainability



#### THEME 4

Deglobalization, trade and the trade war

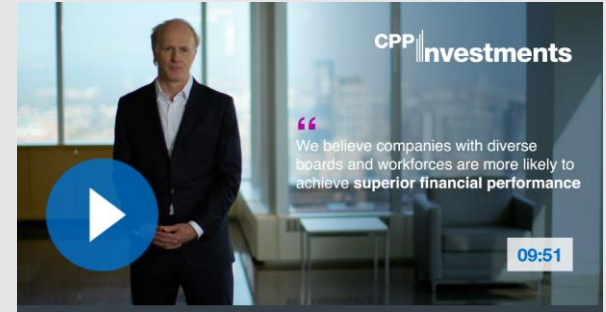


[Click here to read the report.](#)

## Thinking Ahead: Women, COVID-19 and the threat to gender equity and diversity

The COVID-19 crisis has affected us all, **but its impact on working women has been devastating**. Within just a few months, female participation in Canada's labour force plunged to its lowest level in 30 years, driven by layoffs and shifts in how we live and work.

The fallout threatens to ravage the pipeline of next-generation female leaders, potentially reversing much of the progress corporate Canada has made towards diversity and inclusion, as well as creating an economic performance gap.



[Click here to view the video above.](#)

# Investment Portfolios

## Third Quarter Fiscal 2021 Results



## Third quarter Fund assets by investment department

### TOTAL FUND MANAGEMENT

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

Net Investments: \$218.4 billion

### CAPITAL MARKETS AND FACTOR INVESTING

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

AUM\*: \$48.3 billion

### ACTIVE EQUITIES

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

AUM\*: \$80.3 billion

### CREDIT INVESTMENTS

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

Net Investments: \$41.9 billion

### PRIVATE EQUITY

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

Net Investments: \$113.1 billion

### REAL ASSETS

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

Net Investments: \$99.0 billion

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

## Asset mix

As at December 31, 2020

Q3  
Fiscal 2021



- Public Equities – 31.3%
- Private Equities – 25.1%
- Government bonds, Cash and ARS (1) – 9.7%
- Credit – 13.1%
- Real Estate – 9.1%
- Infrastructure – 8.0%
- Other Real Assets – 3.7%

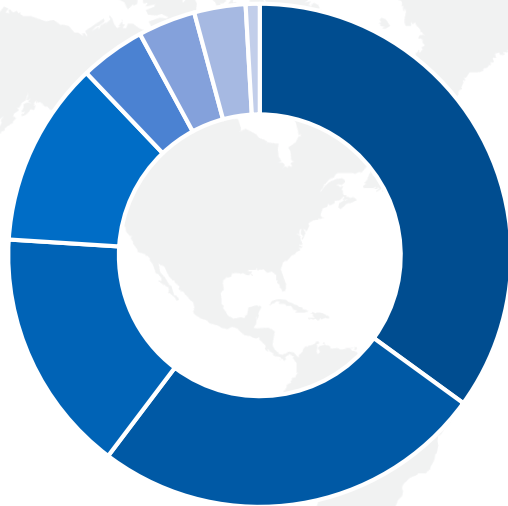
1. Net of external debt issuances.

## Global diversification by region

As at December 31, 2020

# Q3

Fiscal 2021



- United States (\$166.3 billion) – 35.0%
- Asia (\$120.3 billion) – 25.3%
- Canada (\$74.9 billion) – 15.7%
- Europe (excluding U.K.) (\$56.7 billion) – 11.9%
- United Kingdom (\$19.9 billion) – 4.2%
- Latin America (\$17.6 billion) – 3.7%
- Australia (\$15.8 billion) – 3.3%
- Other (\$4.2 billion) – 0.9%



# Investment Highlights

## Third Quarter Fiscal 2021 Results



## Active Equities transactions

Q3  
Fiscal 2021



Entered into an agreement to vote in favour of the planned strategic combination of TORC Oil & Gas and Whitecap Resources valued at approximately C\$900 million. Our first investment in TORC was made in 2013 and grew to a 29.3% equity ownership position. We will continue to have an approximate 6.3% ownership stake in the combined company.



Closed a US\$100 million investment in Hutchison China MediTech Limited (Chi-Med) through a private placement. Chi-Med is an innovative biopharmaceutical company with a portfolio of nine cancer drug candidates currently in clinical studies or early stages of commercialization around the world.



Entered into an agreement to invest C\$1.2 billion in Intact Financial Corporation (Intact) to support Intact's potential offer for RSA Insurance Group plc. Intact is one of the largest providers of property and casualty insurance in Canada.



Invested an additional C\$58 million, through a private placement of common shares, in Premium Brands Holdings Corporation, a Canadian specialty food manufacturing and differentiated food distribution business, to support its joint acquisition of Clearwater Seafoods Incorporated with a Mi'kmaq First Nations coalition.



Invested US\$315 million for an approximate 5% ownership stake in SolarWinds Corporation through a secondary transaction. SolarWinds is a provider of IT infrastructure management software.

## Active Equities transactions, continued

Q3  
Fiscal 2021



Invested in a combination of secondary offerings and market purchases of Avantor Inc., a leading global provider of products and services to customers in the biopharma, healthcare, education and government, and advanced technologies and applied materials industries, holding total ownership in the company at 2.0% with a combined investment of US\$285 million.



Invested €200 million in Embracer Group, a Sweden-listed developer and publisher active in the global video game industry, for a 3% stake.



Invested an additional US\$350 million in Viking Holdings Ltd, the parent company of Viking Cruises, alongside TPG Capital. Viking Cruises is a leading provider of worldwide river and ocean cruises and this investment will support its continued development. The transaction is subject to customary closing conditions, including regulatory approvals.

### DISPOSITIONS



Exited our 18% ownership stake in Advanced Disposal Services Inc., a solid waste services company in the U.S., through its acquisition by Waste Management Inc. Net proceeds from the sale were US\$502 million. Our ownership stake was originally acquired in 2016.



Converted and sold our convertible debt position in Bloom Energy, a manufacturer of solid oxide fuel cells in the U.S. Net proceeds from the sales and an April 2020 partial repayment from the company were approximately US\$452 million. Our position was initially acquired in 2015, followed by two further investments in 2016 and 2017.

## Credit Investments transactions

Q3  
Fiscal 2021



Committed US\$125 million as a cornerstone investor to Baring Private Equity Asia's India Credit Fund III, and US\$125 million to a Fund III overflow vehicle. The fund strategy is focused on Indian Rupee-denominated secured lending to performing mid-market Indian companies.



Committed INR 7,250,000,000 (US\$98 million) to a bilateral financing transaction to support a strategic investment in BMM Ispat Ltd., the second largest iron ore pellets producer in southern India, by India-based JSW Projects Ltd., part of the diversified JSW Group.



Acquired the ownership of a prime shopping centre, the Trafford Centre in Manchester, United Kingdom, as the principal secured creditor after the previous owner was placed into administration.

## Private Equity transactions



Committed to invest approximately US\$160 million in CITIC aiBank, an internet-based consumer finance bank in China, representing an approximate 8.3% equity stake in the company.

## Real Assets transactions

Q3  
Fiscal 2021



Established a new, U.K.-based platform, Renewable Power Capital Limited (RPC) to invest in solar, onshore wind and battery storage, among other technologies, across Europe. The business is a majority-owned, but independently operated portfolio company. RPC announced its first investment in January 2021, for which we committed €245 million to support RPC's acquisition of a portfolio of onshore wind projects in Finland.

**GREYSTAR**

Formed a new joint venture with Greystar Real Estate Partners to pursue multifamily real estate development opportunities in target markets in the United States, with an equity allocation of US\$350 million for a 90% stake in the joint venture. Greystar has allocated US\$39 million for the remaining 10% and will manage and operate the portfolio on behalf of the joint venture.

**LOGOS**

Established a new Indonesia venture to invest US\$200 million to acquire and develop a portfolio of institutional-grade facilities with logistics real estate specialist LOGOS.



Signed an agreement to acquire a 15% interest in Transurban Chesapeake for US\$624 million, a toll-road business comprising the 495, 95 and 395 Express Lanes located in the Greater Washington Area in the U.S., alongside other investors collectively acquiring a 50% interest. The transaction is subject to customary closing conditions and regulatory approvals.

## Real Assets transactions



Acquired 1918 8th Avenue, a 668,000-square-foot office tower in Seattle, Washington, for US\$625 million, through a 45%/55% joint venture with Hudson Pacific Properties, Inc.



Allocated an additional £300 million of equity to investment vehicles in the U.K. targeting the logistics sector, alongside Goodman Group and APG Asset Management N.V. The expansion follows the success of the Goodman UK Partnership established in 2015.

### DISPOSITION



Sold our 12.5% ownership interest in Grosvenor Place, an office tower in Sydney, Australia, held through the Dexu Office Partnership. Net proceeds from the sale are expected to be approximately A\$230 million, with completion in early 2021 subject to regulatory approval. Our ownership interest was initially acquired in 2014.



Sold our 50% interest in Phase One of Nova, an office-led mixed-use development in London Victoria, U.K. Net proceeds from the sale are expected to be approximately C\$720 million. Our ownership interest was initially acquired in 2012.

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## About CPP Investments

Canada Pension Plan Investment Board (CPP Investments™) is a professional investment management organization that manages the Fund in the best interest of the more than 20 million contributors and beneficiaries of the Canada Pension Plan. In order to build diversified portfolios of assets, investments are made around the world in public equities, private equities, real estate, infrastructure and fixed income. Headquartered in Toronto, with offices in Hong Kong, London, Luxembourg, Mumbai, New York City, San Francisco, São Paulo and Sydney, CPP Investments is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At December 31, 2020, the Fund totalled \$475.7 billion.

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

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