

Consolidated financial statements

For the years ended December 31, 2023 and 2022



MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL REPORTING

The preparation and presentation of the consolidated financial statements of la Caisse de dépôt et placement du Québec ("CDPQ") are the responsibility of management. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and incorporated into the CPA Canada Handbook. We ensure that the financial information in the Annual Report is consistent with the information in the consolidated financial statements.

The consolidated financial statements include amounts that are based on management's best estimates and judgment, with due regard for their relative importance. Moreover, when preparing the financial information, management has made decisions regarding the information to be presented as well as estimates and assumptions that affect the information presented. Future results may differ considerably from our current estimates, as changes to financial markets or other events could have an impact on the fair value of the investments.

In our responsibility for the reliability of financial information, we rely on disclosure controls and procedures and internal controls over financial reporting. In particular, these controls include a clear definition of responsibilities, delegation of powers, allocation of duties, ethical standards, employee hiring and training criteria as well as policies, guidelines and procedures designed to ensure that transactions are duly authorized, assets are properly measured and safeguarded, and proper records are maintained.

Moreover, CDPQ's internal audit group audits the internal controls on a regular basis. These controls and audits are designed to provide reasonable assurance regarding the reliability of the accounting records used to prepare the consolidated financial statements and to ensure that assets are not used or disposed of in any unauthorized manner, that liabilities are recorded, and that we meet all the legal requirements to which CDPQ is subject, including the *Act respecting the Caisse de dépôt et placement du Québec*.

Each year, we certify the design and effectiveness of the internal control over financial information and the design and effectiveness of the disclosure controls and procedures. We report any significant irregularity to the Audit Committee of the Board of Directors of CDPQ, as necessary.

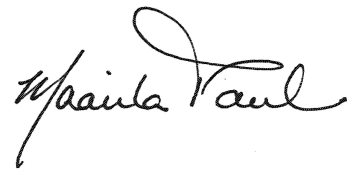
The Auditor General of Québec and Ernst & Young LLP (the "co-auditors") have audited the consolidated financial statements of CDPQ for the years ended December 31, 2023 and 2022 and their report covers the nature and scope of the audit and expresses their opinion. The co-auditors have unrestricted access to the Audit Committee to discuss any matter related to their audit.

The Board of Directors and its committees supervise the manner in which management fulfills its responsibility for the establishment and presentation of financial information, maintenance of appropriate internal controls, compliance with the requirements of laws and regulations, management of and control over the main risks, and evaluation of major transactions. Moreover, it approves the consolidated financial statements and the Annual Report.

The Board of Directors approved the consolidated financial statements for the years ended December 31, 2023 and 2022. It is assisted in its responsibilities by the Audit Committee, of which all members are independent directors. This Committee meets with management and the co-auditors, examines the consolidated financial statements, and recommends the approval thereof to the Board of Directors.



Charles Emond, FCPA
President and Chief Executive Officer



Maarika Paul, FCPA, CBV, ICD.D
Executive Vice-President and Chief Financial and Operations Officer

INDEPENDENT AUDITORS' REPORT

To the National Assembly

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of la Caisse de dépôt et placement du Québec and its subsidiaries (the Group), which comprise the Consolidated Statements of Financial Position as at December 31, 2023 and 2022 and the Consolidated Statements of Comprehensive Income (Loss), the Consolidated Statements of Changes in Net Assets Attributable to Depositors and the Consolidated Statements of Cash Flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the audit addressed the key audit matter
<i>Fair value measurement of financial assets based on unobservable inputs</i>	<p>We have obtained an understanding, evaluated the design, and tested the operating effectiveness of the controls used in the investment valuation process, which include management review controls on the assessment of valuation techniques, significant inputs, and assumptions used in estimating fair value.</p> <p>The audit procedures performed as to the fair value measurement of financial assets based on unobservable inputs varied depending on the nature of the investment selected and included, among other procedures, the following:</p> <ul style="list-style-type: none">• With the assistance of our specialists for a sample of investments, we evaluated the appropriateness of the valuation techniques used and tested the mathematical accuracy of the valuation models.• For a sample of investments, we assessed the appropriateness of the unobservable inputs and assumptions used in estimating fair value by comparing them to supporting documentation or available market data and evaluating any significant adjustment made thereto.• For the selected investments, we analyzed the significant adjustments applied to the EBITDA multiples and to future cash flows. We also assessed the determination of credit spreads, discount rates, capitalization rates and discounts to net asset value using information specific to the investments as well as relevant market information. In addition, we assessed the appropriateness of management's choice of comparable public companies.• For a sample of investments sold during the fiscal year, we validated the accuracy of the previous estimates made by management. We also reviewed management's assessment of subsequent events and transactions and assessed whether these events and transactions corroborated or contradicted the year-end estimates.

Other Information

Management is responsible for the other information. The other information comprises the information, included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on the Annual Report, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the group audit. We remain solely responsible for our audit opinion.

We 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 audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the *Auditor General Act* (CQLR, chapter V-5.01), we report that, in our opinion, these accounting standards have been applied on a basis consistent with that of the preceding year.

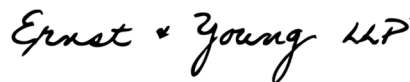
The engagement partner from Ernst & Young LLP on the audit resulting in this independent auditors' report is Michel Bergeron.

Auditor General of Québec,



Guylaine Leclerc, FCPA auditor
Canada, Montréal, February 20, 2024

Ernst & Young LLP¹



¹ FCPA auditor, public accountancy permit No. A114960
Canada, Montréal, February 20, 2024

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of Canadian dollars)

	Note	December 31, 2023	December 31, 2022
ASSETS			
Cash		1,691	1,426
Amounts receivable from transactions being settled		1,569	2,376
Advances to depositors		1,171	727
Investment income, accrued and receivable		1,411	1,174
Other assets		705	1,147
Investments	4	504,902	466,957
Total assets		511,449	473,807
LIABILITIES			
Amounts payable on transactions being settled		4,503	1,943
Other liabilities		2,248	1,634
Investment liabilities	4	70,451	68,343
Total liabilities excluding net assets attributable to depositors		77,202	71,920
NET ASSETS ATTRIBUTABLE TO DEPOSITORS		434,247	401,887

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board of Directors,



Charles Emond, FCPA
President and Chief Executive Officer



Alain Côté, FCPA, ICD.D
Chair of the Audit Committee

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31

(in millions of Canadian dollars)

	Notes	2023	2022
Investment income		10,278	8,648
Investment expense		(2,748)	(962)
Net investment income	8	7,530	7,686
Operating expenses	9	(799)	(924)
Net income		6,731	6,762
Net gains (losses) on financial instruments at fair value	8	21,254	(31,374)
Investment result before distributions to depositors	8	27,985	(24,612)
Distributions to depositors		(11,338)	(8,134)
Net income (loss) and comprehensive income (loss) attributable to depositors		16,647	(32,746)

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO DEPOSITORS

For the years ended December 31

(in millions of Canadian dollars)

	Demand deposits	Term deposits	Distributions payable to depositors	Participation deposits	Net assets attributable to depositors
Balance as at December 31, 2022	1,407	6	986	399,488	401,887
Attributions and distributions					
Net income and comprehensive income attributable to depositors	-	-	-	16,647	16,647
Distributions to depositors	8,931	-	2,407	-	11,338
Participation deposits					
Issuance of participation deposit units	(17,243)	-	-	17,243	-
Cancellation of participation deposit units	4,184	-	-	(4,184)	-
Deposits					
Net contributions	4,375	-	-	-	4,375
BALANCE AS AT DECEMBER 31, 2023	1,654	6	3,393	429,194	434,247
	Demand deposits	Term deposits	Distributions payable to depositors	Participation deposits	Net assets attributable to depositors
Balance as at December 31, 2021	782	7	1,839	417,169	419,797
Attributions and distributions					
Net loss and comprehensive loss attributable to depositors	-	-	-	(32,746)	(32,746)
Distributions to depositors	8,987	-	(853)	-	8,134
Participation deposits					
Issuance of participation deposit units	(19,708)	-	-	19,708	-
Cancellation of participation deposit units	4,643	-	-	(4,643)	-
Deposits					
Net change in term deposits	-	(1)	-	-	(1)
Net contributions	6,703	-	-	-	6,703
BALANCE AS AT DECEMBER 31, 2022	1,407	6	986	399,488	401,887

The accompanying notes are an integral part of the consolidated financial statements.

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31

(in millions of Canadian dollars)

Note	2023	2022
Cash flows from operating activities		
Net income (loss) and comprehensive income (loss) attributable to depositors	16,647	(32,746)
Adjustments for:		
Unrealized net (gains) losses on short-term promissory notes, term notes and loans payable	577	(1,683)
Net foreign exchange (gains) losses on short-term promissory notes, term notes and loans payable	(789)	1,164
Distributions to depositors	11,338	8,134
Net changes in operating assets and liabilities		
Amounts receivable from transactions being settled	807	(163)
Advances to depositors	(444)	284
Investment income, accrued and receivable	(237)	(225)
Other assets	442	(184)
Investments	(37,920)	(2,227)
Amounts payable on transactions being settled	2,560	(1,500)
Other liabilities	614	(205)
Investment liabilities	(908)	11,780
	(7,313)	(17,571)
Cash flows from financing activities		
Net change in short-term promissory notes payable	(1,856)	(2,369)
Issuance of short-term promissory notes payable	16,386	16,316
Repayment of short-term promissory notes payable	(18,096)	(10,793)
Net change in loans payable	(349)	1,789
Issuance of term notes payable	9,819	7,405
Repayment of term notes payable	(2,676)	(2,554)
Net contributions	4,375	6,703
	7,603	16,497
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	1,501	2,575
Cash and cash equivalents at the end of the year	1,791	1,501
Cash and cash equivalents comprise:		
Cash	1,691	1,426
Cash equivalents	4	75
	1,791	1,501
Supplemental information on cash flows from operating activities		
Interest and dividends received	9,324	7,691
Interest paid	(2,384)	(694)

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts are shown in millions of Canadian dollars, unless otherwise indicated.)

1. CONSTITUTION AND NATURE OF OPERATIONS

La Caisse de dépôt et placement du Québec (CDPQ), a legal person established in the public interest within the meaning of the Civil Code of Québec, is governed by the *Act respecting the Caisse de dépôt et placement du Québec* (CQLR, chapter C-2) (the Act).

CDPQ is domiciled in Québec, Canada. Its head office is located at 65 Sainte-Anne St., Québec City, Canada and its main office is located at 1000 Place Jean-Paul-Riopelle, Montréal, Canada.

CDPQ's mission is to receive moneys on deposit as provided by the Act and to manage them with a view to achieving an optimal return on depositors' capital within the framework of the depositor investment policies while also contributing to Québec's economic development.

Consolidated financial statements

These consolidated financial statements have been prepared for the purposes of presenting CDPQ's financial position, financial performance and cash flows. CDPQ's consolidated financial statements include the accounts of the General Fund, of the individual funds, and of the specialized portfolios as well as the accounts of its subsidiaries that exclusively offer services related to financing, administrative, and management activities. In preparing the consolidated financial statements, all intercompany transactions and balances have been eliminated.

The investing activities of the depositors in CDPQ's various specialized portfolios are concluded through the participation deposit units of individual funds.

General Fund

The General Fund comprises cash and cash equivalent activities for CDPQ's operational purposes and management of demand deposits, term deposits, and the financing activities.

Individual funds

The individual funds consist mainly of diversified investments in specialized portfolios. Each individual fund is dedicated to a single depositor who invests in the participation deposits of the individual funds.

The individual funds of depositors are as follows:

Fund 300:	Base Québec Pension Plan, administered by Retraite Québec
Fund 301:	Government and Public Employees Retirement Plan, administered by Retraite Québec
Fund 302:	Pension Plan of Management Personnel, administered by Retraite Québec
Fund 303:	Pension Plan for Federal Employees Transferred to Employment with the Gouvernement du Québec, administered by Retraite Québec
Fund 305:	Pension Plan of Elected Municipal Officers (PPEMO), administered by Retraite Québec
Fund 306:	Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Volet à prestations déterminées, administered by the Comité de retraite
Fund 307:	Fonds d'assurance automobile du Québec, administered by the Société de l'assurance automobile du Québec
Fund 309:	Fonds des opérations courantes de l'autorité, administered by the Autorité des marchés financiers
Fund 310:	Régime de retraite des chauffeurs d'autobus de la Société de transport de Laval, administered by the Comité de retraite
Fund 311:	Supplemental Pension Plan for Employees of the Québec Construction Industry – General Account, administered by the Commission de la construction du Québec
Fund 312:	Supplemental Pension Plan for Employees of the Québec Construction Industry – Retirees Account, administered by the Commission de la construction du Québec
Fund 313:	Supplemental Pension Plan for Employees of the Québec Construction Industry – Supplementary Account, administered by the Commission de la construction du Québec
Fund 314:	Deposit Insurance Fund, administered by the Autorité des marchés financiers
Fund 315:	Dedicated account, administered by La Financière agricole du Québec
Fund 316:	Retirement Plans Sinking Fund – RREGOP (RPSF-RREGOP), administered by the ministère des Finances, Government of Québec
Fund 317:	Retirement Plans Sinking Fund – PPMP (RPSF-PPMP), administered by the ministère des Finances, Government of Québec
Fund 318:	Retirement Plans Sinking Fund – Others (RPSF-Others), administered by the ministère des Finances, Government of Québec
Fund 319:	Régimes de retraite de la Société des casinos du Québec, administered by the Société des casinos du Québec Inc.
Fund 321:	Fiducie globale de la Ville de Longueuil, administered by the Comité de placement
Fund 322:	Régime de retraite HEC, administered by HEC Montréal
Fund 323:	Régime des policiers de la Ville de Longueuil, administered by the Comité de retraite
Fund 324:	Fonds commun des cols bleus et pompiers de la Ville de Longueuil, administered by the Comité de retraite
Fund 326:	Crop Insurance Fund, administered by La Financière agricole du Québec
Fund 328:	Survivor's Pension Plan, administered by the Secrétariat du Conseil du trésor
Fund 329:	Fonds d'assurance-garantie, administered by la Régie des marchés agricoles et alimentaires du Québec

Individual funds (continued)

- Fund 330:** Fonds de la santé et de la sécurité du travail, administered by the Commission des normes, de l'équité, de la santé et de la sécurité du travail
- Fund 331:** Régime de retraite des employés du Réseau de transport de la Capitale, administered by the Comité de retraite
- Fund 332:** Fonds des cautionnements des agents de voyages – cautionnements individuels, administered by the Office de la protection du consommateur
- Fund 333:** Compensation Fund for Customers of Travel Agents, administered by the Office de la protection du consommateur
- Fund 334:** Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Volet à coût partagé, administered by the Comité de retraite
- Fund 335:** Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2025, administered by the Comité de retraite
- Fund 336:** Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2030, administered by the Comité de retraite
- Fund 337:** Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2040, administered by the Comité de retraite
- Fund 338:** Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fonds 2050, administered by the Comité de retraite
- Fund 339:** Fonds d'indemnisation des services financiers, administered by the Autorité des marchés financiers
- Fund 340:** Régimes de retraite de la Ville de Terrebonne, administered by the Comité de retraite conjoint des Régimes de retraite de la Ville de Terrebonne
- Fund 342:** Régime de retraite de l'Université du Québec, administered by the Comité de retraite du Régime de retraite de l'Université du Québec
- Fund 343:** Parental Insurance Fund, administered by the Conseil de gestion de l'assurance parentale
- Fund 344:** Réserve, administered by La Financière agricole du Québec
- Fund 345:** Fiducie globale des régimes de retraite des employés de la Ville de Lévis, administered by the Comité de retraite
- Fund 347:** Régime de retraite du personnel des CPE et des garderies privées conventionnées du Québec, administered by the Investment Committee
- Fund 349:** Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence – Fund 2035, administered by the Comité de retraite (created on January 1, 2023)
- Fund 350:** Régime de retraite pour les employés de la Ville de Saint-Jean-sur-Richelieu, administered by the Comité de retraite (created on January 1, 2023)
- Fund 351:** Generations Fund, administered by the ministère des Finances, Government of Québec
- Fund 353:** Superannuation Plan for the Members of the Sûreté du Québec – Participants' Fund (SPMSQ-part.), administered by Retraite Québec
- Fund 354:** Superannuation Plan for the Members of the Sûreté du Québec – Employers' Fund (SPMSQ-empl.), administered by the ministère des Finances, Government of Québec
- Fund 361:** Pension Plan of the non-teaching Staff of the Commission des écoles catholiques de Montréal, administered by the Secrétariat du Conseil du trésor
- Fund 362:** Régime de retraite pour certains employés de la Commission scolaire de la Capitale, administered by the Secrétariat du Conseil du trésor
- Fund 363:** Régime de retraite des employés de la Ville de Laval, administered by the Comité de retraite
- Fund 367:** Territorial Information Fund, administered by the ministère des Finances, Government of Québec
- Fund 368:** Strategic Partnerships Fund, administered by the Autorité des marchés financiers
- Fund 369:** Accumulated Sick Leave Fund, administered by the ministère des Finances, Government of Québec
- Fund 371:** Accumulated Sick Leave Fund – ARQ, administered by the Agence du revenu du Québec
- Fund 373:** Retirement Plan for Active Members of the Centre hospitalier Côte-des-Neiges, administered by Retraite Québec
- Fund 374:** Fiducie globale Ville de Magog, administered by the Comité de retraite mixte
- Fund 376:** Régime de retraite des employées et employés de la Ville de Sherbrooke, administered by the Comité de retraite des employées et employés de la Ville de Sherbrooke
- Fund 378:** Pension Plan of Peace Officers in Correctional Services – Employees' Contribution Fund, administered by Retraite Québec
- Fund 383:** Régime complémentaire de retraite des employés réguliers de la Société de transport de Sherbrooke, administered by the Comité de retraite
- Fund 384:** Régime de retraite des cadres de la Ville de Québec, administered by the Bureau de la retraite
- Fund 385:** Régime de retraite des employés manuels de la Ville de Québec, administered by the Bureau de la retraite
- Fund 386:** Régime de retraite des fonctionnaires de la Ville de Québec, administered by the Bureau de la retraite
- Fund 387:** Régime de retraite du personnel professionnel de la Ville de Québec, administered by the Bureau de la retraite
- Fund 388:** Régime de retraite des policiers et policières de la Ville de Québec, administered by the Bureau de la retraite
- Fund 389:** Régime de retraite des pompiers de la Ville de Québec, administered by the Bureau de la retraite
- Fund 392:** Fonds - Plan de garantie des bâtiments résidentiels neufs, administered by the Régie du bâtiment du Québec
- Fund 393:** Régime de retraite de la Corporation de l'École Polytechnique, administered by the Comité de retraite
- Fund 395:** Retirement Plan for the Mayors and Councillors of Municipalities, administered by Retraite Québec
- Fund 399:** Additional Québec Pension Plan, administered by Retraite Québec

Specialized portfolios

The specialized portfolios consist of common funds in which the individual funds may invest in the form of participation deposits. CDPQ's specialized portfolios are as follows:

- Short Term Investments (740)
- Rates (765)
- Credit (766)
- Infrastructure (782)
- Real Estate (710)
- Equity Markets (737)
- Private Equity (780)
- Asset Allocation (771)

2. MATERIAL ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The accounting policies described below have been applied consistently to all reporting periods presented.

Presentation and measurement basis

CDPQ measures all of its financial instruments, including investments in unconsolidated subsidiaries, joint ventures, associates, and structured entities, at fair value through profit or loss (FVTPL). Subsidiaries that solely provide services related to financing, administrative, and management activities are consolidated in accordance with the guidance set out in IFRS 10 – *Consolidated Financial Statements*.

The Consolidated Statements of Financial Position are presented based on liquidity.

Approval of the consolidated financial statements

The Board of Directors approved CDPQ's consolidated financial statements and the publication thereof on February 20, 2024.

Functional and presentation currency

CDPQ's consolidated financial statements are presented in Canadian dollars, which is the functional currency.

Foreign currency translation

Translation differences on investments and investment liabilities at fair value and on other monetary assets and liabilities are presented under "Net gains (losses) on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income (Loss).

Use of judgments and estimates

In preparing CDPQ's consolidated financial statements in accordance with IFRS, management must make judgments, estimates and assumptions that affect the application of the material accounting policies described below and the amounts reported in the Consolidated Statements of Financial Position and the Consolidated Statements of Comprehensive Income (Loss).

Judgment

Qualification as an investment entity

Judgment is required when qualifying CDPQ as an investment entity. CDPQ meets the three mandatory criteria of the IFRS 10 definition: 1) Obtain funds from one or more depositors; 2) Commit to its depositors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and 3) Measure and evaluate the performance of its investments on a fair value basis.

IFRS 10 also suggests four typical characteristics be considered in assessing whether an entity qualifies as an investment entity: 1) Have more than one investment; 2) Have more than one depositor; 3) Have investors that are not related parties; and 4) Have ownership interests in the form of equity or similar interests. CDPQ does not satisfy the third typical characteristic of an investment entity because CDPQ and the depositors are, for the most part, related. However, CDPQ nonetheless qualifies as an investment entity, as management believes that having depositors related to the investment entity does not compromise CDPQ's mission of investing for returns from capital appreciation and/or investment income for its depositors.

Fair value hierarchy of financial instruments

Management must use judgment in determining the significance of each input used when establishing the classification into the fair value hierarchy, as explained in Note 6.

Use of judgments and estimates (continued)

Interests in entities

Management must use judgment in determining whether CDPQ has control, joint control, or significant influence over certain entities and over the holding of interests in structured entities, as described in Note 16. Judgment on the relationship between CDPQ and any entity in which CDPQ holds an interest is exercised upon initial investment and must be reassessed when facts and circumstances indicate that there are one or more changes to the elements of control.

CDPQ holds interests in a structured entity when voting or similar rights are not the dominant factor in deciding who controls the entity.

CDPQ controls a subsidiary, including a structured entity, only if the IFRS 10 criteria are met: 1) It has decision-making authority regarding the entity's relevant activities; 2) It has exposure or rights to variable returns from its involvement with the entity; and 3) It has the ability to use its power to affect the amount of the returns. When management determines decision-making authority, several factors are taken into account, including the existence and effect of actual and potential voting rights held by CDPQ that are exercisable, the holding of instruments that are convertible into voting shares, the existence of contractual agreements through which the relevant activities of the entity can be directed, as well as other circumstances that affect decision-making.

CDPQ has joint control over a joint venture when there is a contractual or implicit arrangement whereby decisions about relevant activities require the unanimous consent of the parties sharing control and when these parties have rights to the net assets of the arrangement.

CDPQ has significant influence over an associate when it has the power to participate in the financial and operating policy decisions of the entity. CDPQ is deemed to have significant influence when it holds 20% or more of the voting rights of an entity but does not have control or joint control.

Estimates and assumptions

The main estimates and assumptions, which are disclosed in Note 6, involve the fair value measurement of investments and investment liabilities classified in Level 3 of the fair value hierarchy. Actual values may differ from the estimated values.

Impact of economic uncertainty on judgment, estimates and assumptions

The financial markets are a source of uncertainty, notably due to geopolitical tensions, inflation, and interest rate volatility, all of which continue to disrupt global economic activity.

The key estimates and assumptions as well as the analysis and management of risks take into account the uncertainties and factors known to date. The key estimates and assumptions include those related to the unobservable inputs used to measure the fair value of financial instruments that are not traded in active markets. The reported results reflect CDPQ's best estimates. CDPQ is continuing to monitor developments in the factors causing economic uncertainty and the impacts thereof. The fair value valuation techniques and unobservable inputs used are presented in Note 6e, while a sensitivity analysis is provided in Note 6f.

Financial instruments

CDPQ's financial instruments include cash, amounts receivable from transactions being settled, advances to depositors, accrued and receivable investment income, other assets, investments, amounts payable on transactions being settled, other liabilities, investment liabilities, and net assets attributable to depositors.

Classification and measurement

Financial instruments are categorized based on their nature and characteristics. Classification is determined upon initial recognition, which is the date on which CDPQ is subject to the contractual provisions of the instrument. CDPQ's financial assets and liabilities are managed and their performance is evaluated on a fair value basis. Consequently, all of CDPQ's financial assets must be classified at FVTPL while its financial liabilities are designated at FVTPL. Derivative financial instruments and securities sold short must be classified at FVTPL.

Commitments related to the acquisition of corporate debt are classified at FVTPL when one of the following criteria is met: 1) The commitments are designated as financial liabilities at FVTPL or CDPQ has a practice of selling the loans resulting from its commitments; or 2) The corporate debt commitments can be settled net in cash.

Financial instruments are initially and subsequently recognized at fair value. Changes in the fair value of financial instruments are presented under "Net gains (losses) on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income (Loss). When the change in the fair value of financial liabilities designated at FVTPL is attributable to changes in CDPQ's own credit risk, it is presented separately in the Consolidated Statements of Comprehensive Income (Loss) unless doing so creates or enlarges an accounting mismatch, when appropriate. Income and expenses are presented under "Net investment income" in the Consolidated Statements of Comprehensive Income (Loss).

Financial instruments (continued)

Fair value measurement

Fair value is defined as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined for each financial instrument, which could be a stand-alone asset or liability (e.g., a share or bond) or a group of assets and liabilities (e.g., an ownership interest in an unconsolidated subsidiary or associate). Upon initial recognition, the best evidence of the fair value of a financial instrument is the transaction price, which is the fair value of the consideration received or given. Subsequently, the fair value of a financial instrument is classified using the fair value hierarchy described in Note 6.

CDPQ applies appropriate valuation techniques based on a financial instrument's characteristics, the availability of inputs, and the assumptions that would be used by market participants, focusing on maximizing the use of relevant observable inputs while minimizing the use of unobservable inputs. The valuation techniques are applied consistently. Fair value information is provided in Note 6.

Cash

Cash is the cash deposited with recognized financial institutions and bears interest at market rates.

Investments

Investments include cash equivalents, fixed-income securities, variable-income securities, interests in unconsolidated subsidiaries, and derivative financial instruments.

Cash equivalents include short-term investments. These securities meet the definition of cash equivalents because they are used for cash management purposes, are readily convertible into a known amount of cash, have negligible risk of fair value changes, and have initial maturities of three months or less. These financial instruments bear interest at market rates.

Fixed-income securities include short-term investments, securities purchased under reverse repurchase agreements, corporate debt and bonds, which include fixed-income securities funds. Purchases and sales of fixed-income securities are recorded at the transaction date, except for purchases and sales of corporate debt, which are recorded at the settlement date.

Variable-income securities comprise listed and unlisted equities. In particular, such securities include hedge funds, exchange-traded funds, investment funds, private investment funds, and infrastructure funds. Purchases and sales of equities, hedge funds, and investment funds are recorded at the transaction date, whereas purchases and sales of private investment funds and infrastructure funds are recorded at the settlement date.

Interests in unconsolidated subsidiaries represent CDPQ's investment in controlled entities that are not consolidated under IFRS 10. CDPQ's investment in these entities may be in the form of equity instruments or debt instruments.

Investment liabilities

Investment liabilities include securities sold under repurchase agreements, securities sold short, short-term promissory notes payable, loans payable, term notes payable, and derivative financial instruments.

Securities sold short are commitments made by CDPQ to purchase securities from third parties to cover its positions. CDPQ may short-sell equities and bonds.

Derivative financial instruments

In managing its investments, CDPQ conducts transactions involving various derivative financial instruments for discretionary purposes or to manage the risks associated with exchange rate, interest rate, and market fluctuations. Derivative financial instruments whose fair value is favourable are presented under "Investments" in the Consolidated Statements of Financial Position, while those whose fair value is unfavourable are presented under "Investment liabilities" in the Consolidated Statements of Financial Position.

Transactions being settled

Transactions with counterparties for the sale or purchase of securities that have not yet been settled at the reporting date are presented respectively under "Amounts receivable from transactions being settled" and "Amounts payable on transactions being settled" in the Consolidated Statements of Financial Position.

Derecognition of financial assets and liabilities

CDPQ derecognizes financial assets when all of the contractual rights to the assets have expired or when the contractual rights to receive the cash flows from the financial assets have been transferred and when CDPQ has transferred substantially all of the risks and rewards of the financial asset such that it no longer retains control over the asset. If CDPQ considers that it retains substantially all of the risks and rewards of a transferred financial asset, that asset is not derecognized from the Consolidated Statements of Financial Position and, if appropriate, a corresponding financial liability is recorded. Financial assets that have been transferred but not derecognized are disclosed in Note 13. Financial liabilities are derecognized when the related obligation is discharged, cancelled, or expired.

Financial instruments (continued)

Securities purchased under reverse repurchase agreements and sold under repurchase agreements

CDPQ enters into transactions to purchase and sell securities, i.e., short-term investments and bonds, that it agrees to resell to or repurchase from the counterparty at a future date.

The purchased securities are not recognized in the Consolidated Statements of Financial Position because the counterparty retains the risks and rewards of the securities. The cash amounts disbursed are derecognized, and a corresponding asset is recorded in investments under “Securities purchased under reverse repurchase agreements”.

The sold securities are not derecognized from the Consolidated Statements of Financial Position because CDPQ retains the risks and rewards of the securities. The cash amounts received are recognized, and a corresponding liability is recorded in investment liabilities under “Securities sold under repurchase agreements”.

Lending and borrowing of securities

CDPQ conducts securities lending and borrowing transactions involving equities and bonds. These transactions are generally guaranteed by the securities received from the counterparties or pledged by CDPQ, respectively. Loaned securities are not derecognized from, and borrowed securities are not recognized in, the Consolidated Statements of Financial Position because CDPQ or the counterparty, respectively, retains the risks and rewards of the securities. Income and expenses resulting from securities lending and borrowing transactions are presented under “Investment income” and “Investment expense”, respectively, in the Consolidated Statements of Comprehensive Income (Loss).

Net assets attributable to depositors

Net assets attributable to depositors consist of demand deposits, term deposits, distributions payable to depositors, and participation deposits.

Demand deposits and term deposits

Demand deposits bear interest at a variable rate and are repayable on demand. Term deposits bear interest at a fixed or variable rate and are repayable at maturity. Demand deposits and term deposits represent CDPQ’s indebtedness towards the depositors in accordance with the *Regulation respecting the terms and conditions of deposits, funds and portfolios of the Caisse de dépôt et placement du Québec* (Regulation).

Distributions payable to depositors

Under the Regulation, distributions payable to depositors represent the net income or net loss arising from the specialized portfolios as well as the net realized gains or losses upon cancellation of the participation units of specialized portfolios held by the individual funds that are recorded at the end of the month and are paid into the demand deposit accounts of depositors at the beginning of the following month. Distributions may also be made through the issuance of participation deposit units of individual funds.

Participation deposits

Participation deposits are expressed in participation units for each individual fund. Each participation unit gives the holder an interest in the individual fund’s net assets. The per-unit value of the net assets is determined by dividing the individual fund’s net assets by the number of outstanding units. Depositors can purchase or cancel participation deposit units at that value at the beginning of each month. The difference between the proceeds of cancellation and the carrying value at issuance is recovered in the depositor’s demand deposit account. In addition, holders of participation deposit units are entitled to receive distributions. Participation deposit units are financial instruments defined as depositor’s equity in the Regulation and are subordinate to all other categories of financial liabilities.

Net income and comprehensive income (loss)

Dividend and interest income and expense

Dividend income is recognized when CDPQ obtains the right to the dividend, generally on the ex-dividend date. Distributions from funds are recognized as income on the settlement date. Dividend expense from equities sold short is recorded when the shareholders obtain the right to the dividend. Dividend income and expense are presented under “Investment income” and “Investment expense”, respectively, in the Consolidated Statements of Comprehensive Income (Loss).

Interest income and expense are recognized as amounts are earned or incurred using the prescribed coupon rate method. Interest income and expense are presented under “Investment income” and “Investment expense”, respectively, in the Consolidated Statements of Comprehensive Income (Loss).

Management fees

Investment management fees are costs incurred for external management purposes. These fees, which include both base fees and fees related to financial asset performance, consist of management fees for stock markets and management fees for private markets. Management fees for stock markets are amounts paid directly to institutional fund managers to manage shares owned by CDPQ. Private market management fees deducted from the fair value of investments are the fees for investment management carried out by external managers.

The base fees and performance-related management fees paid to external managers for stock markets are presented separately under “Investment expense” and “Net gains (losses) on financial investments at fair value”, respectively, while management fees deducted from the fair value of investments are presented under “Net gains (losses) on financial investments at fair value” in the Consolidated Statements of Comprehensive Income (Loss).

Net income and comprehensive income (loss) (continued)

Transaction costs

Transaction costs directly attributable to the acquisition, sale, and issuance of a financial instrument are presented under “Net gains (losses) on financial instruments at fair value” in the Consolidated Statements of Comprehensive Income (Loss). Transaction costs include commissions, stock exchange fees as well as professional and legal fees related to investing and financing activities.

Operating expenses

Operating expenses consist of all the expenses incurred to manage and administer CDPQ’s investments and are presented separately in the Consolidated Statements of Comprehensive Income (Loss).

Income tax

Under federal and provincial income tax legislation, CDPQ is exempt from income tax in Canada. In certain foreign jurisdictions, investment income and capital gains may be subject to tax. Withholding taxes and income tax expense are presented under “Net investment income” and “Net gains (losses) on financial instruments at fair value”, respectively, in the Consolidated Statements of Comprehensive Income (Loss).

Net gains (losses) on financial instruments at fair value

Gains and losses realized on investments and investment liabilities represent the difference between settlement value and value at initial recognition. Gains and losses realized on derivative financial instruments represent payments and receipts. Unrealized gains and losses on financial instruments include net changes in fair value for the year as well as the reversal of prior-year unrealized gains and losses that were realized during the year. Realized and unrealized gains and losses are presented under “Net gains (losses) on financial instruments at fair value” in the Consolidated Statements of Comprehensive Income (Loss).

Distributions to depositors

Under the Regulation, distributions to depositors consist of the annual net income or loss from the specialized portfolios as well as the net gains or losses realized on the cancellation of participation units of the specialized portfolios held by the individual funds. Distributions to depositors are recorded as finance costs and presented separately in the Consolidated Statements of Comprehensive Income (Loss).

3. NEW IFRS STANDARDS

IAS 1 – Presentation of Financial Statements

On January 1, 2023, CDPQ adopted the amended version of IAS 1 - *Presentation of Financial Statements* that applies to annual reporting periods beginning on or after that date.

The amendments require entities to disclose material accounting policy information instead of significant accounting policies. The adoption of the amended standard had no impact on the consolidated financial statements except for the accounting policy disclosures in Note 2.

IAS 12 – Income Taxes

In May 2023, the IASB published *International Tax Reform – Pillar Two Model Rules*, which amends IAS 12 – *Income Taxes*. The amendments are in effect for fiscal years beginning on or after January 1, 2023 and introduce a mandatory temporary exception from accounting for and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

These amendments did not have an impact on CDPQ’s consolidated financial statements given that CDPQ is exempt from the scope of the Pillar Two rules in the jurisdictions where these tax rules have been enacted or substantively enacted. CDPQ will continue to monitor the enactment or substantive enactment of tax laws in the jurisdiction where it operates in order to confirm its exemption.

4. INVESTMENTS AND INVESTMENT LIABILITIES

a) Investments

The following table shows the fair values of the investments:

	December 31, 2023	December 31, 2022
Investments		
Cash equivalents		
Short-term investments	100	75
Total cash equivalents	100	75
Fixed-income securities		
Short-term investments	960	2,889
Securities purchased under reverse repurchase agreements	15,383	14,076
Corporate debt	2,559	2,066
Bonds		
Governments	69,890	61,060
Government corporations and other public administrations	6,496	5,921
Corporate sector	13,174	14,909
Fixed-income securities funds	1,247	1,101
Total fixed-income securities	109,709	102,022
Variable-income securities		
Equities		
Listed	123,003	106,912
Unlisted ¹	20,801	23,859
Total variable-income securities	143,804	130,771
Interests in unconsolidated subsidiaries		
Investments in real estate holdings	57,970	57,613
Investments in real estate debt	22,511	21,038
Private equity investments	60,018	59,906
Infrastructure investments	54,127	48,500
Investments in fixed-income securities	40,571	35,186
Investments in hedge funds	7,509	5,787
Stock market investments	5,347	4,149
Total interests in unconsolidated subsidiaries	248,053	232,179
Derivative financial instruments (Note 5)	3,236	1,910
Total investments	504,902	466,957

¹ Hedge funds (\$486 million as at December 31, 2022) have been grouped with unlisted equities. Comparative figures have been adjusted to make them compliant with the new presentation.

b) Investment liabilities

The following table shows the fair values of investment liabilities:

	December 31, 2023	December 31, 2022
Investment liabilities		
Non-derivative financial liabilities		
Securities sold under repurchase agreements	29,805	29,551
Securities sold short		
Equities	690	2,132
Bonds	416	182
Short-term promissory notes payable	9,151	13,068
Loans payable	1,635	1,992
Term notes payable	27,039	19,749
Total non-derivative financial liabilities	68,736	66,674
Derivative financial instruments (Note 5)	1,715	1,669
Total investment liabilities	70,451	68,343

5. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial contracts whose value fluctuates according to an underlying item, which require very little or no initial investment and are settled at a future date. The underlying item may be of a financial nature (interest rate, foreign currency, security, or index) or may be a commodity (precious metal, produce, or other). Certain derivative financial instruments are settled through clearing houses. CDPQ uses, among others, the derivative financial instruments described below.

Forward contracts are commitments for the purchase or sale of an underlying item, the quantity and price of which are determined in the contract and according to the maturity stated therein. Forward contracts have customized terms and conditions negotiated directly between the parties on the over-the-counter market. Futures contracts have terms and conditions determined by an exchange market.

Options are contracts traded on over-the-counter or exchange markets and that give the purchaser the right, but not the obligation, to buy or sell a given amount of an underlying at a strike price stipulated in advance, either at a determined future date or at any time before a specified maturity date.

Swaps are derivatives traded on over-the-counter markets whereby two parties agree to exchange a series of cash flows according to predetermined conditions that include a notional amount, payment dates, and a term to maturity.

Warrants are contracts traded on over-the-counter or exchange markets that enable the purchase of an underlying item, the price of which is determined in the contract, which includes a predetermined maturity date.

The notional amount is the amount to which a rate or price is applied to determine the amounts of cash flows to be exchanged periodically.

Derivative financial instruments (continued)

The following table shows the fair values and the notional amounts of the derivative financial instruments held by CDPQ:

	December 31, 2023			December 31, 2022		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Exchange markets						
Interest rate derivatives						
Futures contracts	-	-	165,312	-	-	122,623
Equity derivatives						
Futures contracts	-	-	8,589	-	-	13,701
Options	-	-	-	6	-	258
Warrants	-	-	-	-	-	2
Total exchange markets	-	-	173,901	6	-	136,584
Over-the-counter markets						
Interest rate derivatives						
Swaps	-	30	630	-	48	1,019
Swaps settled through a clearing house	-	-	93,350	-	-	65,673
Forward contracts	-	8	785	4	6	999
Options	60	83	5,050	214	194	11,059
Currency derivatives						
Swaps	372	165	19,565	394	337	24,499
Forward contracts	2,300	1,185	151,637	1,074	920	144,033
Options	15	-	1,573	18	7	2,533
Credit default derivatives						
Swaps settled through a clearing house	-	-	4,292	-	-	14,826
Options	3	-	1,580	-	6	1,626
Equity derivatives						
Swaps	453	242	12,276	178	149	8,369
Options	20	1	9,162	10	-	1,890
Warrants	13	-	14	3	-	5
Commodity derivatives						
Forward contracts	-	1	80	9	2	468
Total over-the-counter markets	3,236	1,715	299,994	1,904	1,669	276,999
Total derivative financial instruments	3,236	1,715	473,895	1,910	1,669	413,583

6. FAIR VALUE MEASUREMENT

a) Policy, directive, protocols and procedures related to fair value measurement

CDPQ's valuation procedures are governed by its *Investment Valuation Policy*, which is approved by the Board of Directors. This general policy is further supported by the valuation directive applicable to private investments and the valuation protocols that stipulate the valuation process and methodology for each type of investment held by CDPQ. The general policy and the directive also establish the governance framework for the valuation and reporting process. Application of the policy is the responsibility of the Valuation Committee, which reports to the Executive Committee, supported by a valuation team. The Valuation Committee approves compliance with the policy and the fair values on a semi-annual basis. Subsequently, the Valuation Committee recommends the fair values to the Audit Committee. For valuations of private investments, consisting of private equity and infrastructure investments as well as specialized financing, the policy provides for an external review, over a period of three years, of substantially all the fair value of these investments. External reviews include valuations by independent valuers, observations of transactions in the market, or valuations by a partner.

When fair value is determined by external valuers or third parties, the Valuation Committee, supported by the valuation team, verifies the qualifications, experience and independence of these parties. It also reviews the valuation techniques, the significant inputs used in calculating fair value, and the results and conclusions to ensure that they are in compliance with recognized valuation standards.

In addition, to ensure the reasonableness of the fair value determined, CDPQ conducts backtesting, compares the established fair value with values of comparable transactions, including the values of comparable public companies, and uses the services of external valuers.

b) Fair value valuation techniques

The following paragraphs describe the main valuation techniques used to measure CDPQ's financial instruments.

Short-term investments, securities purchased under reverse repurchase agreements, securities sold under repurchase agreements, loans payable, and term notes payable

The fair value of these financial assets and liabilities is determined using a discounted cash flow technique that primarily uses observable inputs such as interest rate curves and credit spreads that make up the discount rates.

Corporate debt

The fair value of the corporate debt is determined using a discounted cash flow technique that uses observable and unobservable inputs such as interest rate curves and credit spreads. CDPQ may also use prices published by brokers in active markets for identical or similar instruments.

Bonds

The fair value of bonds is determined using prices published in active markets for identical or similar instruments. The fair value of bonds that have no published prices is determined using either a discounted cash flow technique or broker quotes. Discounted cash flow valuations use observable and unobservable inputs such as the interest rate curves and credit spreads that make up the discount rates.

Equities

Listed

The fair value of listed equities, including exchange-traded funds, is determined based on closing prices observed on major stock exchanges, which represent the active market.

The fair value of an ownership interest in a subsidiary or associate whose securities are listed is determined using a business valuation technique based on observable and unobservable inputs.

Unlisted

The fair value of private investment equities is primarily determined according to the market approach, which includes techniques based on comparable company multiples and comparable transaction multiples. CDPQ identifies comparable companies based on their industry, size, financial position and strategy and selects an appropriate multiple for each comparable company identified. This technique uses observable and unobservable inputs such as earnings before interest, taxes, depreciation and amortization (EBITDA) multiples and other multiples.

The fair value of infrastructure investment equities is primarily determined using a discounted cash flow technique and corroborated by the market approach. This technique uses observable and unobservable inputs such as discount rates that take into account the risk associated with the investment as well as future cash flows.

CDPQ also uses information about recent transactions carried out in the market for valuations of private equity and infrastructure investments.

Fair value valuation techniques (continued)

Funds

The fair value of fixed-income securities funds, hedge funds, investment funds and private investment and infrastructure funds is determined using the net assets provided by the administrator or by the general partner, unless there is an indication that the fair value differs from the net asset value provided. CDPQ ensures that the valuation techniques used by the fund's administrator or general partner to determine net asset fair values are in compliance with IFRS. Furthermore, the net asset fair value is adjusted to reflect certain factors such as purchases and sales of fund units between the date of the most recent financial statements provided by the fund and the valuation date, the quoted price of the underlyings when there are listed securities, or when there are other indications requiring judgment to be made.

Interests in unconsolidated subsidiaries

The fair value of CDPQ's interests in various unconsolidated subsidiaries is determined using an enterprise valuation technique.

Investments in real estate holdings

The fair value of ownership interests in real estate subsidiaries reflects the fair value of the assets and liabilities held directly by these subsidiaries. In particular, these assets and liabilities include investment property as well as their associated liabilities, real estate funds, and ownership interests held in companies.

The fair value of investment property, which is measured according to the highest and best use, is mainly determined and certified semi-annually by external, recognized, and independent chartered real estate appraisers. Valuations are carried out in compliance with the valuation standards in effect in each market. CDPQ selects the fair value it deems most representative within the ranges provided by the external valuers. The valuation techniques used are based primarily on two recognized methodologies, namely, the discounted cash flow technique and the capitalization of revenue technique. These techniques use observable and unobservable inputs such as lease terms and conditions, operating expenses, residual value and rates of return, discount rates, and capitalization rates. Values observed for comparable transactions are used to determine the representative fair value range and support the fair value determined.

The fair value of real estate funds and ownership interests held in companies is determined based on characteristics specific to these assets, whose value is based on net assets, which may be provided by an administrator or available in a published financial statement. The net asset value is adjusted to reflect external factors or when there are other indications requiring judgment to be exercised.

The fair value of financial liabilities associated with investment property is determined based on the discounted cash flow technique. This technique uses observable and unobservable inputs such as the interest rates and credit spreads that make up the discount rates.

Investments in real estate debt

The fair value of interests in real estate debt subsidiaries reflects the fair value of the assets held directly by these subsidiaries, which mainly include commercial mortgages and an interest in a mortgage lending subsidiary. The fair value of commercial mortgages is determined using the discounted cash flow technique that are divided into risk categories, according to the loan-to-value ratio, for which an appropriate discount rate is determined. Commercial mortgage valuations are reviewed annually by an independent external firm. The fair value of the interest in a mortgage lending subsidiary is determined using the discounted cash flow technique. This technique uses unobservable inputs such as discount rates that take into account the risk associated with the subsidiary as well as future cash flows.

Private equity, infrastructure, fixed-income securities, hedge funds, and stock markets

Enterprise value reflects the fair value of assets held directly by these subsidiaries, which include bonds, corporate debt, listed and unlisted equities as well as funds whose valuation techniques are described above.

CDPQ may also use information about recent transactions carried out in the market for valuations of these financial assets.

Securities sold short

The fair value of bonds and equities that are sold short is determined using the fair value of the security that is sold short. The techniques for valuing these securities have been described above.

Derivative financial instruments

The fair value of derivative financial instruments is determined according to the type of instrument. The fair value of derivative financial instruments traded on exchange markets and on over-the-counter markets that are settled through a clearing house is determined, respectively, using the prices on the major stock exchanges representing the active market and clearing house prices. The fair value of the other derivative financial instruments traded on over-the-counter markets is determined using recognized and commonly used valuation techniques such as the discounted cash flow technique or other financial models. These techniques require the development and use of assumptions that take into account observable inputs such as the interest rate curves and credit spreads that make up the discount rates as well as foreign exchange rate curves, prices of the underlying items, and volatility.

Other financial instruments

Other financial instruments include amounts receivable from transactions being settled, advances to depositors, investment income, accrued and receivable, other assets, investments, amounts payable on transactions being settled, and other liabilities. The fair value of these other financial instruments is determined using the discounted cash flow technique. This technique mainly uses observable inputs such as the interest rate curves and credit spreads that make up the discount rates.

Fair value valuation techniques (continued)

Net assets attributable to depositors

Demand deposits

The fair value of demand deposits is determined based on their nominal value, as they are repayable at any time at the option of the issuer without penalty.

Term deposits and distributions payable to depositors

The fair value of term deposits and distributions payable to depositors is determined using the discounted cash flow technique. This valuation technique mainly uses observable inputs such as the interest rate curves and credit spreads that make up the discount rates.

Participation deposits

The fair value of depositor participation deposits stems from a valuation of all the financial assets and liabilities held by CDPQ.

c) Fair value hierarchy

CDPQ's financial instruments at FVTPL are classified according to the below-described fair value hierarchy, based on the lowest level of significant input used in measuring fair value.

Level 1: The fair value calculation of the financial instrument is based on observable prices (unadjusted) in active markets that the entity can access at the measurement date for identical assets or liabilities.

Level 2: The fair value of the financial instrument is calculated using valuation techniques for which the significant inputs are observable, either directly or indirectly.

Level 3: The fair value of the financial instrument is calculated using valuation techniques for which the significant inputs are unobservable. This level includes financial instruments whose valuation is based on prices observed for similar financial instruments, substantially adjusted to reflect the characteristics specific to the financial instrument being measured, and available market data.

Fair value hierarchy (continued)

Classification into the fair value hierarchy levels is determined upon initial measurement of the financial instrument and is reviewed on each subsequent measurement date. Transfers between levels of the fair value hierarchy are measured at fair value at the beginning of each fiscal year.

The determination of the fair value hierarchy levels of financial instruments is influenced by prevailing market conditions on the valuation date. Consequently, the classifications by level can vary significantly from one year to the next.

The following tables show an allocation of the fair value of financial instruments into the three levels of the fair value hierarchy:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts receivable from transactions being settled	-	1,569	-	1,569
Advances to depositors	-	1,171	-	1,171
Investment income, accrued and receivable	-	1,411	-	1,411
Other assets	-	705	-	705
Investments				
Cash equivalents	-	100	-	100
Short-term investments	-	960	-	960
Securities purchased under reverse repurchase agreements	-	15,383	-	15,383
Corporate debt	-	-	2,559	2,559
Bonds	72,871	17,245	691	90,807
Equities				
Listed	122,967	36	-	123,003
Unlisted	-	3,410	17,391	20,801
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	-	12,357	45,613	57,970
Investments in real estate debt	-	17,490	5,021	22,511
Private equity investments	-	306	59,712	60,018
Infrastructure investments	-	-	54,127	54,127
Investments in fixed-income securities	-	-	40,571	40,571
Investments in hedge funds	-	2,486	5,023	7,509
Stock market investments	-	5,317	30	5,347
Derivative financial instruments	-	3,236	-	3,236
	195,838	83,182	230,738	509,758
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled	-	4,503	-	4,503
Other liabilities	-	2,248	-	2,248
Investment liabilities				
Securities sold under repurchase agreements	-	29,805	-	29,805
Securities sold short	1,106	-	-	1,106
Short-term promissory notes payable	-	9,151	-	9,151
Loans payable	-	1,635	-	1,635
Term notes payable	-	27,039	-	27,039
Derivative financial instruments	-	1,715	-	1,715
	1,106	76,096	-	77,202
Net assets attributable to depositors				
Demand deposits	-	1,654	-	1,654
Term deposits	-	6	-	6
Distributions payable to depositors	-	3,393	-	3,393
Participation deposits	-	429,194	-	429,194
	-	434,247	-	434,247

Fair value hierarchy (continued)

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts receivable from transactions being settled	-	2,376	-	2,376
Advances to depositors	-	727	-	727
Investment income, accrued and receivable	-	1,174	-	1,174
Other assets	-	1,147	-	1,147
Investments				
Cash equivalents	-	75	-	75
Short-term investments	-	2,889	-	2,889
Securities purchased under reverse repurchase agreements	-	14,076	-	14,076
Corporate debt	-	-	2,066	2,066
Bonds	56,855	25,389	747	82,991
Equities				
Listed	106,639	273	-	106,912
Unlisted	-	5,539	18,320	23,859
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	-	9,856	47,757	57,613
Investments in real estate debt	-	16,466	4,572	21,038
Private equity investments	-	405	59,501	59,906
Infrastructure investments	-	-	48,500	48,500
Investments in fixed-income securities	-	-	35,186	35,186
Investments in hedge funds	-	-	5,787	5,787
Stock market investments	-	4,119	30	4,149
Derivative financial instruments	-	1,910	-	1,910
	163,494	86,421	222,466	472,381
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled	-	1,943	-	1,943
Other liabilities	-	1,634	-	1,634
Investment liabilities				
Securities sold under repurchase agreements	-	29,551	-	29,551
Securities sold short	2,314	-	-	2,314
Short-term promissory notes payable	-	13,068	-	13,068
Loans payable	-	1,992	-	1,992
Term notes payable	-	19,749	-	19,749
Derivative financial instruments	-	1,669	-	1,669
	2,314	69,606	-	71,920
Net assets attributable to depositors				
Demand deposits	-	1,407	-	1,407
Term deposits	-	6	-	6
Distributions payable to depositors	-	986	-	986
Participation deposits	-	399,488	-	399,488
	-	401,887	-	401,887

Fair value hierarchy (continued)

Transfers between levels of the fair value hierarchy

As at December 31, 2023, due to changes in the availability of observable inputs given changing market conditions, financial instruments with a value of \$603 million were transferred from Level 1 to Level 2 and financial instruments with a value of \$5,771 million were transferred from Level 2 to Level 1. In addition, given an increase in underlying investments classified in Level 2 held by unconsolidated subsidiaries, financial instruments with a value of \$1,427 million were transferred from Level 3 to Level 2.

As at December 31, 2022, due to changes in the availability of observable inputs given changing market conditions, financial instruments with a value of \$9,015 million were transferred from Level 1 to Level 2 and financial instruments with a value of \$148 million were transferred from Level 2 to Level 1. In addition, given an increase in underlying investments classified in Level 3 held by unconsolidated subsidiaries, financial instruments with a value of \$9,451 million were transferred from Level 2 to Level 3.

d) Level 3: Reconciliation between opening and closing balances

For financial instruments classified in Level 3 of the fair value hierarchy, reconciliations between the opening and closing balances as at December 31, 2023 and 2022 are as follows:

	2023							
	Opening balance	Gains (losses) recognized in comprehensive income (loss) ¹	Purchases	Sales	Settlements	Transfers ²	Closing balance	Unrealized gains (losses) on financial instruments held at year-end ¹
Corporate debt	2,066	12	100	(237)	(92)	710	2,559	(11)
Bonds	747	(42)	80	(92)	(2)	-	691	(9)
Equities	18,320	1,615	219	(2,763)	-	-	17,391	1,457
Interests in unconsolidated subsidiaries	201,333	5,089	13,556	(7,744)	-	(2,137)	210,097	5,184

	2022							
	Opening balance	Gains (losses) recognized in comprehensive income (loss) ¹	Purchases	Sales	Settlements	Transfers	Closing balance	Unrealized gains (losses) on financial instruments held at year-end ¹
Corporate debt	2,322	(298)	170	(8)	(120)	-	2,066	(303)
Bonds	699	37	76	(26)	(39)	-	747	(50)
Equities	18,175	1,103	576	(1,534)	-	-	18,320	758
Interests in unconsolidated subsidiaries	161,636	15,056	25,646	(10,456)	-	9,451	201,333	13,365

¹ Presented under "Net gains (losses) on financial instruments at fair value" in the Consolidated Statements of Comprehensive Income (Loss).

² Financial instruments with a value of \$710 million were transferred from the "Interests in unconsolidated subsidiaries" category to the "Corporate debt" category.

e) Level 3: Fair value measurement based on reasonably possible assumptions

In certain cases, the assumptions used in the valuation techniques are based on unobservable inputs or observable inputs adjusted significantly to reflect the characteristics specific to the financial instrument being measured. While CDPQ considers its fair value measurements to be appropriate, the use of reasonably possible assumptions could result in different fair values. For a given measurement date, it is possible that other market participants could measure a same financial instrument at a different fair value, with the valuation techniques and inputs used by these market participants still meeting the definition of fair value. The fact that different fair value measurements exist reflects the judgment, estimates and assumptions applied as well as the uncertainty involved in determining the fair value of these financial instruments.

Level 3: Fair value measurement based on reasonably possible assumptions (continued)

The following tables show quantitative information on the primary valuation techniques and unobservable inputs for the main financial instruments classified in Level 3 of the fair value hierarchy that are subject to the sensitivity analysis in Note 6f as well as those that are excluded from the analysis:

	December 31, 2023				
	Fair value	Valuation techniques	Unobservable inputs	Range	Weighted average
Included in the sensitivity analysis					
Fixed-income securities	2,666	Discounted cash flows	Credit spreads	0.7% to 6.7%	4.3%
			Discount rates	6.0% to 10.8%	8.8%
Equities					
Private equity investments	6,506	Comparable company multiples	EBITDA multiples	9.5 to 18.5	13.5
Infrastructure investments	7,235	Discounted cash flows	Discount rates	7.9% to 14.5%	10.7%
Interests in unconsolidated subsidiaries					
Investments in real estate holdings	45,613	Discounted cash flows	Discount rates	2.9% to 13.8%	7.5%
			Credit spreads	0.0% to 9.5%	2.5%
		Capitalization of revenue	Capitalization rate	3.3% to 13.8%	5.8%
		Net real estate assets	Discounts to net asset value	0.0% to 21.6%	3.9%
Investments in real estate debt	1,794	Discounted cash flows	Discount rates	13.5%	n.a.
Private equity investments	26,091	Comparable company multiples	EBITDA multiples	6.5 to 17.5	12.9
Infrastructure investments	41,048	Discounted cash flows	Discount rates	6.5% to 14.8%	9.3%
Investments in fixed-income securities	26,119	Discounted cash flows	Discount rates	7.4%	n.a.
			Credit spreads	0.1% to 16.8%	4.8%
	157,072				
Excluded from the sensitivity analysis					
Financial instruments ¹	73,666	Recent transactions ²	n.a.	n.a.	n.a.
		Broker quotes ³	n.a.	n.a.	n.a.
		Net assets ³	n.a.	n.a.	n.a.
Financial instruments classified in Level 3	230,738				

n.a.: not applicable

¹ The fair value of financial instruments presented in this item includes corporate debt, bonds, equities, and interests in unconsolidated subsidiaries.

² When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. Consequently, CDPQ did not conduct a sensitivity analysis.

³ When fair value is determined using broker quotes or net asset value, this value is the only reasonable indication of fair value. Consequently, CDPQ is unable to conduct a sensitivity analysis.

Level 3: Fair value measurement based on reasonably possible assumptions (continued)

				December 31, 2022	
	Fair value	Valuation techniques	Unobservable inputs	Range	Weighted average
Included in the sensitivity analysis					
Fixed-income securities	2,109	Discounted cash flows	Credit spreads	1.1% to 8.4%	3.7%
			Discount rates	6.0% to 10.5%	7.7%
Equities					
Private equity investments	5,152	Comparable company multiples	EBITDA multiples	8.1 to 13.0	11.4
Infrastructure investments	6,252	Discounted cash flows	Discount rates	8.8% to 13.3%	10.9%
Interests in unconsolidated subsidiaries					
Investments in real estate holdings	47,757	Discounted cash flows	Discount rates	4.8% to 13.8%	7.0%
			Credit spreads	0.0% to 11.0%	2.0%
			Capitalization of revenue	2.8% to 12.4%	5.4%
			Net real estate assets	0.0% to 31.5%	5.6%
Investments in real estate debt	1,688	Discounted cash flows	Discount rates	13.5%	n.a.
Private equity investments	23,253	Comparable company multiples	EBITDA multiples	8.0 to 17.3	12.6
Infrastructure investments	34,730	Discounted cash flows	Discount rates	6.5% to 14.5%	9.1%
Investments in fixed-income securities	22,591	Discounted cash flows	Discount rates	7.3%	n.a.
			Credit spreads	0.1% to 15.8%	5.0%
	143,532				
Excluded from the sensitivity analysis					
Financial instruments ¹	78,934	Recent transactions ²	n.a.	n.a.	n.a.
			Broker quotes ³	n.a.	n.a.
			Net assets ³	n.a.	n.a.
Financial instruments classified in Level 3	222,466				

n.a. not applicable

¹ The fair value of financial instruments presented in this item includes corporate debt, bonds, equities, and interests in unconsolidated subsidiaries.

² When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. Consequently, CDPQ did not conduct a sensitivity analysis.

³ When fair value is determined using broker quotes or net asset value, this value is the only reasonable indication of fair value. Consequently, CDPQ is unable to conduct a sensitivity analysis.

f) Sensitivity analysis of fair value

The following analysis shows the sensitivity of fair value measurements to reasonably possible assumptions for the significant unobservable inputs shown in the preceding tables in Note 6e. CDPQ identified reasonably possible assumptions using its judgment and knowledge of the markets. The following table shows the increases and decreases in fair value that would result from applying reasonably possible alternative assumptions for the main financial instruments classified in Level 3 of the fair value hierarchy that are subject to a sensitivity analysis:

	December 31, 2023		December 31, 2022	
	Increase	Decrease	Increase	Decrease
Sensitivity of fair value	8,913	(8,794)	8,769	(8,547)

There is a correlation between unobservable inputs and the determination of fair value. Therefore, an increase (decrease) in discount rates, credit spreads, capitalization rates, and discounts to net asset value would result in a decrease (increase) in fair value. Furthermore, an increase (decrease) in EBITDA multiples would result in an increase (decrease) in fair value. There is no predictable correlation between unobservable inputs.

7. OFFSETTING FINANCIAL ASSETS AND LIABILITIES

A financial asset and a financial liability must be offset in the Consolidated Statements of Financial Position when CDPQ has a legally enforceable right of set-off and intends either to settle on a net basis or to realize the financial asset and settle the financial liability simultaneously with the counterparty. CDPQ has a legally enforceable right of set-off when this right is exercisable in the normal course of business and in the event of default, insolvency, or bankruptcy.

Amounts receivable from and amounts payable on transactions being settled, securities purchased under reverse repurchase agreements, securities sold under repurchase agreements, and derivative financial instruments traded on over-the-counter markets in accordance with agreements of the International Swaps and Derivatives Association (ISDA) are subject to master netting agreements that do not meet the criteria for offsetting in the Consolidated Statements of Financial Position, as they give a right of set-off that is enforceable only in the event of default, insolvency, or bankruptcy.

Securities purchased under reverse repurchase agreements and securities sold under repurchase agreements settled through a clearing house satisfy the offsetting criteria. Derivative financial instruments traded on exchange markets as well as those settled by clearing houses through brokers also satisfy offsetting criteria.

The following tables show information about financial assets and liabilities that are offset and not offset in the Consolidated Statements of Financial Position and that are subject to master netting agreements or similar arrangements:

	December 31, 2023					
	Gross amounts recognized	Amounts offset	Net amounts presented in the Consolidated Statements of Financial Position ¹	Amounts subject to master netting agreements	Collateral received/pledged ²	Net amounts
Financial assets						
Amounts receivable from transactions being settled	2,959	(1,390)	1,569	(1,207)	-	362
Securities purchased under repurchase agreements ³	22,984	(7,590)	15,394	(8,211)	(7,183)	-
Derivative financial instruments ³	3,283	-	3,283	(1,501)	(1,607)	175
	29,226	(8,980)	20,246	(10,919)	(8,790)	537
Financial liabilities						
Amounts payable on transactions being settled	5,893	(1,390)	4,503	(1,207)	-	3,296
Securities sold under repurchase agreements ³	37,499	(7,590)	29,909	(8,211)	(21,645)	53
Derivative financial instruments ³	1,825	-	1,825	(1,501)	(186)	138
	45,217	(8,980)	36,237	(10,919)	(21,831)	3,487

¹ Net amounts presented in the Consolidated Statements of Financial Position or in Notes 4a and 4b.

² The financial collateral received or pledged cannot include a net amount per counterparty less than zero. The total amounts of financial collateral received or pledged are disclosed in Notes 13 and 14.

³ The amounts presented in this item include amounts receivable and payable presented, respectively, under "Investment income, accrued and receivable" and "Other liabilities."

Offsetting financial assets and liabilities (continued)

December 31, 2022

	Gross amounts recognized	Amounts offset	Net amounts presented in the Consolidated Statements of Financial Position ¹	Amounts subject to master netting agreements	Collateral received/pledged ²	Net amounts
Financial assets						
Amounts receivable from transactions being settled	2,636	(260)	2,376	(1,182)	-	1,194
Securities purchased under repurchase agreements ³	16,901	(2,814)	14,087	(7,058)	(7,029)	-
Derivative financial instruments ³	1,930	-	1,930	(1,259)	(428)	243
	21,467	(3,074)	18,393	(9,499)	(7,457)	1,437
Financial liabilities						
Amounts payable on transactions being settled	2,203	(260)	1,943	(1,182)	-	761
Securities sold under repurchase agreements ³	32,416	(2,814)	29,602	(7,058)	(22,485)	59
Derivative financial instruments ³	1,731	-	1,731	(1,259)	(420)	52
	36,350	(3,074)	33,276	(9,499)	(22,905)	872

¹ Net amounts presented in the Consolidated Statements of Financial Position or in Notes 4a and 4b.

² The financial collateral received or pledged cannot include a net amount per counterparty less than zero. The total amounts of financial collateral received or pledged are disclosed in Notes 13 and 14.

³ The amounts presented in this item include amounts receivable and payable presented, respectively, under "Investment income, accrued and receivable" and "Other liabilities."

8. INVESTMENT RESULT BEFORE DISTRIBUTIONS TO DEPOSITORS

The following table shows the net investment income, net gains (losses) on financial instruments at FVTPL as well as operating expenses:

	2023			2022		
	Net investment income	Net gains (losses)	Total	Net investment income	Net gains (losses)	Total
Cash management activities	25	4	29	16	2	18
Investing activities						
Short-term investments	3	(14)	(11)	6	51	57
Securities purchased under reverse repurchase agreements	1,102	2	1,104	344	8	352
Corporate debt	219	12	231	95	(298)	(203)
Bonds	3,229	2,398	5,627	2,618	(12,364)	(9,746)
Equities	3,124	13,330	16,454	3,259	(18,050)	(14,791)
Interests in unconsolidated subsidiaries	2,459	6,466	8,925	2,229	13,513	15,742
Net derivative financial instruments	-	(711)	(711)	-	(14,508)	(14,508)
Other	117	193	310	81	(63)	18
	10,278	21,680	31,958	8,648	(31,709)	(23,061)
Investment liability activities						
Securities sold under repurchase agreements	(1,594)	297	(1,297)	(396)	(380)	(776)
Securities sold short	(174)	(120)	(294)	(95)	1,237	1,142
Financing activities						
Short-term promissory notes payable	(192)	(212)	(404)	(29)	(883)	(912)
Loans payable	(13)	8	(5)	(7)	(65)	(72)
Term notes payable	(687)	(147)	(834)	(352)	703	351
Other						
Management fees – stock markets	(88)	(26)	(114)	(83)	(35)	(118)
Transaction costs	-	(226)	(226)	-	(242)	(242)
	(2,748)	(426)	(3,174)	(962)	335	(627)
	7,530	21,254	28,784	7,686	(31,374)	(23,688)
Operating expenses (Note 9)			(799)			(924)
Investment result before distributions to depositors			27,985			(24,612)

External audit fees for audit services, audit-related services, and tax services amount to \$5 million for the years ended December 31, 2023 and 2022.

9. OPERATING EXPENSES

The following table shows the operating expenses:

	2023	2022
Salaries and employee benefits	509	498
Information technology and professional services	150	152
Maintenance, equipment and amortization	26	21
Data services and subscriptions	38	30
Rent	19	24
Safekeeping of securities	20	21
Other expenses	37	29
	799	775
IT development costs ¹	-	149
	799	924

¹ Following the International Financial Reporting Interpretations Committee's (IFRIC) publication of a final decision on accounting for the costs of configuring or customizing software service cloud computing arrangements, CDPQ no longer capitalizes cloud computing development costs. Accordingly, IT development costs capitalized before January 1, 2022 were recognized in operating expenses during the year ended December 31, 2022. This software continues to be used as part of the CDPQ's ongoing operations.

10. SEGMENT INFORMATION

CDPQ enables its depositors to allocate their funds to specialized portfolios that hold securities of the same type. These portfolios represent operating segments that have been grouped into three separate segments according to management approach, economic characteristics, and performance targets:

- **Fixed Income:** This segment's objective is to reduce the overall risk level of CDPQ's portfolio and match its depositors' assets and liabilities while providing a significant source of liquidity. This segment consists of the Rates, Credit, and Short Term Investments specialized portfolios.
- **Real Assets:** This segment's objective is to expose CDPQ to markets for which investment income is indexed to inflation and to partially hedge the inflation risk associated with the liabilities of several depositors. This segment consists of the Real Estate and Infrastructure specialized portfolios.
- **Equities:** This segment's objective is to increase the depositors' long-term target returns. This segment consists of the Equity Markets and Private Equity specialized portfolios.

The following table shows the allocation of net assets attributable to depositors according to each of CDPQ's segments:

	December 31, 2023	December 31, 2022
Fixed Income	135,021	119,431
Real Assets	105,422	102,243
Equities	194,160	179,931
Other ¹	(356)	282
Net assets attributable to depositors	434,247	401,887

The following table shows the allocation of the investment result before distributions to depositors for each of CDPQ's segments:

	2023	2022
Fixed Income	9,685	(20,130)
Real Assets	2,029	10,492
Equities	17,513	(12,118)
Other ¹	(1,242)	(2,856)
Investment result before distributions to depositors	27,985	(24,612)

¹ The Other item includes the Asset Allocation specialized portfolio, cash activities, and the customized operations of individual funds, which consist of direct holdings of derivative financial instruments by the individual funds for the customized management of the desired exposure of each depositor

11. RISK IDENTIFICATION AND MANAGEMENT

Risk management policies, directives and procedures related to investment activities

CDPQ is responsible for managing deposits in accordance with service agreements and depositor investment policies, the investment policies for specialized portfolios, and the integrated risk management policy. To do so, it has implemented various policies, directives and procedures to oversee the management of the risks relating to its operations.

The integrated risk management policy is adopted by CDPQ's Board of Directors. The purpose of this policy is to promote a rigorous risk management culture and practices that help CDPQ carry out its mission on behalf of its depositors. The integrated risk management policy defines market risk, concentration risk, credit risk, counterparty risk associated with derivative financial instruments, and financing-liquidity risk.

Specifically, this policy aims to:

- Establish the guiding principles that support CDPQ's integrated risk management framework and promote a sound risk management culture at all levels of the organization
- Set out the risk management model and governance structure
- Define the roles and responsibilities of stakeholders
- Establish oversight of the main risks to which CDPQ is exposed

CDPQ's governance and risk management are based on the following twelve guiding principles:

- A risk tolerance framework
- The roles of the Board of Directors and senior executives
- A client-centric approach that focuses on the needs of depositors
- A long-term investment strategy
- Liquidity and financing management
- In-depth knowledge of assets and markets
- Independent functions and stakeholder accountability
- Collaboration for comprehensive risk management
- Operational excellence
- Use of derivative financial instruments and counterparty risk management
- Oversight of new investment activities and new financial instruments
- A responsible investment framework

The levels of control and parties responsible for risk management governance are as follows:

1. Investment groups have the primary responsibility for managing the risks related to their operations.
2. Independent teams and internal committees are responsible for supporting investment group employees and setting appropriate control mechanisms.
3. The Board of Directors and its committees ensure a management framework is adopted, and the Internal Audit group ensures execution and compliance with the established risk management framework.

The integrated risk management policy sets out risk limits and authorization levels for CDPQ as a whole as well as limits applicable to cross-functional activities. In addition, CDPQ develops and periodically reviews the specialized portfolio investment policies that are designed to oversee the work of the specialized portfolio managers. A separate investment policy sets out investment strategy, management style, eligible investments, target returns, benchmark index, and concentration and risk limits.

Furthermore, each investment group must adopt an investment strategy. Global strategic planning (GSP) seeks to strengthen the decision-making process by achieving a better matching of return to risk when choosing investments. GSP sets future directions, strengthens the collaboration and information-sharing processes required to make strategic investment decisions, and ensures a better alignment between the directions and strategies. The GSP process is conducted continuously and includes the following steps: 1) Diagnostic and strategic directions; 2) Strategic plans; 3) Review and approval; and 4) Execution and accountability. Investment plans are communicated to the Executive Committee and presented to the Investment-Risk Committee (IRC) and Board of Directors for approval.

CDPQ is exposed to various financial risks. Detailed information about these risks is disclosed in the following sections.

Market risk

Market risk is the risk of financial loss arising from fluctuations in the fair value of financial instruments. Volatility in financial instrument prices stems from changes in market risk factors, in particular interest rates, credit spreads, exchange rates, share prices, and commodity prices.

CDPQ manages market risk according to an integrated approach for all specialized portfolios. The main factors contributing to risk, such as industry sector, geographic region, and issuer, are taken into account. CDPQ's market risk is managed and calculated according to factors that can influence the fair value of investments and investment liabilities.

CDPQ measures its market risk using Value-at-Risk (VaR), which is based on a statistical estimate of the volatility of the fair value of each position and of correlations between market risk factors. VaR is a statistical estimate of the potential financial loss that could be incurred by CDPQ's actual portfolio, based on a predetermined confidence level and a given exposure period. The market VaR is estimated with a 95% confidence level over an exposure period of one year. Moreover, due to the methodology, the effects on the portfolio of the unfavourable events seen over a one-month horizon are repeated several times during the year. To summarize, VaR indicates the level of loss that the actual portfolio of CDPQ could exceed in 5% of cases over the forthcoming year. CDPQ estimates VaR for each instrument held in its specialized portfolios and aggregates the information for CDPQ's actual portfolio.

The historical-simulation method is used to measure VaR. This method is based mainly on the assumption that the future will be similar to the past. It requires that historical data series on all the risk factors needed to estimate the returns on financial instruments be available. In the absence of historical data, alternative methods are used.

The calculation results obtained by applying this methodology do not make it possible to estimate the amount of loss, based on a specific event, that would be incurred by CDPQ's portfolio if this event re-occurred. For example, if future conditions and market risk factors were substantially different from past economic conditions, actual losses could differ substantially from estimated losses. Moreover, these estimates at a given date do not take into account all possible losses resulting from exceptional market events or losses that could arise over and above the 95% confidence level. Consequently, in light of these limitations, CDPQ's actual portfolio losses could exceed the estimates.

A risk factor observation history over a period from 2006 to the reporting date is being used to assess the volatility of returns and the correlation between the performance of financial instruments.

Two risk measures are calculated and analyzed:

- The absolute risk of the actual portfolio represents the total risk associated with the categories of financial instruments that make up CDPQ's actual portfolio.
- The absolute risk of the benchmark portfolio targeted by depositors represents the total risk of the benchmark indexes associated with the categories of financial instruments that make up CDPQ's benchmark portfolio.

The absolute risks of CDPQ's actual and benchmark portfolios are measured regularly and used to calculate the absolute risk ratio, which is subject to certain limitations. The absolute risk ratio is obtained by dividing the absolute risk of the actual portfolio by the absolute risk of the benchmark portfolio.

The absolute risk of CDPQ's actual and benchmark portfolio, including the risk associated with the underlying investments of unconsolidated subsidiaries whose risk is managed by CDPQ, as a percentage of net assets, according to a 95% confidence level and a history of observation over a period from 2006 to the reporting date, as well as the absolute risk ratio, are as follows:

	December 31, 2023			December 31, 2022		
	Absolute risk of the actual portfolio	Absolute risk of the benchmark portfolio	Absolute risk ratio	Absolute risk of the actual portfolio	Absolute risk of the benchmark portfolio	Absolute risk ratio
Value-at-risk	17.1%	16.2%	1.05	16.8%	16.1%	1.04

Moreover, when managing market risk, CDPQ uses stress tests that allow it to evaluate the consequences of specific circumstances on the returns of CDPQ's actual portfolio based on historical, hypothetical or risk factor sensitivity scenarios. Using various types of scenarios, stress tests measure the gains or losses in value of a financial instrument following a change in one or more often-related risk factors, such as share prices, interest rates, rate spreads, exchange rates, commodity prices, and market volatility. The hypothetical scenarios are also continuously enriched to integrate new issues, such as the impact of rising inflation on the global economy.

Market risk (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk is integrated into the VaR measurement.

The CDPQ's currency management strategy is designed to optimize the overall portfolio as well as each of the specialized portfolios by seeking the optimal net exposure to currencies and considering the expected return, risk, and diversification of each long-term currency. Complementing this approach is a fundamental tracking of the macroeconomic dynamics and the factors influencing the return of the currencies.

The main exposures to the currencies of developed countries are subject to strategic and dynamic hedging. Strategic hedging decisions are put in place to optimize the net exposure of the long-term currencies according to the levels of hedging by specialized portfolio and by currency. Dynamic management is used to optimize certain specialized portfolios when the Canadian dollar appears to be significantly undervalued or overvalued compared to its equilibrium value versus that of developed countries according to the valuation models. Dynamic hedging should therefore be less frequent for a given currency, but the duration of the hedge, being unforeseeable, may vary widely and last for a few weeks to several years. The last part of the approach involves active management decisions, i.e., discretionary hedges that can be implemented during particular market situations.

To manage currency risk, CDPQ therefore uses currency derivatives.

The net exposure to foreign currencies takes into account the effects of currency derivatives and the underlying investments in currencies of unconsolidated subsidiaries whose currency risk is managed by CDPQ. CDPQ's net exposures to foreign currencies, as a percentage of net assets, including purchases and cancellations of participation units of the specialized portfolios completed at the beginning of each month, are as follows:

	December 31, 2023	December 31, 2022
Canadian dollar	52%	50%
U.S. dollar	23%	25%
Euro	7%	7%
Australian dollar	1%	1%
Hong Kong dollar	1%	1%
Pound sterling	4%	4%
Mexican peso	1%	1%
Brazilian real	2%	2%
Indian rupee	2%	2%
Yen	2%	2%
Chinese yuan	1%	1%
Other	4%	4%
	100%	100%

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk is integrated into the VaR measurement.

Reform of interbank offered rates

CDPQ set up an organization-wide multidisciplinary committee to identify and manage the changes as well as the risks arising from the replacement of interbank offered rates (IBOR). The reform notably includes risks related to the review of contractual clauses and the updating of processes and systems.

As at December 31, 2023, CDPQ was holding non-derivative financial instruments with a value of \$794 million (\$1,007 million as at December 31, 2022) indexed at the Canadian Dollar Offered Rate (CDOR) maturing after June 28, 2024, and it had transitioned all of its contracts indexed at the London Interbank Offered Rate (LIBOR) in U.S. dollars. As at December 31, 2022, non-derivative financial assets and the notional value of derivative financial instruments indexed at LIBOR in U.S. dollars stood at \$6,677 million and \$4,248 million, respectively.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors that affect all similar financial instruments traded on the market. This risk is integrated into the VaR measurement.

Concentration risk

CDPQ analyzes overall concentration risk for the entire group of specialized portfolios it manages. The integrated risk management policy sets out exposure limits according to category of financial instrument and according to issuer for growth markets and for certain countries. Moreover, the investment policies of the specialized portfolios set out specific limits for each issuer, industry sector, and geographic region.

The concentration limit by issuer is 3% of CDPQ's total assets, except for securities issued by the Canadian or U.S. governments or by their agencies that feature an explicit guarantee by a Canadian province or territory or a ministry or agency thereof or by sovereign issuers rated AAA, which are not included in the concentration limit. Concentration by issuer is monitored daily or upon initiation of a transaction requiring approval of the IRC or the Board of Directors, as appropriate.

Concentration risk includes the impact of derivative financial instruments and excludes interest rate derivatives as well as the government bonds used as part of strategic duration adjustment activities.

The following table shows the main geographic concentrations as a percentage of total net exposure, established according to the country of the issuers' principal place of business, including the underlying investments in unconsolidated subsidiaries whose concentration risk is managed by CDPQ.

	December 31, 2023	December 31, 2022
United States	38%	40%
Canada	27%	25%
Europe	16%	16%
Asia Pacific	12%	12%
Latin America	4%	4%
Other	3%	3%
	100%	100%

Concentration risk (continued)

The following table shows the principal industry sector concentrations as a percentage of total net exposure, established according to the industry sector in which the issuers operate, including the underlying investments in unconsolidated subsidiaries whose concentration risk is managed by CDPQ.

	December 31, 2023	December 31, 2022
Industry sector		
Real estate	15%	16%
Industrials	15%	14%
Financials	10%	10%
Information technology	10%	9%
Consumer discretionary	4%	5%
Utilities	6%	6%
Health care	5%	6%
Consumer staples	3%	3%
Real estate debt	4%	4%
Communication services	5%	5%
Energy	2%	2%
Materials	1%	2%
Other	3%	3%
Government sector		
Government of the United States	6%	6%
Government of Canada	5%	3%
Government of Québec	2%	2%
Government corporations and other public administrations in Québec	1%	1%
Other	3%	3%
	100%	100%

Credit risk

Credit risk is the possibility of incurring a loss in value should a borrower, endorser, or guarantor experience a deterioration in financial position, fail to meet an obligation to repay a loan, or fail to meet any other financial commitment.

Maximum credit risk exposure is measured based on the fair value of financial instruments without taking into account guarantees or other credit enhancements. For the other items, the maximum exposure to credit risk is the total amount guaranteed or committed.

The following table shows the maximum exposure to credit risk:

	December 31, 2023	December 31, 2022
Cash	1,691	1,426
Amounts receivable from transactions being settled	1,569	2,376
Advances to depositors	1,171	727
Investment income, accrued and receivable	1,411	1,174
Other assets	705	1,147
Investments		
Cash equivalents	100	75
Fixed-income securities	109,709	102,022
Interests in unconsolidated subsidiaries in the form of debt instruments	37,883	35,308
Derivative financial instruments	3,236	1,910
	157,475	146,165
Other items		
Commitments and financial guarantees (Note 18)	2,178	3,215
	159,653	149,380

CDPQ enters into master netting agreements (Note 7), receives guarantees (Note 14), and may also use derivative financial instruments such as credit default swaps to reduce its total credit risk exposure.

In addition, to manage credit risk, CDPQ closely monitors changes in the credit cycle of issuers and uses a credit VaR to calculate the potential financial loss related to possible changes in the credit quality of issuers of fixed-income securities.

Concentration of credit risk

A credit risk concentration analysis measures the fair value of all financial instruments related to a same issuer. The investment policy of the specialized portfolios sets out concentration limits according to credit rating. The credit risk analysis considers the probability of default and the recovery rate on debt securities held by CDPQ and monitors changes in the credit quality of issuers.

The following table shows the credit risk concentration according to the credit ratings of issuers of fixed-income securities and derivative financial instruments that carry credit risk, as a percentage of the total exposure to credit concentration risk:

	December 31, 2023	December 31, 2022
Credit rating		
AAA - AA	76%	69%
A	2%	4%
BBB	7%	11%
BB or lower	11%	12%
No credit rating	4%	4%
	100%	100%

The credit ratings of securities issued or guaranteed by governments are obtained from recognized credit rating agencies. For corporate sector securities, credit ratings are determined using an internal rating process that monitors changes in the credit cycle annually when the necessary information is available. Otherwise, CDPQ uses recognized credit rating agencies.

Credit risk (continued)

Counterparty risk related to derivative financial instruments

Certain over-the-counter financial instruments give rise to counterparty risk because they are negotiated by contract without being traded or settled through a clearing house. Counterparty risk related to derivative financial instruments is the credit risk created by current or potential exposures arising from derivative financial instrument transactions where the counterparty becomes unable to honour the terms of the contracts.

To limit its exposure to the counterparty risk arising from transactions involving over-the-counter derivative financial instruments, CDPQ carries out transactions with financial institutions in accordance with management's criteria regarding the quality of the issuer. Moreover, CDPQ enters into legal agreements based on ISDA standards under which it benefits from the compensating effects between at-risk amounts and the collateral exchanged in order to limit its net exposure to this risk.

This risk is measured by counterparty, pursuant to the applicable legal agreement, from which it is possible to calculate the net exposure created by all of the over-the-counter derivative financial instruments and collateral exchanged. Actual exposure to counterparty risk is measured on a daily basis, whereas potential exposure to counterparty risk is measured on a monthly basis.

As at December 31, 2023 and 2022, the legal agreements and the collateral received helped reduce exposure to the counterparty risk of over-the-counter derivative financial instruments. The maximum exposure to this risk is \$171 million as at December 31, 2023 (\$305 million as at December 31, 2022).

Liquidity risk

Liquidity risk is the possibility of CDPQ not always being able to honour its financial liability commitments without having to obtain funds at abnormally high prices or having to sell assets through forced liquidation. It is also the risk of CDPQ not being able to quickly sell investments without having a significant unfavourable effect on the price of the investment in question.

Liquidity is managed across all of CDPQ's cash activities. On a daily basis, liquidity status is determined and compliance with the established rules is analyzed. Managers are responsible for evaluating the liquidity of the markets in which CDPQ obtains financing for its operations.

To ensure that sources of liquidity and potential liquidity requirements are properly aligned, CDPQ has a number of sources of liquidity in addition to its cash and cash equivalents, including receipt of investment income, the sale of bonds, sales under repurchase agreements, and liquid money market securities. In addition, CDPQ may issue short-term promissory notes and term notes as well as a committed credit facility totalling US\$4 billion to meet its contractual commitments and financial obligations. As at December 31, 2023, CDPQ has \$60 billion in liquidity in the form of government bonds and money market securities (\$46 billion as at December 31, 2022).

Furthermore, to manage liquidity risk, CDPQ conducts simulations of scenarios over different horizons and examines events that could lead to a liquidity crisis. CDPQ rigorously and frequently monitors its potential liquidity needs and proactively ensures permanent access to stable and resilient sources of liquidity.

An analysis of undiscounted contractual cash flows of financial liabilities, shown in the table below, is a component of liquidity and financing management. However, this by-maturity allocation is not necessarily representative of the manner in which CDPQ manages its liquidity risk and financing requirements.

Liquidity risk (continued)

The following tables show the maturities of the undiscounted contractual cash flows of non-derivative financial liabilities, derivative financial instruments, and other items:

	December 31, 2023				
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivative financial liabilities					
Amounts payable on transactions being settled	-	4,503	-	-	4,503
Other liabilities	-	1,013	141	967	2,121
Investment liabilities					
Securities sold under repurchase agreements	-	30,300	-	-	30,300
Securities sold short	-	1,106	-	-	1,106
Short-term promissory notes payable	-	9,319	-	-	9,319
Loans payable	-	1,635	-	-	1,635
Term notes payable	-	3,479	22,648	5,429	31,556
Net assets attributable to depositors					
Demand and term deposits	1,654	6	-	-	1,660
Distributions payable to depositors	-	3,393	-	-	3,393
	1,654	54,754	22,789	6,396	85,593
Derivative financial instruments					
Derivative financial instruments with net settlement	-	588	20	1	609
Derivative financial instruments with gross settlement					
Contractual cash flows receivable	-	(154,229)	(8,369)	(6,461)	(169,059)
Contractual cash flows payable	-	152,895	8,537	6,368	167,800
	-	(746)	188	(92)	(650)
Other items					
Commitments (Note 18)	56	22,517	68	421	23,062
Financial guarantees (Note 18)	-	1,133	750	295	2,178
	56	23,650	818	716	25,240
	1,710	77,658	23,795	7,020	110,183

Liquidity risk (continued)

	December 31, 2022				
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivative financial liabilities					
Amounts payable on transactions being settled	-	1,943	-	-	1,943
Other liabilities	-	977	158	545	1,680
Investment liabilities					
Securities sold under repurchase agreements	-	29,876	-	-	29,876
Securities sold short	-	2,314	-	-	2,314
Short-term promissory notes payable	-	13,304	-	-	13,304
Loans payable	-	1,992	-	-	1,992
Term notes payable	-	3,137	16,134	4,450	23,721
Net assets attributable to depositors					
Demand and term deposits	1,407	6	-	-	1,413
Distributions payable to depositors	-	986	-	-	986
	1,407	54,535	16,292	4,995	77,229
Derivative financial instruments					
Derivative financial instruments with net settlement	-	(8)	41	3	36
Derivative financial instruments with gross settlement					
Contractual cash flows receivable	-	(155,857)	(7,727)	(5,867)	(169,451)
Contractual cash flows payable	-	155,642	7,892	5,723	169,257
	-	(223)	206	(141)	(158)
Other items					
Commitments (Note 18)	60	23,049	86	421	23,616
Financial guarantees (Note 18)	-	1,972	940	303	3,215
	60	25,021	1,026	724	26,831
	1,467	79,333	17,524	5,578	103,902

Moreover, concerning net assets attributable to depositors, the Regulation states that CDPQ may set monthly limits for cancelling participation units, i.e., a depositor is limited to a maximum reimbursement of all their participation units in all of CDPQ's specialized portfolios of \$50 million. Any participation units that are not cancelled given the maximum amount permitted are carried forward to the first days of the subsequent months and are cancelled as soon as the limit permits. The purpose of the limits is to ensure optimal management of CDPQ's overall liquidity.

Liquidity risk (continued)

Financing-liquidity risk

The following tables show the main terms and conditions and interest rates of the investment liabilities related to CDPQ's financing activities:

	December 31, 2023			
	Currency	Nominal value ¹	Maturity	Interest rate
Loans payable	USD	885	Less than 1 year	4.90%
	CAD	750	Less than 1 year	4.75%
		1,635		
Short-term promissory notes payable	CAD	754	Less than 1 year	5.12%
	USD	6,400	Less than 1 year	5.68%
	USD	2,123	Less than 1 year	SOFR ³ + 0.45%
	EUR	14	Less than 1 year	3.98%
		9,291		
Term notes payable ²	USD	2,637	July 2024	3.15%
	USD	1,780	May 2025	SOFR ³ + 0.40%
	USD	264	May 2025	5.25%
	USD	3,296	June 2025	0.88%
	USD	2,637	February 2026	4.50%
	USD	1,319	May 2026	1.00%
	CAD	1,250	October 2026	1.50%
	USD	1,978	February 2027	1.75%
	EUR	2,913	April 2027	1.13%
	CAD	1,250	June 2027	3.80%
	CAD	2,000	March 2028	3.70%
	USD	1,978	July 2028	4.25%
	CAD	1,500	September 2029	3.95%
	AUD	270	May 2030	4.38%
	CAD	750	December 2030	4.20%
	NOK	78	April 2038	3.54%
USD	1,648	November 2039	5.60%	
		27,548		

¹ The amounts shown are translated into Canadian dollars and are amounts to be repaid at maturity.

² As at December 31, 2023, term notes included \$2,569 million in green bonds allocated to a selection of investments that are compliant with the eligible project categories established under CDPQ's Green Bond Framework, which is aligned with the Green Bond Principles of the International Capital Market Association.

³ SOFR: Secured Overnight Financing Rate

Financing-liquidity risk (continued)

December 31, 2022

	Currency	Nominal value ¹	Maturity	Interest rate
Loans payable	USD	1,689	Less than 1 year	1.68%
	CAD	303	Less than 1 year	1.89%
		1,992		
Short-term promissory notes payable	EUR	14	Less than 1 year	1.03%
	CAD	744	Less than 1 year	4.24%
	USD	12,453	Less than 1 year	4.38%
		13,211		
Term notes payable ²	USD	2,710	April 2023	1.00%
	USD	2,710	July 2024	3.15%
	USD	3,387	June 2025	0.88%
	USD	1,355	May 2026	1.00%
	CAD	1,250	October 2026	1.50%
	USD	2,032	February 2027	1.75%
	EUR	2,892	April 2027	1.13%
	CAD	1,250	June 2027	3.80%
	CAD	1,500	September 2029	3.95%
	USD	1,694	November 2039	5.60%
		20,780		

¹ The amounts shown are translated into Canadian dollars and are amounts to be repaid at maturity.

² As at December 31, 2022, term notes included \$2,605 million in green bonds allocated to a selection of investments that are compliant with the eligible project categories established under CDPQ's Green Bond Framework, which is aligned with the Green Bond Principles of the International Capital Market Association.

Short-term promissory notes are issued at fixed or variable rates, with maturities not exceeding 12 months, and are guaranteed by CDPQ's assets. In accordance with the limit prescribed in the short-term promissory notes issuance information document, the nominal value of all such outstanding notes may never exceed US\$12 billion for the U.S. program, and the equivalent of CA\$4 billion for short-term promissory notes issued in Canada and abroad, excluding the United States.

Term notes payable are issued at fixed or variable rates. They are repayable at maturity and secured by CDPQ's assets.

Furthermore, during the year ended December 31, 2023, CDPQ renewed the credit facility that it arranged with a banking syndicate for a total amount of approximately CA\$5 billion, i.e., two US\$2 billion tranches that are renewable annually for terms of two and three years, respectively. The credit facility bears interest at a variable rate and is entirely secured, unconditionally and irrevocably, by CDPQ. As at December 31, 2023 and 2022, no amount had been drawn on this credit facility.

12. CAPITAL MANAGEMENT

CDPQ defines its capital as net assets attributable to depositors. CDPQ's capital may fluctuate according to depositor demands for cancellations and issuances of participation deposit units and for deposits and withdrawals of demand and term deposits. CDPQ's capital management objective is to invest contributions and deposits in the best interests of the depositors in accordance with the Act in order to achieve an optimal return while respecting the depositor investment policies.

CDPQ is not subject to external capital requirements.

Furthermore, CDPQ's objective is to maintain its AAA credit rating to ensure access to capital markets at the best cost. Consequently, the Board of Directors has limited the amount of notes that CDPQ may issue on capital markets to 10% of its net assets attributable to depositors, to which is added the fair value of outstanding notes (adjusted net assets).

13. FINANCIAL ASSETS TRANSFERRED BUT NOT DERECOGNIZED

CDPQ enters into securities lending and borrowing transactions as well as securities repurchase agreements whereby it transfers financial assets to counterparties. The transferred securities do not meet derecognition criteria since CDPQ retains most of the risks such as credit risk, interest rate risk, currency risk, and price risk, as well as most of the related rewards such as cash flows.

The following table shows the fair values of the financial assets transferred but not derecognized from the Consolidated Statements of Financial Position as well as the fair values of the associated financial liabilities:

	December 31, 2023	December 31, 2022
Financial assets transferred but not derecognized¹		
Bonds	53,872	47,331
Equities	22,268	24,206
	76,140	71,537
Associated financial liabilities		
Loans payable ²	1,635	1,992
Securities sold under repurchase agreements ³	37,499	32,416
	39,134	34,408

¹ As part of CDPQ's securities lending and borrowing activities, CDPQ does not recognize financial assets borrowed from third parties in the Consolidated Statements of Financial Position. Accordingly, the amount includes CDPQ's financial assets as well as those borrowed from third parties in an amount of \$5,979 million as at December 31, 2023 (\$3,751 million as at December 31, 2022).

² The amount presented corresponds to cash received as collateral on securities lending transactions and derivative financial instrument transactions.

³ The net amount is disclosed in Notes 4 and 7.

14. GUARANTEES

Financial assets pledged as collateral

In the normal course of business, CDPQ may pledge financial assets as collateral during transactions. The counterparties may be authorized, by way of legal contract or market practices, to either sell or repledge certain securities as collateral. Under certain conditions, CDPQ may have to pledge additional collateral if the pledged securities lose value.

The following table shows the fair value of collateral pledged by CDPQ according to transaction type:

	December 31, 2023	December 31, 2022
Securities borrowing	13,408	11,735
Securities sold under repurchase agreements ¹	36,478	32,493
Exchange-traded derivative financial instruments	3,673	3,565
Over-the-counter derivative financial instruments	1,652	2,083
Investments pledged as collateral ²	5,450	5,312
	60,661	55,188

¹ With respect to securities sold under repurchase agreements, CDPQ may pledge financial assets borrowed from third parties as collateral. Accordingly, the amount includes CDPQ's financial assets as well as those borrowed from third parties. As at December 31, 2023, CDPQ granted a mortgage of \$1,200 million to an agent in exchange for a financial guarantee provided by the agent to the Fixed Income Clearing Corporation (FICC) in order to guarantee CDPQ's bonds under repurchase and resale agreement activities carried out with the FICC. As at December 31, 2022, no mortgage of this type had been granted.

² The amount presented represents investments that CDPQ holds in certain companies to guarantee their external borrowings. This amount cannot exceed the fair value of these investments.

Financial assets received as collateral

In the normal course of business, CDPQ may receive financial assets as collateral during transactions. If the fair value of the collateral received decreases, CDPQ may, in certain cases, request additional collateral. CDPQ is authorized to sell or repledge as collateral certain securities in the absence of default by the counterparty.

The following table shows the fair value of collateral received by CDPQ for the following transactions:

	December 31, 2023	December 31, 2022
Securities lending	25,340	26,697
Securities purchased under reverse repurchase agreements ¹	21,664	16,414
Over-the-counter derivative financial instruments	2,218	794
	49,222	43,905

¹ As at December 31, 2023, an amount of \$793 million received as collateral was sold or repledged as collateral (\$1,090 million as at December 31, 2022).

15. RELATED PARTY DISCLOSURES

Related party transactions

CDPQ's primary related parties include unconsolidated subsidiaries, joint ventures, associates, and CDPQ's key management personnel.

CDPQ enters into various transactions with related parties. These transactions are concluded under the same conditions as those prevailing in the market with unrelated parties and are measured at fair value. Given the very nature of CDPQ's activities as an investment entity, it may make investments in several investment categories, including investments in unconsolidated subsidiaries, joint ventures, and associates.

Compensation of key management personnel

CDPQ's key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, either directly or indirectly. These persons are the members of the Board of Directors, the President and Chief Executive Officer, and key members of the Executive Committee.

The following table shows the compensation of CDPQ's key management personnel:

	2023	2022
Salaries and other short-term employee benefits	12	12
Post-employment benefits	1	1
Other long-term employee benefits	6	6
Termination benefits	-	2
	19	21

Other related parties

CDPQ is governed by the Act, and the Government of Québec appoints the Board of Director members, at least two-thirds of whom must be independent. The Government of Québec also approves the appointment of the President and Chief Executive Officer. Consequently, CDPQ has availed itself of the exemption set out in IAS 24 – *Related Party Disclosures* regarding the disclosure of transactions with a related government and with any entities related to the related government. The transactions carried out with the Government of Québec and its related entities are investment activities involving bonds issued by or guaranteed by the government and are carried out under normal market conditions through external brokers. These bonds are included in the "Governments" and "Government corporations and other public administrations" bond categories of Note 4a. In addition, CDPQ discloses information on the Government sector category in the "Government of Québec" and "Government corporations and other public administrations in Québec" items of Note 11. Furthermore, as part of a public infrastructure project and a real estate project in Québec, through the subsidiaries of CDPQ, the Government of Québec and its related entities entered into agreements related to these projects. These agreements were signed in the normal course of business of the subsidiaries.

16. INTERESTS IN OTHER ENTITIES

Subsidiaries

Consolidated subsidiary

CDP Financial Inc. is a wholly owned subsidiary that issues debt securities in order to finance CDPQ's investments at an optimal financing cost.

Unconsolidated subsidiaries

The subsidiaries presented in this category are entities controlled either directly or indirectly by CDPQ through subsidiaries in accordance with IFRS 10 criteria.

Intermediate subsidiaries

As part of certain investment activities, CDPQ may use intermediate subsidiaries, whose sole purpose is to hold investments for CDPQ. They are therefore not included in the information shown in the following tables, while the main underlying ownership interests in subsidiaries, joint ventures, and associates are shown.

Subsidiaries (continued)

The following table shows the ownership interests held in the main consolidated and unconsolidated subsidiaries as at December 31, 2023 as well as the comparative ownership interests as at December 31, 2022. Unless otherwise specified, the percentage of voting rights does not differ materially from the ownership interest. The principal place of business is defined as the region or country where the principal business activities such as operations and revenues take place.

		2023	2022
	Principal place of business	Ownership interest	Ownership interest
Consolidated subsidiary			
CDP Financial Inc	Canada	100.0%	100.0%
Unconsolidated subsidiaries			
Real estate debt			
Otéra Capital Inc ¹	Canada	97.5%	97.5%
Energy			
Azure Power Global Ltd	India ³	53.4%	53.4%
Mercury Taiwan Holdings Limited ²	Taiwan	94.0%	94.0%
Southern Star Acquisition Corporation	United States	79.9%	79.9%
Trencap LP (Énergir)	Canada	80.9%	80.9%
Hedge funds			
GMAC ASO Fund Inc	Singapore ⁴	100.0%	100.0%
Fixed-income securities funds			
FICG-GM-I Fund LP	Growth markets ⁵	100.0%	100.0%
FICG-PG-I Fund LP	Growth markets ⁵	100.0%	100.0%
Franklin Emerging Market Debt Opportunities Fund III	Growth markets ⁶	100.0%	100.0%
Global Credit Opportunities (Canada) LP	Canada	100.0%	100.0%
HC Direct Lending Fund LP	United States ⁶	100.0%	100.0%
Private Debt SMA (C) SLP	United Kingdom ⁷	100.0%	100.0%
West Street GCPD Partners LP	United States ⁶	100.0%	100.0%
Real estate			
Ivanhoe Cambridge Group Inc	Canada	97.2%	96.6%
Industrials			
CDPQ Infra Inc	Canada	100.0%	100.0%
Einn Volant Aircraft Leasing Holdings Ltd	Ireland ⁸	90.5%	90.5%
Indian Highway Concessions Trust	India	75.0%	75.0%
Rail Capital Europe Holdings (Akiem Group SAS)	France	95.2%	100.0%
Spinner US AcquireCo Inc (Student Transportation of America)	United States	79.9%	79.9%
Financials			
NB Credit Opportunities Co-Invest I LP	United States	100.0%	100.0%
Utilities			
Plenary Americas Holdings Ltd. (Plenary Group Canada)	Canada	100.0%	100.0%

¹ Otéra Capital Inc indirectly holds 78.2% of MCAP Commercial LP as at December 31, 2023 (77.7% as at December 31, 2022).

² Mercury Taiwan Holdings Limited holds indirectly 50.0% of Greater Changhua Offshore Wind Farm Se Ltd.

³ Constituted in Mauritius.

⁴ Constituted in the Cayman Islands in accordance with the structure of the limited partner.

⁵ Constituted in the United States.

⁶ Constituted in Canada.

⁷ Constituted in Luxembourg.

⁸ Constituted in Bermuda.

Joint ventures

The following table shows the ownership interests held in the main joint ventures as at December 31, 2023 as well as the comparative ownership interests as at December 31, 2022. Voting rights or other contractual clauses allow CDPQ to exercise joint control that requires unanimous shareholder agreement. The principal place of business is defined as the region or country where the principal business activities such as operations and revenues take place.

		2023	2022
	Principal place of business	Ownership interest	Ownership interest
Energy			
Apraava Energy Private Limited	India	50.0%	50.0%
Invenergy Renewables Holdings LLC	United States	43.8%	49.4%
Transportadora Associada de Gas SA	Brazil	35.0%	35.0%
Industrials			
Delachaux SA	France	43.0%	43.0%
DP World Australia B.V.	Australia ¹	45.0%	45.0%
DP World Canada Investment Inc	Canada	45.0%	45.0%
DP World Caucedo (Caucedo Investments Inc, Caucedo Services Inc)	Dominican Republic ²	45.0%	45.0%
STP Asset Trust, STP Project Trust (WestConnex)	Australia	10.1%	10.1%
Strem Group (formerly Ermewa Holding)	France	48.4%	48.8%
Financials			
Constellation Insurance LP	United States	49.5%	49.5%
Greenstone Ltd	Australia	34.0%	34.0%
Health care			
Medical Solutions LLC	United States	36.9%	36.9%
Information technologies			
FNZ Group Limited	Europe ³	44.9%	44.9%

¹ Constituted in the Netherlands.

² Constituted in the British Virgin Islands.

³ Constituted in New Zealand.

Associates

The following table shows the ownership interests held in the main associates as at December 31, 2023 as well as the comparative ownership interests as at December 31, 2022. Unless otherwise specified, the percentage of voting rights does not differ materially from the ownership interest. The principal place of business is defined as the region or country where the principal business activities such as operations and revenues take place.

		2023	2022
	Principal place of business	Ownership interest	Ownership interest
Consumer discretionary			
Clarios International LP (formerly Clarios Power Solutions Holdings LP)	United States ⁴	30.0%	30.0%
Energy			
IPALCO Enterprises Inc	United States	30.0%	30.0%
London Array Ltd, London Array Unincorporated JV	United Kingdom	25.0%	25.0%
NSW Electricity Networks Assets Holding Trust,			
NSW Electricity Networks Operations Holding Trust (TransGrid)	Australia	22.5%	22.5%
Tenedora de Energía Renovable Sol y Viento S.A.P.I. de C.V. ¹	Mexico	67.1%	67.1%
Industrials			
Airport Holding Kft	Hungary	21.2%	21.2%
Alix Partners LLP ²	United States	13.5%	15.7%
Allied Universal Holdco LLC	United States ⁴	27.7%	27.7%
Datamars SA	Switzerland	30.0%	30.0%
DP World Jebel Ali Terminals and Free Zone FZCO	United Arab Emirates	21.9%	21.9%
Eurostar Group ³	Belgium	19.3%	19.3%
Groupe Keolis SAS	France	30.0%	30.0%
Organización de Proyectos de Infraestructura, S.A.P.I. de C.V. (OPI),			
OPCEM, S.A.P.I. de C.V. (OPCEM)	Mexico	45.5%	45.5%
QPH Hold Trust, QPH Hold Co PTY Limited (Port of Brisbane)	Australia	26.7%	26.7%
Techem GmbH	Germany	24.5%	24.5%
Veolia Water Technologies & Solutions (formerly Suez Water Technologies and Solutions S.A.)	United States ⁵	30.0%	30.0%
Financials			
First Lion Holdings Inc	Canada	31.5%	31.5%
Howden Group Holding Limited	United Kingdom	23.8%	21.4%
Health care			
Sanfer Farma S.A.P.I de C.V.	Mexico	23.6%	23.6%
Sphinx SAS (Sebia SA) ²	France	39.3%	39.3%
Communication services			
ATC Europe C.V.	Germany ⁶	25.5%	25.5%
Cogeco Communications USA Inc	United States	21.0%	21.0%
Vertical Bridge Reit LLC	United States	36.7%	37.3%
Information technologies			
Plusgrade Holdco	Canada	40.9%	40.9%

¹ Presented in the "Subsidiaries" category as at December 31, 2022. The voting rights amount to 40.0% as at December 31, 2023.

² Voting rights amount to 25.0%.

³ Voting rights amount to 23.3%.

⁴ Constituted in Canada.

⁵ Constituted in France.

⁶ Constituted in the Netherlands.

Non-controlled structured entities

CDPQ holds interests in non-controlled structured entities, the majority of which represent investment funds or investments in the form of equities held through limited partnerships. The interests held by CDPQ do not give it power over the relevant activities of these entities, as control is established by contractual agreement that is in favour of a general partner or administrator. These entities are held as investments and do not expose CDPQ to greater risks than the interests held in the non-structured entities. Information about structured entities is provided, if applicable, in the risk management section of Note 11 and in the commitments and financial guarantees section of Note 18.

17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following tables show changes in liabilities arising from financing activities, including non-cash changes:

	December 31, 2022	Cash flows from financing activities	Non-cash changes		December 31, 2023
			Change in foreign exchange	Change in fair value	
Short-term promissory notes payable	13,068	(3,566)	(386)	35	9,151
Loans payable	1,992	(349)	(8)	-	1,635
Term notes payable	19,749	7,143	(395)	542	27,039
	34,809	3,228	(789)	577	37,825

	December 31, 2021	Cash flows from financing activities	Non-cash changes		December 31, 2022
			Change in foreign exchange	Change in fair value	
Short-term promissory notes payable	9,729	3,155	86	98	13,068
Loans payable	203	1,789	-	-	1,992
Term notes payable	15,601	4,851	1,078	(1,781)	19,749
	25,533	9,795	1,164	(1,683)	34,809

18. COMMITMENTS AND FINANCIAL GUARANTEES

Given the nature of its activities, CDPQ enters into various investment purchase commitments that will be settled in the coming fiscal years in accordance with the terms and conditions in the related agreements.

For CDPQ, financial guarantees consist of providing guarantees, to financial institutions and corporations, on derivative financial instrument transactions, repayment of loans taken by companies in which it has an economic interest, and certain letters of credit of its subsidiaries. As part of certain investment transactions, CDPQ may also provide financial guarantees or issue letters of credit to third parties. The maturities of the commitments and financial guarantees are disclosed in Note 11.

Commitments and financial guarantees are detailed as follows:

	December 31, 2023	December 31, 2022
Investment purchase commitments	22,552	23,089
Commitments under leases	510	527
Financial guarantees	2,178	3,215
	25,240	26,831

Litigation

In the normal course of business, CDPQ may be subject to legal actions. Although CDPQ cannot predict the outcomes of any ongoing legal proceedings as at December 31, 2023, it has no reason to believe that the settlement of any one of these proceedings could have a material impact on its financial position.

19. EVENTS AFTER THE REPORTING PERIOD

On January 24, 2024, CDPQ announced its intention to integrate the activities of its real estate subsidiaries (Ivanhoé Cambridge and Otéra Capital). As a result of this integration, CDPQ will gain efficiencies thanks to synergies achieved from processes, resources, and systems. The integration should not have a significant impact on the consolidated financial position or consolidated financial performance as at December 31, 2024.