

Fiscal 2020 Performance

May 26, 2020



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Overview: Solid performance amid global turmoil in fiscal 2020

Fiscal
2020



Strong long-term performance



Multi-year investment strategy is on track



Active management delivers exceptional value and provides safe harbour



Steady cost base



Multi-year preparation ensures operational agility through pandemic

COVID-19 Response

Fiscal 2020



CPP Investments response to global COVID-19 pandemic

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Employee Wellbeing

Physical and mental health of our employees is a top priority



Strong Risk Management

Enabled maintenance of target risk levels



Strong Liquidity

Large global public market holdings across fixed income and equities



Daily Management of Individual Portfolios

Minimizing losses from existing positions and assessing portfolio companies



Organizational Resiliency

Crisis management protocols activated to protect financial stability

Financial Performance Overview

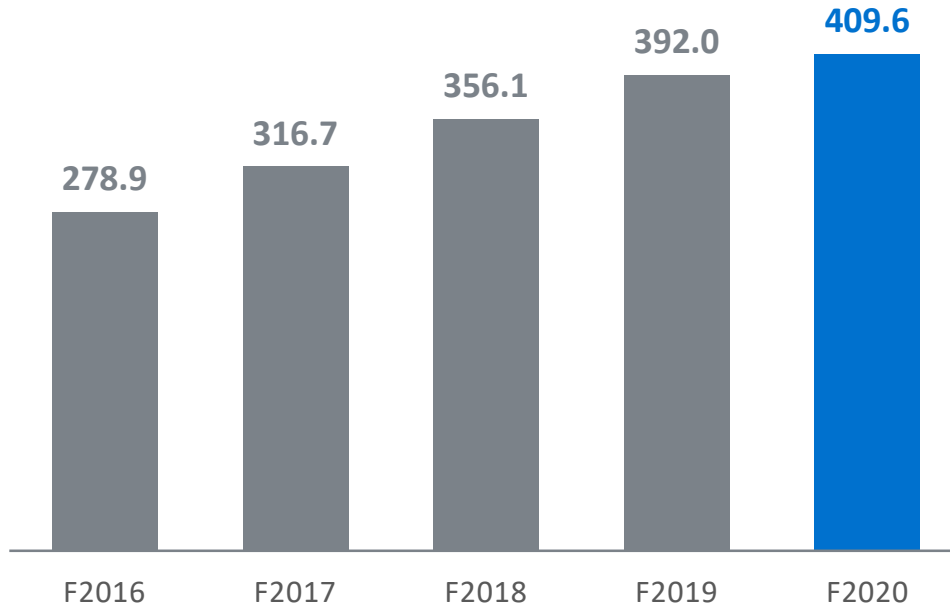
Fiscal 2020



Diversification through active management creates safe harbour as economic shock of pandemic batters global markets

Fiscal
2020

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

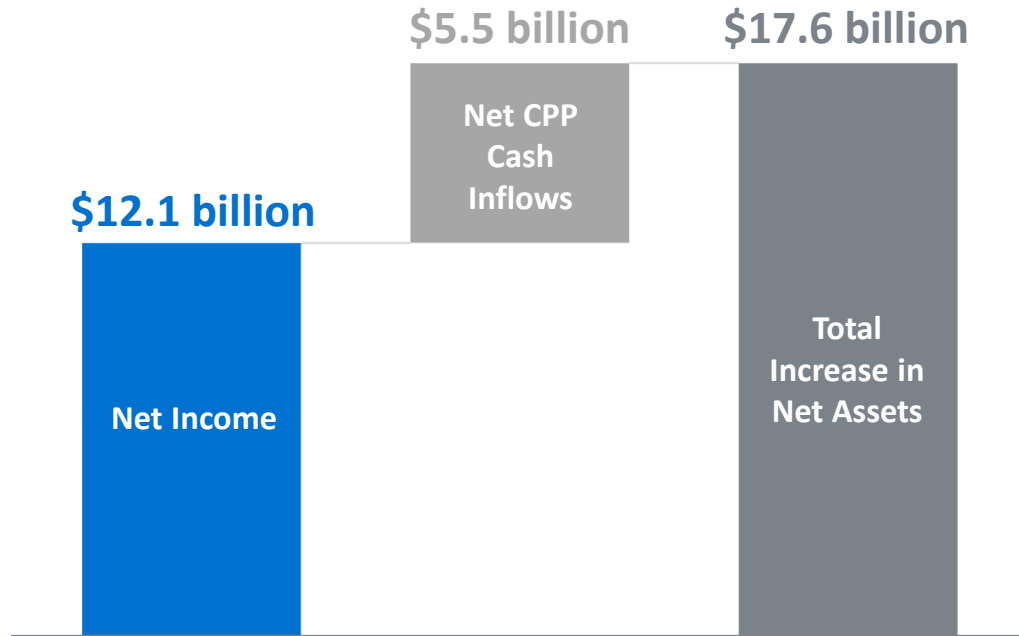


Increase in Net Assets

\$17.6
billion

The Fund remains resilient as net assets grow

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2020



Net Return

3.1%

Longer-term performance remains strong

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2020

10-year
Net Income
\$235.2
billion

10-year
Net Nominal Return
9.9%

COVID-19 Response

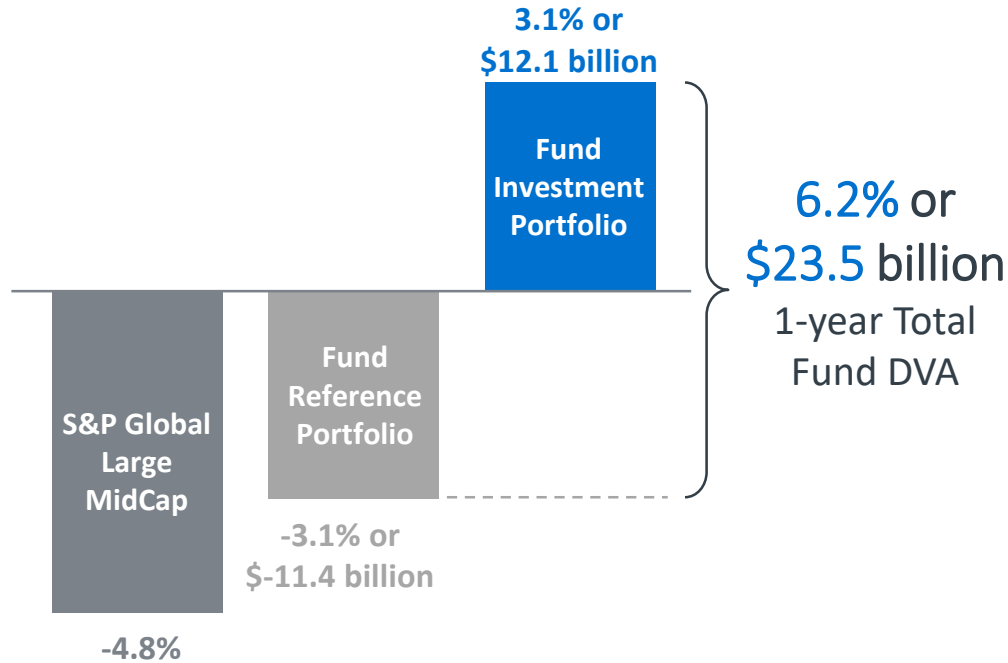
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Fiscal 2020 relative performance: net dollar value-added



10-year Compounded Total Fund DVA

\$56.9
billion

Investment Department Review

Fiscal 2020



Fund assets by investment department

<p>TOTAL PORTFOLIO MANAGEMENT</p> <p>Executes the long- and medium-term design of the Investment Portfolios, and ongoing implementation of the Total Portfolio Investment Framework</p> <p>Net Investments: \$179.7 billion</p>	<p>CAPITAL MARKETS AND FACTOR INVESTING</p> <p>Ensures CPP Investments has the flexibility to efficiently gain access to a broad array of sources of return in public equities, fixed income securities, currencies, commodities, derivatives and externally managed funds on a global basis</p> <p>AUM*: \$56.0 billion</p>	<p>ACTIVE EQUITIES</p> <p>Invests globally in public (or soon-to-be public) companies by way of common shares or equity-linked securities, private companies, externally managed funds and securities focused on long-horizon structural changes</p> <p>AUM*: \$61.4 billion</p>
<p>CREDIT INVESTMENTS</p> <p>Manages all of CPP Investments' public and private credit investments globally, investing in credit and credit-like products across the capital structure</p> <p>Net Investments: \$40.0 billion</p>	<p>PRIVATE EQUITY</p> <p>Invests in global private equity suitable for large, patient and knowledgeable investors</p> <p>Net Investments: \$94.6 billion</p>	<p>REAL ASSETS</p> <p>Consists of investments in real estate, infrastructure, power and renewables and energy and resources sectors</p> <p>Net Investments: \$97.6 billion</p>

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

Operational Update

Fiscal 2020



Cost-effective active management strategy

Fiscal
2020

We only incur internal or external costs when we are sufficiently confident of enhanced long-term returns for the Fund, net of all costs

- Incurred \$1.25 billion in operating expenses, \$1.81 billion in investment management fees paid to external managers and \$390 million of transaction costs
- These costs totalled \$3.45 billion for fiscal 2020, compared to \$3.22 billion for the previous year

Investment Management Fees



Management Fees
\$1,188 million

Payments to external fund managers to pay for their operating costs and basic profit margins



Performance Fees
\$620 million

A form of profit sharing when returns exceed a predetermined hurdle



Transaction Costs
\$390 million

Legal and tax advisors, consultants and trading commissions



Operating Expenses
\$1,254 million

Personnel, technology, data, global offices and other operating costs

Operational highlights achieved through the fiscal year

Fiscal
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CPP Investments
2025



Continuing to integrate technology, data and our knowledge collaboration initiative to enhance investment decisions



Building talent and reinforcing culture on the foundation of our Guiding Principles



Operationalizing our new risk framework

Regional highlights and transactions

Fiscal 2020

NORTH AMERICA \$208.1 billion

407 ETR
CANADA
C\$3.0 billion

GREEN BOND
UNITED STATES
US\$500 million

San Francisco

Toronto

New York

LATIN AMERICA \$16.3 billion

IDEAL
MEXICO
MXN\$17.7 billion

MULTIFAMILY JOIN VENTURE
BRAZIL
Up to R\$1 billion

São Paulo

EUROPE AND U.K. \$63.4 billion

MERLIN ENTERTAINMENTS
UNITED KINGDOM
Total transaction size: £5.9 billion

IBERIAN PRIVATE REAL ASSETS
CREDIT PARTNERSHIP
SPAIN AND PORTUGAL
€300 million

London

Luxembourg

ASIA \$102.8 billion

CIPALI TOLL ROAD
INDONESIA
C\$550 million

NATIONAL INVESTMENT AND
INFRASTRUCTURE MASTER FUND
INDIA
Up to US\$600 million

Mumbai

Hong Kong

Sydney

Business highlights



SUSTAINABLE INVESTING

- Our ESG evaluations focus on areas: environment, health and safety, labour and human rights, community relations, cybersecurity and data privacy, business integrity and corporate governance
- CPP Investments' Sustainable Investing Report can be found at: www.cppinvestments.com/sustainable-investing



EXPANDING OUR GLOBAL FOOTPRINT

- In June 2019, we opened a workspace in San Francisco to better access investment opportunities and deepen relationships within the world's leading technology ecosystem



ADDITIONAL CPP

- The additional CPP refers to the increased benefits and contributions of the Canada Pension Plan that started in January 2019
- The additional CPP account represented **0.6% or \$2.3 billion** of the Fund's net assets earned a net return of **4.2% or \$13 million**

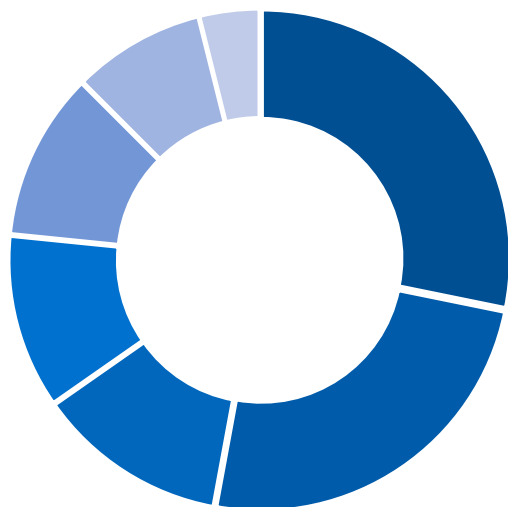
Appendix

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Asset mix

As March 31, 2020



- Public Equities – 28.2%
- Private Equities – 24.7%
- Credit – 12.4%
- Real Estate – 11.3%
- Government bonds, Cash and ARS (1) – 10.9%
- Infrastructure – 8.6%
- Other Real Assets – 3.9%

1. Net of external debt issuances.

Global diversification by region

As March 31, 2020

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- United States (\$144.3 billion) – 35.2%
- Asia (\$102.8 billion) – 25.1%
- Canada (\$63.9 billion) – 15.6%
- Europe (excluding U.K.) (\$42.7 billion) – 10.4%
- United Kingdom (\$20.7 billion) – 5.1%
- Latin America (\$16.3 billion) – 4.0%
- Australia (\$13.2 billion) – 3.2%
- Other (\$5.7 billion) – 1.4%

Asset valuation impact

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We have a robust valuation approach in place to measure the fair values of our investments and we regularly enhance our processes



Establishing **reliable fair values** is critical to reporting on our assets and performance, as well as managing our Investment Portfolios and risks

We have established a **Valuations Group** with a team of experienced specialists



We employ several **layers of checks and controls** to help ensure accurate valuations

In addition to internal expertise, third-party appraisers and external valuation experts are used to provide **independent views on the most subjective fair values**

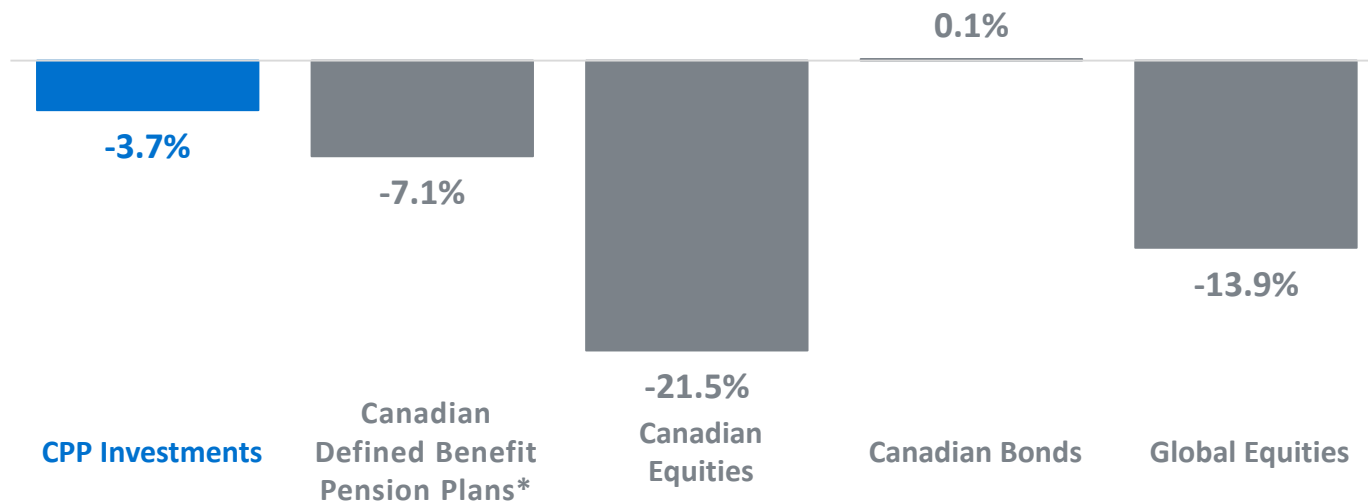


We use **extensive sources of available information** to provide a best estimate of the impact the pandemic has had on the valuations of investments at the end of the fiscal year

Our fair value assessments are subject to **external review and audit**

Outperforming Canadian pension fund benchmark in fourth fiscal quarter

Fourth quarter returns



Source: RBC Investor & Treasury Services

* RBC Investor & Treasury Services All Plan Universe, one of the industry's largest and most comprehensive universes of Canadian defined benefit pension plans

About CPP Investments

Canada Pension Plan Investment Board (CPP Investments™) is a professional investment management organization that invests around the world in the best interests of the more than 20 million contributors and beneficiaries of the Canada Pension Plan. In order to build diversified portfolios of assets, investments in public equities, private equities, real estate, infrastructure and fixed income are made by CPP Investments. Headquartered in Toronto, with offices in Hong Kong, London, Luxembourg, Mumbai, New York City, San Francisco, São Paulo and Sydney, CPP Investments is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At March 31, 2020, the Fund totalled \$409.6 billion.

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

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COVID-19 Response

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