

All figures in Canadian dollars unless otherwise noted.

CPP Investments Net Assets Total \$550.4 Billion at Third Quarter Fiscal 2022

Third-Quarter Highlights:

- Five-year net return of 11.7%
- 10-year net return of 11.6%
- Strong gains from Real Assets and Private Equity

TORONTO, ON (February 10, 2022): Canada Pension Plan Investment Board ([CPP Investments](#)) ended its third quarter of fiscal 2022 on December 31, 2021, with net assets of \$550.4 billion, compared to \$541.5 billion at the end of the previous quarter.

The \$8.9 billion increase in net assets for the quarter consisted of \$13.0 billion in net income less \$4.1 billion in net Canada Pension Plan (CPP) outflows. CPP Investments routinely receives more CPP contributions than required to pay benefits during the first part of the calendar year, partially offset by benefit payments exceeding contributions in the final months of the year.

The Fund, which includes the combination of the base CPP and additional CPP accounts, achieved five-year and 10-year annualized net returns of 11.7% and 11.6%, respectively. For the quarter, the Fund returned 2.4%.

“The Fund experienced solid growth this quarter largely due to healthy gains from real assets and equity-based investments. Our double-digit Fund performance over the long term continues as we brace for uncertain markets from a position of strength,” said John Graham, President and Chief Executive Officer. “Our broadly diversified portfolio with investments in infrastructure and real estate is reasonably positioned to weather inflationary pressures.”

Long-Term Sustainability

Every three years, the Office of the Chief Actuary of Canada (OCA) conducts an independent review on the sustainability of the CPP over the next 75 years. In the most recent triennial review published in December 2019, the Chief Actuary reaffirmed that, as at December 31, 2018, both the base and additional CPP continue to be sustainable over the 75-year projection period at the legislated contribution rates.

The Chief Actuary’s projections are based on the assumption that, over the 75 years following 2018, the base CPP account will earn an average annual rate of return of 3.95% above the rate of Canadian consumer price inflation. The corresponding assumption is that the additional CPP account will earn an average annual real rate of return of 3.38%.

	Estimated Real Rate of Return ¹ over 75 years (OCA assumption)	Actual Real Return		Actual Real Return over the OCA's estimated assumptions
Base CPP	3.95%	5-Year	9.16%	5.21%
		10-Year	9.64%	5.69%
Additional CPP	3.38%	Since inception	6.74%	3.36%

¹ Real Return is the return after taking inflation into account.

CPP Investments continues to build a portfolio designed to achieve a maximum rate of return without undue risk of loss, taking into account the factors that may affect the funding of the CPP and the CPP's ability to meet its financial obligations. The CPP is designed to serve today's contributors and beneficiaries while looking ahead to future decades and across multiple generations. Accordingly, long-term results are a more appropriate measure of CPP Investments' performance and plan sustainability.

Performance of the Base and Additional CPP Accounts

The base CPP account ended its third quarter of fiscal 2022 on December 31, 2021, with net assets of \$539.7 billion, compared to \$531.9 billion at the end of the previous quarter. The \$7.8 billion increase in assets consisted of \$12.8 billion in net income, less \$5.0 billion in net base CPP outflows. The base CPP account achieved a 2.4% net return for the quarter, and a five-year annualized return of 11.7%.

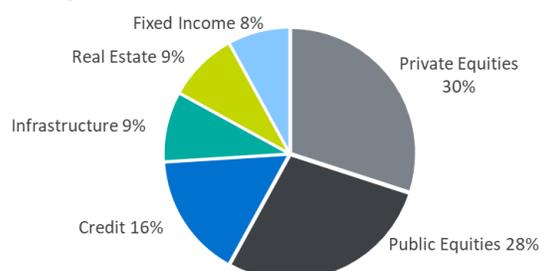
The additional CPP account ended its third quarter of fiscal 2022 on December 31, 2021, with net assets of \$10.7 billion, compared to \$9.6 billion at the end of the previous quarter. The \$1.1 billion increase in assets consisted of \$222 million in net income and \$834 million in net additional CPP contributions. The additional CPP account achieved a 2.2% net return for the quarter, and an annualized return of 9.5% since inception.

The additional CPP was designed with a different legislative funding profile and contribution rate compared to the base CPP. Given the differences in their design, the additional CPP has had a different market risk target and investment profile since its inception in 2019. At times, we expect the performance of the additional CPP to differ from that of the base CPP. Furthermore, due to the differences in their net contribution profiles, the assets in the additional CPP account are also expected to grow at a much faster rate than those in the base CPP account.

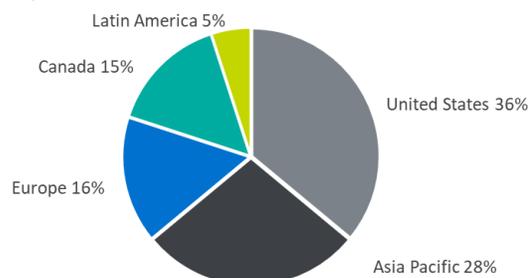
Asset Mix and Geography Mix

CPP Investments, inclusive of both the base CPP and additional CPP investment portfolios, is diversified across asset classes and geographies:

Asset Class Mix¹
December 31, 2021



Geography Mix
December 31, 2021



¹ Fixed Income consists of cash and cash equivalents, money market securities and government bonds, net of financing liabilities.

Operational Highlights:

Executive announcements

- Appointed Maximilian Biagosch as Senior Managing Director, Europe Regional Head and Head of Direct Private Equity, with ongoing responsibilities as Head of Direct Private Equity within the Private Equity department as well as regional leadership in Europe. Mr. Biagosch was most recently Managing Director, Head of Portfolio Value Creation.
- Appointed Agus Tandiono as Senior Managing Director, Asia Regional Head and Head of Fundamental Equities Asia, with ongoing responsibilities as Head of Fundamental Equities in Asia within the Active Equities department as well as regional leadership in Asia. Mr. Tandiono has led the development of the Active Fundamental Equities and Relationship Investing activities in Asia.
- Kelly Shen, Senior Managing Director & Chief Technology and Data Officer, is leaving the organization to start a new opportunity. During her three years with CPP Investments, Ms. Shen has worked with her leadership team to significantly advance our technology, data, and innovation capabilities, served on a portfolio company board, and has also championed equity, inclusion and diversity as the Chair of the organization's Inclusion and Diversity Leadership Council.

Corporate developments

- Announced that our portfolio and operations commit to be net-zero of greenhouse gas emissions across all scopes by 2050. Our commitment includes: continuing to invest and exert our influence in the whole economy transition as active investors rather than through blanket divestment; achieving carbon neutrality for our internal operations by the end of fiscal 2023; expanding our investments in green and transition assets from \$67 billion to at least \$130 billion by 2030; and, building on our new decarbonization investment approach.

- Announced ERM as a delivery partner to support the decarbonization investment approach. ERM will help identify existing CPP Investments portfolio companies that can generate value from decarbonization and work with them to establish and implement a roadmap.
- Released a new perspective, “*Investing to enable an economy-wide evolution to a low-carbon future*”, highlighting the opportunity decarbonization presents for long-term investors. The perspective also outlined an investment approach that aims to identify, fund and support companies that are committed to creating value by lowering their emissions over time.

Third-Quarter Investment Highlights:

Active Equities

- Invested US\$150 million in FWD Group, a pan-Asian life insurance business with approximately 10 million customers across 10 markets.
- Invested C\$200 million as an anchor investor in the IPO of Volvo Cars, a front runner in the global shift to electric vehicles.
- Invested €43 million into N26, a German headquartered digital-only bank which has more than seven million customers across 25 countries.
- Invested US\$25 million into ITM Power, a U.K.-based manufacturer of electrolyzer systems based on proton exchange membrane technology that generate green hydrogen for energy storage, transport, renewable heat and industrial sectors.

Credit Investments

- Acquired tiered royalties on Tafamidis from Tafamidis Holdings, LLC, a Blackstone Life Science’s portfolio company, for up to US\$221 million in upfront proceeds and performance-based milestones. Tafamidis, sold under brand names Vyndaqel and Vyndamax, is a pharmaceutical agent that is used for the treatment of specific conditions in adults to reduce cardiovascular mortality and cardiovascular-related hospitalization.
- Committed to an additional capital investment in Amitra Capital Ltd., a 100%-owned portfolio company, to support its agreement with Novo Banco, SA to acquire an interest in a portfolio of Portuguese non-performing mortgage loans with an outstanding balance of €231.3 million.
- Committed additional capital to an investment vehicle managed by Carlyle Aviation Partners to fund the acquisition of AMCK Aviation’s portfolio of aircraft, consisting of 125 primarily narrowbody aircraft and an order book of 20 A320/321 neo aircraft.
- Committed US\$220 million in a senior secured financing facility for the development of utility-scale solar projects in the U.S. through a partnership with HPS Investment Partners.
- Closed on a US\$421 million whole loan to Spear Street Capital for the redevelopment of an existing office complex into a life science development in Watertown, Massachusetts.

- Invested approximately US\$250 million across senior and mezzanine facilities for Carlyle Group's buyout of Hexaware Technologies, a leading Indian IT services company primarily focused on cloud, automation and customer experience transformation for companies in banking, insurance, healthcare, travel and professional services.
- Invested US\$325 million in the unitranche loan for Straive, a business process outsourcing company focused on the education, data and publishing verticals, with operations primarily in India and the Philippines.

Private Equity

- Committed US\$100 million to Meituan Long-Z USD Fund I. Meituan Long-Z focuses on venture/growth stage investments in China, mainly within the consumer food and beverage/new economy sectors, and also opportunistically invests in the B2B SaaS/advanced technology sectors.
- Committed \$303 million to BGH Capital Fund II. BGH Capital is an Australia- and New Zealand-focused private equity manager active in the mid-to-large cap buyout space.
- Invested US\$25 million alongside CVC Capital Partners Asia in TRY Group, the largest one-on-one tutoring services provider in Japan.
- Closed a US\$50 million co-investment alongside General Atlantic and committed a total of US\$105 million in the first and second lien financing in Authentic Brands Group, a development and licensing business that owns a portfolio of lifestyle, sports, celebrity and entertainment brands.
- Invested in DriveWealth's US\$450 million Series D financing. DriveWealth is a brokerage infrastructure platform that enables self-directed brokers and robo-advisors to access the U.S. equities market.
- Closed a US\$130 million co-investment alongside Hillhouse Capital to acquire AI Dream, a mattress company in China that sells premium brands, King Koil and Serta.
- Committed US\$50 million to A91 Partners Emerging Fund II, an Indian venture growth investor focused on minority investments in technology-enabled companies.
- Committed US\$200 million to Genesis Capital III. Genesis Capital focuses on venture/growth-stage technology investments in China.
- Supported the combination of Inmarsat with Viasat, valued at approximately US\$4 billion, as a part of a co-control consortium with leading private equity investors. The consortium will hold a 37.5% ownership in the combined entity, representing 9.4% for CPP Investments.
- Entered into a definitive agreement to acquire all outstanding shares of McAfee common stock alongside an investor group comprising Advent, Permira, Crosspoint Capital, GIC and ADIA, in an all-cash transaction valued at approximately US\$12 billion on an equity value basis.

- Committed US\$150 million to DCP Capital Partners II. DCP Capital Partners focuses on large buyout and significant minority transactions across Greater China.
- Invested US\$175 million in a GP-led secondary transaction to acquire a strip of 26 global growth equity assets managed by the Goldman Sachs Growth Equity platform, for a total deal size of approximately US\$500 million.
- Led a \$1 billion transaction providing liquidity to BT Pension Scheme across a separately managed account of funds and co-investments managed by Hermes GPE.

Real Assets

- Committed JPY 19 billion (C\$205.6 million) to a joint venture with Mitsubishi Estate, a leading Japanese real estate developer, to pursue investments in commercial and residential assets in Japan.
- Established a new 50:50 joint venture with Lendlease dedicated to the development of a new office-led neighbourhood at International Quarter London, initially committing to developing the Turing Building with an allocation of £215 million.
- Committed US\$83.6 million as part of a tri-party venture with Boston Properties and GIC to acquire 360 Park Avenue South, a 20-storey office building in Manhattan.
- Formed a US\$1.1 billion joint venture with Bridge Industrial to develop industrial properties in several core markets across the United States.
- Announced a strategic partnership with U.K.-based Octopus Energy Group (Octopus), including a US\$300 million investment to support Octopus' global expansion and to support its Kraken technology platform to deploy smart energy across full energy supply chain.
- Formed a US\$840 million joint venture with Greystar to develop and acquire purpose-built, single-family rental communities in the United States.
- Agreed to increase our investment holding in IDEAL by an additional 1.1%, bringing our total ownership of the Mexican infrastructure platform to 24.8%.
- Deployed \$800 million across investments in 13 listed real estate companies via the secondary market and primary offerings, primarily adding to existing positions.
- Committed £56 million to expand an existing joint venture with Federated Hermes to develop One Centenary Way at Paradise Birmingham, a 13-storey mixed-use development.
- Committed INR 13.5 billion (C\$231 million) in tranches to a joint venture with Phoenix Mills to develop an office-led mixed-use asset in Mumbai, for an equity stake of 49%.

- Acquired 25% of the units in National Highways Infra Trust, a privately listed Infrastructure Investment Trust sponsored by National Highways Authority of India, for INR 15,029 million (C\$257 million).
- Committed US\$20 million to a partnership with Conservation International to invest in nature-based climate solutions.

Asset Disposition

- Exited our 37% interest in AMP Capital Retail Trust (ACRT) in Australia alongside other ACRT unitholders at a transaction value of C\$2.0 billion. We initially invested in ACRT in 2012.

Transaction Highlights Following the Quarter:

- Closed the sale of Royal Bank Plaza alongside our joint venture partner Oxford Properties, with net proceeds of approximately \$300 million to CPP Investments. The joint venture initially acquired the property in 2005.
- Committed US\$150 million to Lyfe Capital Fund IV, L.P. Lyfe invests primarily in growth/early growth-stage healthcare companies in Greater China and selectively in the United States across therapeutics, medical devices and diagnostics.
- Committed \$100 million to Hillhouse Venture Fund VI. The Fund focuses on venture opportunities in China across four core sectors of consumer, healthcare, business services and climate technology.
- Committed US\$50 million to the Series I2 funding of VerSe Innovation Pvt. Ltd, a content technology platform company in India.
- Invested US\$100 million in the IPO of LG Energy Solution, a leading battery manufacturer based in South Korea.
- Invested US\$50 million in Eikon Therapeutics' US\$517.8 million Series B financing. Eikon is employing super-resolution microscopy and advanced engineering to invent novel medicines that improve and extend life.

About CPP Investments

Canada Pension Plan Investment Board (CPP Investments™) is a professional investment management organization that manages the Fund in the best interest of the more than 20 million contributors and beneficiaries of the Canada Pension Plan. In order to build diversified portfolios of assets, investments are made around the world in public equities, private equities, real estate, infrastructure and fixed income. Headquartered in Toronto, with offices in Hong Kong, London, Luxembourg, Mumbai, New York City, San Francisco, São Paulo and Sydney, CPP Investments is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At December 31, 2021, the Fund totalled \$550.4 billion. For more information, please visit www.cppinvestments.com or follow us on [LinkedIn](#), [Facebook](#) or [Twitter](#).

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