



INTERIM CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 and 2019

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of Canadian dollars) (unaudited)

	Note	June 30, 2020	December 31, 2019
ASSETS			
Cash		1,225	994
Amounts receivable from transactions being settled		6,150	6,223
Advances to depositors		236	960
Investment income, accrued and receivable		1,225	1,391
Other assets		937	584
Investments	3	377,402	382,467
Total assets		387,175	392,619
LIABILITIES			
Amounts payable on transactions being settled		3,622	1,537
Other financial liabilities		1,353	1,143
Investment liabilities	3	49,237	49,830
Total liabilities excluding net assets attributable to depositors		54,212	52,510
NET ASSETS ATTRIBUTABLE TO DEPOSITORS		332,963	340,109

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

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the six-month periods ended June 30

(in millions of Canadian dollars) (unaudited)

	Note	2020	2019
Investment income		5,093	5,167
Investment expense		(386)	(429)
Net investment income	6	4,707	4,738
Operating expenses		(307)	(315)
Net income		4,400	4,423
Net gains (losses) on financial instruments at fair value	6	(12,637)	13,949
Investment result before distributions to depositors	6	(8,237)	18,372
Distributions to depositors		(8,731)	(7,143)
Net income and comprehensive income attributable to depositors		(16,968)	11,229

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

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO DEPOSITORS

For the six-month periods ended June 30

(in millions of Canadian dollars) (unaudited)

	Demand deposits	Term deposits	Distributions payable to depositors	Participation deposits	Net assets attributable to depositors
Balance as at December 31, 2019	406	6	2,961	336,736	340,109
Attributions and distributions					
Net income and comprehensive income attributable to depositors	-	-	-	(16,968)	(16,968)
Distributions to depositors	10,113	-	(1,382)	-	8,731
Participation deposits					
Issuance of participation deposit units	(8,405)	-	-	8,405	-
Cancellation of participation deposit units	974	-	-	(974)	-
Net deposits					
Net contributions	1,091	-	-	-	1,091
BALANCE AS AT JUNE 30, 2020	4,179	6	1,579	327,199	332,963

	Demand deposits	Term deposits	Distributions payable to depositors	Participation deposits	Net assets attributable to depositors
Balance as at December 31, 2018	712	6	2,506	306,287	309,511
Attributions and distributions					
Net income and comprehensive income attributable to depositors	-	-	-	11,229	11,229
Distributions to depositors	8,349	-	(1,206)	-	7,143
Participation deposits					
Issuance of participation deposit units	(10,839)	-	-	10,839	-
Cancellation of participation deposit units	3,907	-	-	(3,907)	-
Net deposits					
Net withdrawals	(1,149)	-	-	-	(1,149)
BALANCE AS AT JUNE 30, 2019	980	6	1,300	324,448	326,734

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six-month periods ended June 30

(in millions of Canadian dollars) (unaudited)

	2020	2019
Cash flows from operating activities		
Net income and comprehensive income attributable to depositors	(16,968)	11,229
Adjustments for:		
Unrealized net losses on commercial paper, term notes and loans payable	497	269
Foreign exchange (gains) losses on commercial paper, term notes and loans payable	590	(677)
Distributions to depositors	8,731	7,143
Net changes in operating assets and liabilities		
Amounts receivable from transactions being settled	73	(1,202)
Advances to depositors	724	739
Investment income, accrued and receivable	166	(96)
Other assets	(353)	(408)
Investments	6,035	(32,957)
Amounts payable on transactions being settled	2,085	5,673
Other financial liabilities	210	328
Investment liabilities	(3,455)	7,241
	(1,665)	(2,718)
Cash flows from financing activities		
Net change in commercial paper payable	(3,386)	(2,920)
Issuance of commercial paper payable	5,267	5,002
Repayment of commercial paper payable	(5,158)	(2,903)
Net change in loans payable	34	417
Issuance of term notes payable	6,166	5,313
Repayment of term notes payable	(1,148)	-
Net contributions (net withdrawals)	1,091	(1,149)
	2,866	3,760
Net increase in cash and cash equivalents	1,201	1,042
Cash and cash equivalents at the beginning of the period	1,122	1,035
Cash and cash equivalents at the end of the period	2,323	2,077
Cash and cash equivalents comprise:		
Cash	1,225	1,135
Cash equivalents	1,098	942
	2,323	2,077
Supplemental information on cash flows from operating activities		
Interest and dividends received	5,146	4,966
Interest paid	(369)	(373)

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts are presented in millions of Canadian dollars, unless otherwise indicated) (unaudited)

1. CONSTITUTION AND NATURE OF OPERATIONS

La Caisse de dépôt et placement du Québec (“la Caisse”), 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”).

La Caisse 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.

La Caisse’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.

The Board of Directors approved la Caisse’s interim consolidated financial statements and the publication thereof on August 7, 2020.

Interim consolidated financial statements

These interim consolidated financial statements have been prepared for the purposes of presenting la Caisse’s financial position, financial performance and cash flows. La Caisse’s interim 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 interim consolidated financial statements, all intercompany transactions and balances have been eliminated.

General Fund

The General Fund comprises cash and cash equivalent activities that include the management of demand deposits, term deposits, and the financing activities of la Caisse.

Specialized Portfolios

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

- | | |
|--------------------------------|--|
| - Short Term Investments (740) | - Real Estate (710) |
| - Rates (765) | - Equity Markets (737) |
| - Credit (766) | - Private Equity (780) |
| - Long Term Bonds (764) | - Asset Allocation (771) |
| - Real Return Bonds (762) | - Active Overlay Strategies (773) ¹ |
| - Infrastructure (782) | |

¹ On January 1, 2020, the Active Overlay Strategies (773) specialized portfolio was wound up. On the same date, the assets and liabilities of this specialized portfolio were transferred at fair value to other specialized portfolios. This winding up had no impact on the net assets and net income and comprehensive income attributable to depositors.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

La Caisse’s interim consolidated financial statements for the six-month periods ended June 30, 2020 and 2019 have been prepared in accordance with IAS 34 – *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB). The interim consolidated financial statements do not include all of the information and disclosures required in annual financial statements and should be read in conjunction with la Caisse’s annual consolidated financial statements for the years ended December 31, 2019 and 2018.

La Caisse’s interim consolidated financial statements have been prepared using the main significant accounting policies as those used to prepare its annual consolidated financial statements for the years ended December 31, 2019 and 2018.

Presentation and measurement basis

La Caisse 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 Interim Consolidated Statements of Financial Position are presented based on liquidity.

Significant events

The COVID-19 pandemic declared in March by the World Health Organization generated high levels of uncertainty and volatility in the financial markets. As a result, the fair value of certain investments may have fluctuated considerably since December 31, 2019. The significant estimates and assumptions, including those used in measuring investments and analyzing and managing risks, incorporate the pandemic-related uncertainties and factors known to date. Management’s best estimates are reflected in the results presented.

3. INVESTMENTS AND INVESTMENT LIABILITIES

a) Investments

The following table shows the fair values of the investments. The geographic allocation is determined according to the country of the issuer's principal place of business. The geographic allocation of interests in unconsolidated subsidiaries is determined according to the country of the underlying investments, while the allocation of derivative financial instruments is determined according to the currency in which the instrument will be settled:

	June 30, 2020			December 31, 2019		
	Canada	Foreign	Fair value	Canada	Foreign	Fair value
Investments						
Cash equivalents						
Short-term investments	100	-	100	27	-	27
Securities purchased under reverse repurchase agreements	998	-	998	101	-	101
Total cash equivalents	1,098	-	1,098	128	-	128
Fixed-income securities						
Short-term investments	8	22	30	64	74	138
Securities purchased under reverse repurchase agreements	3,446	1,878	5,324	12	3,524	3,536
Corporate debt	979	1,284	2,263	742	1,273	2,015
Bonds						
Governments	42,518	21,083	63,601	41,969	22,042	64,011
Government corporations and other public administrations	6,290	603	6,893	6,425	574	6,999
Corporate sector	12,182	8,219	20,401	11,970	6,094	18,064
Bond funds	-	2,079	2,079	-	1,603	1,603
Total fixed-income securities	65,423	35,168	100,591	61,182	35,184	96,366
Variable-income securities						
Equities and convertible securities						
Public companies	25,165	82,563	107,728	30,322	86,863	117,185
Private companies	2,982	16,082	19,064	3,317	16,001	19,318
Hedge funds	-	680	680	-	1,321	1,321
Total variable-income securities	28,147	99,325	127,472	33,639	104,185	137,824
Interests in unconsolidated subsidiaries						
Investments in real estate holdings	15,005	31,350	46,355	17,975	31,019	48,994
Investments in real estate debt	14,164	1,786	15,950	14,290	1,197	15,487
Private equity investments	4,249	29,272	33,521	3,945	27,972	31,917
Infrastructure investments	4,051	19,393	23,444	3,674	19,230	22,904
Investments in fixed-income securities	3,804	16,725	20,529	4,809	14,592	19,401
Investments in hedge funds	-	3,779	3,779	77	4,345	4,422
Stock market investments	959	1,349	2,308	1,039	2,230	3,269
Total interests in unconsolidated subsidiaries	42,232	103,654	145,886	45,809	100,585	146,394
Derivative financial instruments (Note 4)	35	2,320	2,355	10	1,745	1,755
Total investments	136,935	240,467	377,402	140,768	241,699	382,467

b) Investment liabilities

The following table shows the fair values of investment liabilities. The geographic allocation of non-derivative financial liabilities is determined using the country of the issuer's principal place of business, while the allocation of derivative financial instruments is determined according to the currency in which the instrument will be settled:

	June 30, 2020			December 31, 2019		
	Canada	Foreign	Fair value	Canada	Foreign	Fair value
Investment liabilities						
Non-derivative financial liabilities						
Securities sold under repurchase agreements	14,294	5,481	19,775	15,131	8,396	23,527
Securities sold short						
Equities	92	7	99	104	15	119
Bonds	1,250	1,950	3,200	172	3,496	3,668
Commercial paper payable	5,618	-	5,618	8,794	-	8,794
Loans payable	64	326	390	149	219	368
Term notes payable	18,348	-	18,348	12,332	-	12,332
Total non-derivative financial liabilities	39,666	7,764	47,430	36,682	12,126	48,808
Derivative financial instruments (Note 4)	30	1,777	1,807	27	995	1,022
Total investment liabilities	39,696	9,541	49,237	36,709	13,121	49,830

4. DERIVATIVE FINANCIAL INSTRUMENTS

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

	June 30, 2020			December 31, 2019		
	Assets	Fair value	Notional amount	Assets	Fair value	Notional amount
		Liabilities			Liabilities	
Exchange markets						
Interest rate derivatives						
Futures contracts	-	-	51,767	-	-	69,325
Equity derivatives						
Futures contracts	-	-	15,898	-	-	19,204
Options	23	-	969	-	-	-
Warrants	2	-	3	6	-	51
Commodity derivatives						
Futures contracts	-	-	754	2	3	777
Total exchange markets	25	-	69,391	8	3	89,357
Over-the-counter markets						
Interest rate derivatives						
Swaps	329	-	2,155	177	-	5,974
Swaps settled through a clearing house	-	-	67,025	-	-	80,525
Forward contracts	35	17	535	10	10	1,459
Options	44	62	11,496	174	214	41,329
Currency derivatives						
Swaps	49	153	7,511	62	53	5,492
Forward contracts	1,512	925	119,677	894	413	80,848
Options	38	99	14,265	151	36	24,191
Credit default derivatives						
Swaps settled through a clearing house	-	-	36,602	-	-	31,043
Options	29	-	11,231	3	-	4,742
Equity derivatives						
Swaps	134	162	7,404	112	144	9,697
Forward contracts	-	73	1,071	-	-	-
Options	155	277	19,309	164	149	22,916
Warrants	5	-	10	-	-	2
Commodity derivatives						
Options	-	39	2,052	-	-	-
Total over-the-counter markets	2,330	1,807	300,343	1,747	1,019	308,218
Total derivative financial instruments	2,355	1,807	369,734	1,755	1,022	397,575

5. FAIR VALUE MEASUREMENT

a) Policy, directive, protocols and procedures related to 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 a 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 obtained using quoted prices on active markets. When there are no quoted prices, fair value is determined using valuation techniques based on observable and unobservable inputs. La Caisse 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 policy and directive as well as the protocols and procedures related to fair value measurement, as well as the fair value valuation techniques, are described in la Caisse's annual consolidated financial statements for the years ended December 31, 2019 and 2018. There have been no significant changes since that time. The fair value measurement policy, directive, protocols and procedures have been applied consistently to all the periods.

The main estimates and assumptions used to measure the fair value of financial instruments classified in Level 3 of the fair value hierarchy are subject to a high level of uncertainty caused by the COVID-19 pandemic. The fair value measurement of these financial instruments reflects the potential impacts of the current crisis and could fluctuate significantly. Given the uncertainties, the fair value range of the financial instruments could exceed the range shown in the sensitivity analysis in Note 5e.

b) Fair value hierarchy

La Caisse'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 (cont.)

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 fair value hierarchy levels of financial instruments are determined on a given date and are influenced by the market factors prevailing on that date. Consequently, the classifications by level can vary significantly from one period 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:

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts receivable from transactions being settled	-	6,150	-	6,150
Advances to depositors	-	236	-	236
Investment income, accrued and receivable	-	1,225	-	1,225
Investments				
Cash equivalents	-	1,098	-	1,098
Short-term investments	-	30	-	30
Securities purchased under reverse repurchase agreements	-	5,324	-	5,324
Corporate debt	-	-	2,263	2,263
Bonds	50,342	41,676	956	92,974
Equities and convertible securities				
Public companies	107,080	510	138	107,728
Private companies	-	3,650	15,414	19,064
Hedge funds	-	650	30	680
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	-	9,998	36,357	46,355
Investments in real estate debt	-	12,834	3,116	15,950
Private equity investments	-	-	33,521	33,521
Infrastructure investments	-	-	23,444	23,444
Investments in fixed-income securities	-	3,913	16,616	20,529
Investments in hedge funds	-	3,779	-	3,779
Stock market investments	-	959	1,349	2,308
Derivative financial instruments	24	2,331	-	2,355
	157,446	94,363	133,204	385,013
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled	-	3,622	-	3,622
Other financial liabilities	-	1,353	-	1,353
Investment liabilities				
Securities sold under repurchase agreements	-	19,775	-	19,775
Securities sold short	3,295	-	4	3,299
Commercial paper payable	-	5,618	-	5,618
Loans payable	-	390	-	390
Term notes payable	-	18,348	-	18,348
Derivative financial instruments	-	1,794	13	1,807
	3,295	50,900	17	54,212
Net assets attributable to depositors				
Demand deposits	-	4,179	-	4,179
Term deposits	-	6	-	6
Distributions payable to depositors	-	1,579	-	1,579
Participation deposits	-	327,199	-	327,199
	-	332,963	-	332,963

Fair value hierarchy (cont.)

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts receivable from transactions being settled	-	6,223	-	6,223
Advances to depositors	-	960	-	960
Investment income, accrued and receivable	-	1,391	-	1,391
Investments				
Cash equivalents	-	128	-	128
Short-term investments	-	138	-	138
Securities purchased under reverse repurchase agreements	-	3,536	-	3,536
Corporate debt	-	-	2,015	2,015
Bonds	63,550	26,409	718	90,677
Equities and convertible securities				
Public companies	115,487	616	1,082	117,185
Private companies	-	2,722	16,596	19,318
Hedge funds	-	1,078	243	1,321
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	-	9,304	39,690	48,994
Investments in real estate debt	-	12,386	3,101	15,487
Private equity investments	-	-	31,917	31,917
Infrastructure investments	-	-	22,904	22,904
Investments in fixed-income securities	-	3,273	16,128	19,401
Investments in hedge funds	-	4,422	-	4,422
Stock market investments	-	1,039	2,230	3,269
Derivative financial instruments	8	1,747	-	1,755
	179,045	75,372	136,624	391,041
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled	-	1,537	-	1,537
Other financial liabilities	-	1,143	-	1,143
Investment liabilities				
Securities sold under repurchase agreements	-	23,527	-	23,527
Securities sold short	1,167	2,614	6	3,787
Commercial paper payable	-	8,794	-	8,794
Loans payable	-	368	-	368
Term notes payable	-	12,332	-	12,332
Derivative financial instruments	3	1,007	12	1,022
	1,170	51,322	18	52,510
Net assets attributable to depositors				
Demand deposits	-	406	-	406
Term deposits	-	6	-	6
Distributions payable to depositors	-	2,961	-	2,961
Participation deposits	-	336,736	-	336,736
	-	340,109	-	340,109

c) Level 3: Reconciliation between opening and closing balances

For financial instruments classified in Level 3 of the hierarchy, reconciliations between the opening and closing balances as at June 30, 2020 and 2019 are as follows:

								2020	
	Opening balance (assets/(liabilities))	Gains (losses) recognized in comprehensive income ²	Purchases	Sales	Settlements	Transfers	Closing balance (assets/(liabilities))	Unrealized gains (losses) on financial instruments held at period-end ^{2 and 3}	
Corporate debt	2,015	37	289	-	(78)	-	2,263	(22)	
Bonds	718	(18)	350	(88)	(6)	-	956	(41)	
Equities and convertible securities	17,921	(1,316)	443	(550)	-	(916)	15,582	(1,455)	
Interests in unconsolidated subsidiaries	115,970	(5,788)	5,503	(1,282)	-	-	114,403	(6,218)	
Derivative financial instruments ¹	(12)	(1)	-	-	-	-	(13)	(1)	
Securities sold short	(6)	2	-	-	-	-	(4)	4	

Transfers between levels of the fair value hierarchy

As at June 30, 2020, due to changes in the availability of observable inputs given changing market conditions, financial instruments with a value of \$14,493 million were transferred from Level 1 to Level 2 and \$1,046 million from Level 2 to Level 1. In addition, due to the loss of significant influence in an associate whose securities are listed, financial instruments with a value of \$916 million were transferred from Level 3 to Level 1.

								2019	
	Opening balance (assets/(liabilities))	Gains (losses) recognized in comprehensive income ²	Purchases	Sales	Settlements	Transfers	Closing balance (assets/(liabilities))	Unrealized gains (losses) on financial instruments held at period-end ^{2 and 3}	
Corporate debt	2,073	1	130	(58)	(184)	(169)	1,793	31	
Bonds	722	23	377	(16)	(6)	-	1,100	58	
Equities and convertible securities	16,260	(71)	2,743	(1,285)	-	(326)	17,321	272	
Interests in unconsolidated subsidiaries	97,473	(1,741)	8,452	(947)	-	-	103,237	(1,044)	
Derivative financial instruments ¹	(20)	(2)	-	-	10	-	(12)	(2)	
Securities sold short	(8)	2	-	-	-	-	(6)	1	

¹ The assets and liabilities related to derivative financial instruments are presented on a net basis.

² Presented under "Net gains (losses) on financial instruments at fair value" in the Interim Consolidated Statements of Comprehensive Income. The gains (losses) recognized in comprehensive income include realized and unrealized foreign exchange gains (losses) on financial instruments.

³ Includes the change in fair value resulting from measuring financial instruments denominated in their original currency in and excludes the amounts of gains (losses) resulting from translating financial instruments denominated in foreign currencies. Due to a change in presentation, an unrealized foreign exchange loss of \$1,227 million was removed from "Unrealized gains (losses) on financial instruments held at period-end" for the period ended June 30, 2019, given that this amount was already included in "Gains (losses) recognized in comprehensive income." This change in presentation did not have an impact on net income and comprehensive income attributable to depositors.

Transfers between levels of the fair value hierarchy

As at June 30, 2019, due to changes in the availability of observable inputs given changing market conditions, financial instruments with a value of \$166 million were transferred from Level 2 to Level 1, \$164 million from Level 2 to Level 3, and \$659 million from Level 3 to Level 2.

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

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 5e as well as those that are excluded from the analysis:

	June 30, 2020				
	Fair value	Valuation techniques	Unobservable inputs	Range (weighted average)	
Included in the sensitivity analysis					
Corporate debt	1,929	Discounted cash flows	Credit spreads	0.9% to 4.1% (2.1%)	
			Discount rates	6.0% to 12.8% (9.5%)	
Equities and convertible securities					
Private equity investments	4,903	Comparable company multiples	EBITDA multiples	7.3 to 15.5 (11.5)	
Infrastructure investments	4,796	Discounted cash flows	Discount rates	6.0% to 13.3% (9.7%)	
Interests in unconsolidated subsidiaries					
Investments in real estate holdings	36,357	Discounted cash flows	Discount rates	4.4% to 13.5% (6.4%)	
			Credit spreads	0.0% to 9.5% (2.2%)	
			Capitalization of revenue	Capitalization rates	2.4% to 10.5% (5.3%)
			Net real estate assets	Discounts to net asset value	0.0% to 14.0% (4.0%)
Private equity investments	14,332	Comparable company multiples	EBITDA multiples	6.3 to 15.0 (12.2)	
Infrastructure investments	19,403	Discounted cash flows	Discount rates	6.0% to 14.3% (9.4%)	
Investments in fixed-income securities	11,391	Discounted cash flows	Discount rates	7.8%	
			Credit spreads	1.3% to 13.4% (4.7%)	
	93,111				
Excluded from the sensitivity analysis					
Financial instruments ¹	40,076	Recent transactions ² Broker quotes ³ Net assets ³	n.a. n.a. n.a.	n.a. n.a. n.a.	
Net financial instruments classified in Level 3	133,187				

n.a.: not applicable

¹ The fair value of the financial instruments presented in this item includes corporate debt, bonds, equities and convertible securities, interests in unconsolidated subsidiaries, derivative financial instruments and securities sold short.

² When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. Consequently, la Caisse 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, la Caisse is unable to conduct a sensitivity analysis.

Level 3: Fair value measurement based on reasonably possible alternative assumptions (cont.)

December 31, 2019

	Fair value	Valuation techniques	Unobservable inputs	Range (weighted average)
Included in the sensitivity analysis				
Corporate debt	1,713	Discounted cash flows	Credit spreads	0.4% to 2.4% (1.5%)
			Discount rates	6.0% to 9.3% (6.9%)
Equities and convertible securities				
Private equity investments	6,833	Comparable company multiples	EBITDA multiples	8.7 to 16.0 (11.7)
Infrastructure investments	5,311	Discounted cash flows	Discount rates	6.0% to 9.8% (8.7%)
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	39,690	Comparable company multiples	Price-to-book value ratios	1.05
		Discounted cash flows	Discount rates	4.0% to 13.5% (6.4%)
			Credit spreads	0.0% to 9.8% (1.6%)
		Capitalization of revenue	Capitalization rates	2.7% to 10.5% (5.3%)
		Net real estate assets	Discounts to net asset value	0.0% to 8.0% (2.3%)
Private equity investments	12,001	Comparable company multiples	EBITDA multiples	9.0 to 17.0 (12.4)
Infrastructure investments	16,983	Discounted cash flows	Discount rates	6.0% to 13.8% (9.2%)
Investments in fixed-income securities	9,894	Discounted cash flows	Discount rates	6.9%
			Credit spreads	1.1% to 8.5% (3.6%)
	92,425			
Excluded from the sensitivity analysis				
Financial instruments ¹	44,181	Recent transactions ²	n.a.	n.a.
		Broker quotes ³	n.a.	n.a.
		Net assets ³	n.a.	n.a.
Net financial instruments classified in Level 3	136,606			

n.a.: not applicable

¹ The fair value of the financial instruments presented in this item includes corporate debt, bonds, equities and convertible securities, interests in unconsolidated subsidiaries, derivative financial instruments, and securities sold short.

² When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. Consequently, la Caisse 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, la Caisse is unable to conduct a sensitivity analysis.

e) Sensitivity analysis of fair value

The following analysis shows the sensitivity of fair value measurements to reasonably possible alternative assumptions for the significant unobservable inputs shown in the tables preceding Note 5d. La Caisse identified reasonably possible alternative assumptions using its judgment and knowledge of the markets. The following table shows the increases and decreases in fair value that would result from these alternative assumptions for the main financial instruments classified in Level 3 of the fair value hierarchy that are subject to a sensitivity analysis:

	June 30, 2020		December 31, 2019	
	Increase	Decrease	Increase	Decrease
Sensitivity of fair value	6,779	(5,825)	6,263	(5,609)

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 and price-to-book value ratios would result in an increase (decrease) in fair value. There is no predictable correlation between unobservable inputs.

6. 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:

	Six-month period ended June 30, 2020			Six-month period ended June 30, 2019		
	Net investment income	Net gains (losses)	Total	Net investment income	Net gains (losses)	Total
Cash management activities	6	1	7	25	(4)	21
Investing activities						
Short-term investments	-	5	5	1	(6)	(5)
Securities purchased under reverse repurchase agreements	46	205	251	54	(190)	(136)
Corporate debt	49	37	86	46	23	69
Bonds	1,244	5,620	6,864	1,307	3,985	5,292
Equities and convertible securities	1,920	(10,323)	(8,403)	2,241	11,064	13,305
Interests in unconsolidated subsidiaries	1,826	(4,838)	(3,012)	1,490	(1,622)	(132)
Net derivative financial instruments	-	(725)	(725)	-	471	471
Other	2	52	54	3	(33)	(30)
	5,093	(9,966)	(4,873)	5,167	13,688	18,855
Investment liability activities						
Securities sold under repurchase agreements	(116)	(824)	(940)	(159)	272	113
Securities sold short	(22)	(333)	(355)	(29)	(214)	(243)
Financing activities						
Commercial paper payable	-	(352)	(352)	-	132	132
Loans payable	(2)	(24)	(26)	(2)	10	8
Term notes payable	(211)	(998)	(1,209)	(203)	183	(20)
Other						
External management fees	(35)	(30)	(65)	(36)	(20)	(56)
Transaction costs	-	(110)	(110)	-	(102)	(102)
	(386)	(2,671)	(3,057)	(429)	261	(168)
	4,707	(12,637)	(7,930)	4,738	13,949	18,687
Operating expenses			(307)			(315)
Investment result before distributions to depositors			(8,237)			18,372

7. SEGMENT INFORMATION

La Caisse 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 la Caisse's portfolio and match its depositors' assets and liabilities while providing a significant source of liquidity. This segment consists of the Rates, Credit, Short Term Investments, Long Term Bonds, and Real Return Bonds specialized portfolios.
- **Real Assets:** This segment's objective is to expose la Caisse 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 Caisse segment:

	June 30, 2020	December 31, 2019
Fixed Income	101,669	102,890
Real Assets	64,748	67,481
Equities	160,674	167,117
Other ¹	5,872	2,621
Net assets attributable to depositors	332,963	340,109

The following table shows the allocation of the investment result before distributions to depositors for each Caisse segment:

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
Fixed Income	3,972	6,432
Real Assets	(5,107)	(931)
Equities	(8,365)	12,607
Other ¹	1,263	264
Investment result before distributions to depositors	(8,237)	18,372

¹ The Other item includes the Active Overlay Strategies (wound up on January 1, 2020) and Asset Allocation specialized portfolios, cash activities, and the customized operations of individual funds, which consist of direct holdings of derivative financial instruments by the individual funds for the management of the desired exposure by each depositor.

8. RISK IDENTIFICATION AND MANAGEMENT

Risk management policies, directives and procedures related to investment activities

La Caisse 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.

In addition to the risk management policies, directives and procedures related to the investment activities described in la Caisse's annual consolidated financial statements for the years ended December 31, 2019 and 2018, a description and quantification of the risks are presented 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. La Caisse uses derivative financial instruments to manage market risks.

La Caisse manages all market risks 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. La Caisse's market risks are managed and calculated according to factors that can influence the fair value of investments and investment liabilities.

La Caisse 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 la Caisse'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. To summarize, VaR indicates the level of loss that the actual portfolio of la Caisse could exceed in 5% of cases. La Caisse estimates VaR for each instrument held in its specialized portfolios and aggregates the information for la Caisse's actual portfolio.

The historical-simulation method is used to measure VaR. This method is described in la Caisse's annual consolidated financial statements for the years ended December 31, 2019 and 2018. Effective January 1, 2020, la Caisse revised its observation history of the risk factors used to calculate VaR. A risk factor observation history over a period from 2006 to date is now being used to assess the volatility of returns and the correlation between the performance of financial instruments rather than a fixed number of 3,000 days. In addition, the data used for certain categories of financial instruments to calculate VaR was also changed. The comparative VaR as at December 31, 2019 was recalculated to reflect these changes.

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 la Caisse'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 la Caisse's benchmark portfolio.

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

	June 30, 2020			December 31, 2019		
	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	13.8%	13.7%	1.01	13.0%	13.1%	0.99

Moreover, when managing market risk, la Caisse uses stress tests that allow it to evaluate the consequences of specific circumstances on the returns of la Caisse'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 the COVID-19 pandemic on the global economy.

Market risk (cont.)

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.

La Caisse uses a dynamic management approach for the main currencies of developed countries. Dynamic management is used to protect certain specialized portfolios when the Canadian dollar appears to be significantly undervalued or overvalued compared to its equilibrium value according to the valuation models. Dynamic hedging should therefore be less frequent, but the duration of the hedge, being unforeseeable, may vary widely and last for a few weeks to several months. Certain specialized portfolios may therefore be partially hedged against foreign exchange risk.

To strategically manage currency risk, la Caisse uses currency derivatives to manage its exposure to the main currencies of developed countries according to hedging targets. For other currencies, a discretionary hedge may be implemented to manage the foreign currency exposures of the portfolios or of certain investments. Moreover, currency risk can be managed by way of natural hedging activities, including the financing of investments in the same currency.

The net exposure to foreign currencies takes into account the effects of currency derivatives, natural hedging and the underlying investments in currencies of unconsolidated subsidiaries whose currency risk is managed by la Caisse. La Caisse's net exposure 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, is as follows:

	June 30, 2020	December 31, 2019
Canadian dollar	59%	50%
U.S. dollar	15%	21%
Euro	5%	7%
Pound sterling	4%	4%
Mexican peso	2%	2%
Yen	1%	1%
Other	14%	15%
	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.

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

La Caisse 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 la Caisse's total assets, with the exception of securities issued by the Canadian or U.S. governments or by their agencies and that feature an explicit guarantee or those issued by a Canadian province or territory of Canada 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 monthly or upon initiation of a transaction requiring approval of the Investment-Risk Committee or the Board of Directors, as appropriate.

The following table shows the principal geographic concentrations as a percentage of total net exposure, established according to the country of the issuers' principal place of business, after the effects of certain derivative financial instruments and including the underlying investments in unconsolidated subsidiaries whose concentration risk is managed by la Caisse:

	June 30, 2020	December 31, 2019
United States	37%	33%
Canada	32%	34%
Europe	13%	14%
Growth markets	13%	14%
Other	5%	5%
	100%	100%

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, after the effects of certain derivative financial instruments and including the underlying investments in unconsolidated subsidiaries whose concentration risk is managed by la Caisse:

	June 30, 2020	December 31, 2019
Industry sector		
Real estate	15%	17%
Industrials	11%	11%
Financials	9%	10%
Consumer discretionary	6%	5%
Information technology	6%	6%
Consumer staples	5%	4%
Health care	5%	5%
Utilities	5%	5%
Real estate debt	4%	4%
Energy	4%	4%
Telecommunication services	4%	4%
Materials	2%	2%
Other	2%	3%
Government sector		
Government of the United States	8%	7%
Government of Canada	6%	6%
Government of Québec	3%	3%
Government corporations and other public administrations in Québec	2%	2%
Other	3%	2%
	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:

	June 30, 2020	December 31, 2019
Cash	1,225	994
Amounts receivable from transactions being settled	6,150	6,223
Advances to depositors	236	960
Investment income, accrued and receivable	1,225	1,391
Investments		
Cash equivalents	1,098	128
Fixed-income securities	100,591	96,366
Interests in unconsolidated subsidiaries in the form of debt instruments	29,502	28,189
Derivative financial instruments	2,355	1,755
	142,382	136,006
Other items		
Financial guarantees (<i>Note 10</i>)	654	616
	143,036	136,622

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 la Caisse 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 certain derivative financial instruments used to manage credit risk, as a percentage of the total exposure to credit concentration risk:

	June 30, 2020	December 31, 2019
Credit rating		
AAA – AA	57%	64%
A	8%	5%
BBB	16%	11%
BB or lower	15%	16%
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, la Caisse uses recognized credit rating agencies.

Liquidity risk

Liquidity risk is the possibility of la Caisse 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 la Caisse 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 la Caisse's cash activities. Compliance with the established rules is analyzed on a monthly basis, and the liquidity status is determined daily. Managers are responsible for evaluating the liquidity of the markets in which la Caisse obtains financing for its operations.

To ensure that sources of liquidity and potential liquidity requirements are properly aligned, la Caisse 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, la Caisse may issue commercial paper and term notes payable as well as a committed credit facility totalling US\$4 billion to meet its contractual commitments and financial obligations. As at June 30, 2020, la Caisse had close to \$49 billion in liquidity in the form of government bonds and money market securities (\$46 billion as at December 31, 2019).

Furthermore, to manage liquidity risk, la Caisse conducts simulations of scenarios over different horizons and examines events that could lead to a liquidity crisis. La Caisse rigorously and frequently monitors its potential liquidity needs and proactively ensures permanent access to stable and resilient sources of liquidity. La Caisse has a sufficient liquidity reserve to meet the needs and uncertainties caused by the COVID-19 pandemic.

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 la Caisse manages its liquidity risk and financing requirements.

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

	June 30, 2020				
	On demand	Less than 1 year	1 year to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Amounts payable on transactions being settled	-	(3,622)	-	-	(3,622)
Other financial liabilities	-	(921)	(67)	(459)	(1,447)
Investment liabilities					
Securities sold under repurchase agreements	-	(19,809)	-	-	(19,809)
Securities sold short	-	(3,299)	-	-	(3,299)
Commercial paper payable	-	(5,621)	-	-	(5,621)
Loans payable	-	(406)	-	-	(406)
Term notes payable	-	(4,118)	(12,602)	(2,986)	(19,706)
Net assets attributable to depositors					
Demand and term deposits	(4,179)	(6)	-	-	(4,185)
Distributions payable to depositors	-	(1,579)	-	-	(1,579)
	(4,179)	(39,381)	(12,669)	(3,445)	(59,674)
Derivative financial instruments					
Derivative instruments with net settlement	-	(334)	130	209	5
Derivative instruments with gross settlement					
Contractual cash flows receivable	-	132,298	4,211	1,218	137,727
Contractual cash flows payable	-	(131,666)	(4,261)	(1,297)	(137,224)
	-	298	80	130	508
Other items					
Commitments (Note 10)	(8)	(24,715)	(74)	(416)	(25,213)
Financial guarantees (Note 10)	-	(173)	(433)	(48)	(654)
	(8)	(24,888)	(507)	(464)	(25,867)
	(4,187)	(63,971)	(13,096)	(3,779)	(85,033)

Liquidity risk (cont.)

December 31, 2019

	On demand	Less than 1 year	1 year to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Amounts payable on transactions being settled	-	(1,537)	-	-	(1,537)
Other financial liabilities	-	(677)	(59)	(465)	(1,201)
Investment liabilities					
Securities sold under repurchase agreements	-	(23,577)	-	-	(23,577)
Securities sold short	-	(3,787)	-	-	(3,787)
Commercial paper payable	-	(8,822)	-	-	(8,822)
Loans payable	-	(368)	-	-	(368)
Term notes payable	-	(2,487)	(8,648)	(2,955)	(14,090)
Net assets attributable to depositors					
Demand and term deposits	(406)	(6)	-	-	(412)
Distributions payable to depositors	-	(2,961)	-	-	(2,961)
	(406)	(44,222)	(8,707)	(3,420)	(56,755)
Derivative financial instruments					
Derivative instruments with net settlement	-	(57)	62	109	114
Derivative instruments with gross settlement					
Contractual cash flows receivable	-	102,277	4,143	1,342	107,762
Contractual cash flows payable	-	(101,694)	(4,102)	(1,491)	(107,287)
	-	526	103	(40)	589
Other items					
Commitments (Note 10)	(9)	(19,713)	(74)	(411)	(20,207)
Financial guarantees (Note 10)	-	(106)	(305)	(205)	(616)
	(9)	(19,819)	(379)	(616)	(20,823)
	(415)	(63,515)	(8,983)	(4,076)	(76,989)

Moreover, concerning net assets attributable to depositors, the *Regulation respecting the terms and conditions of deposits, funds and portfolios of the Caisse* states that la Caisse 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 la Caisse's specialized portfolios of \$50 million. Any participation units that are not cancelled given the maximum amount permitted is carried forward to the first day of the subsequent month and are cancelled as soon as the limit permits. The purpose of the limits is to ensure optimal management of la Caisse's overall liquidity. Moreover, substantially all depositors are required to invest with la Caisse in accordance with the Act or the respective applicable legislation.

Liquidity risk (cont.)

Financing-liquidity risk

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

	June 30, 2020			
	Currency	Nominal value ¹	Maturity	Interest rate
Loans payable	USD	406	Less than one year	0.87%
		406		
Commercial paper payable	CAD	837	Less than one year	0.64%
	USD	4,785	Less than one year	0.99%
		5,622		
Term notes payable	CAD	1,000	July 2020	4.60%
	USD	2,724	June 2021	2.13%
	USD	2,724	March 2022	2.75%
	USD	2,724	April 2023	1.00%
	USD	2,724	July 2024	3.15%
	USD	3,405	June 2025	0.88%
	USD	1,703	November 2039	5.60%
		17,004		

	December 31, 2019			
	Currency	Nominal value ¹	Maturity	Interest rate
Loans payable	USD	368	Less than one year	2.28%
		368		
Commercial paper payable	CAD	1,000	Less than one year	1.77%
	USD	7,823	Less than one year	1.90%
		8,823		
Term notes payable	EUR	1,092	June 2020	3.50%
	CAD	1,000	July 2020	4.60%
	USD	2,594	June 2021	2.13%
	USD	2,594	March 2022	2.75%
	USD	2,594	July 2024	3.15%
	USD	1,621	November 2039	5.60%
		11,495		

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

Commercial paper payable is issued at fixed rates, with maturities not exceeding 12 months, guaranteed by la Caisse's assets. The nominal value for all outstanding commercial paper may never exceed CA\$3 billion and US\$10 billion in accordance with the limit prescribed in the commercial paper issuance information document.

Term notes payable are repayable at maturity and guaranteed by la Caisse's assets. Certain interest-bearing fixed-rate term notes have an optional prepayment clause at the option of the issuer.

Furthermore, la Caisse has a committed credit facility with a banking syndicate for an amount of CA\$5 billion, i.e., in two tranches of US\$2 billion 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 la Caisse. As at June 30, 2020 and as at December 31, 2019, no amount had been drawn on this credit facility.

9. RELATED PARTY DISCLOSURES

Related party transactions

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

La Caisse 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 la Caisse's activities as an investment entity, it may make investments in several investment categories, including investments in unconsolidated subsidiaries, joint ventures and associates.

Other related parties

La Caisse 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, la Caisse 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.

10. COMMITMENTS AND FINANCIAL GUARANTEES

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

For la Caisse, 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, la Caisse may also provide guarantees or issue letters of credit to third parties. The maturities of the commitments and financial guarantees are presented in Note 8.

The commitments and financial guarantees are detailed as follows:

	June 30, 2020	December 31, 2019
Investment purchase commitments	24,703	19,702
Commitments under leases	510	505
Financial guarantees	654	616
	25,867	20,823

Litigation

In the normal course of business, la Caisse may be subject to legal action. Although la Caisse cannot predict the outcomes of any ongoing legal proceedings as at June 30, 2020, it has no reason to believe that the settlement of any one of these proceedings could have a material impact on its financial position.