CBC Pension Plan

CBC Radio-Canada

Building a Foundation For Your Future

2019

CBC Pension Plan Annual Report

The CBC Pension Board of Trustees understands the trust that is placed on them to focus and to build a reliable long-term future benefit to our members.

We are committed to ensuring you receive the pension benefits you've worked hard for and earned. In the report that follows, you will find details about the Pension Plan's 2019 activities and performance. We hope it provides reassurance that the plan is secure and stable. We want you to understand and feel confident that your pension will be there when you need it.

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This annual report is available online at
www.cbc-radio-canada-pension.ca

2019 FINANCIAL HIGHLIGHTS

GOING CONCERN*

Funding Surplus

+$2.79

BILLION

Funding Ratio

153.4%

SOLVENCY*

Funding Surplus

+$229.3

MILLION

Funding Ratio

102.9%

$8.02

BILLION

Net Assets

18.1%

2019 Rate of Return

9.2%

4-year Annualized Rate of Return

95%

Member Service Satisfaction Level

19,449

Total Membership

*Description of terms can be found in the Glossary at the end of this document.

2019 ACTIVITY HIGHLIGHTS

✓ Achieved ••• Underway/Planned ✗ Incomplete

STRATEGIC GOALS	KEY PERFORMANCE INDICATOR (KPI) as at December 31, 2019	STATUS	2019 ACTIVITIES as at December 31, 2019	STATUS	DESIRED OUTCOME BY 2020
1 Deliver risk-adjusted net returns to support the financial viability and liquidity needs of the pension plan	• 4-year Fund return to exceed benchmark portfolio by 0.50%. • 4-year Fund return to equal or exceed actuarial required return. • Surplus-at-Risk (SAR) volatility trades within Risk tolerance expectations.	✓ ✓ ✓	• Invest in a way to meet core fund return objectives. • Conduct multi-objective Asset-Liability Modeling (ALM) study • Implement 2019 asset mix changes. • Transition of real estate portfolio to a more global focus • Update the Plan's investment beliefs	✓ ✓ ✓ ✓ ✓	• Plan reaches fully funded status.
2 Provide pension administration services pursuant to the Plan Text on a timely and cost-efficient basis	• Make Pension payments on time. • Member experience survey results of 80% or higher. • Provide pension admin service consistent within targets.	✓ ✓ ✓	• Manage and monitor the provision of pension administration services to meet Service Level Agreements • Negotiate contract for pension administration and actuarial services • Begin upgrade of PAC website	✓ ✓ ✓	• Service levels meet achievable expectations. • Web usage by membership increases resulting in lower and fewer call centre services required.
3 Communicate effectively with members and stakeholders	• Annual assessment of relationship with Pension Plan Sponsor. • Provide timely, comprehensive and clear communications to members.	✓ ✓	• Continue the roll out of the communication / branding strategy. • Complete annual presentations to stakeholders.	✓ ✓	• Branding exercise completed. • More formalized collaborative discussions with Sponsor established.
4 Maintain effective governance and organizational structures to meet fiduciary obligations and business requirements	• Meet all regulatory requirements • Obtain an unqualified audit opinion free of any material adjustments. • Trustee meetings and education evaluation grades of Good or higher. • Costs equal or less than benchmark. • Trustee Self-Assessment rating of Satisfactory.	✓ ✓ ✓ ✓ ✓	• Hire & onboard new Secretary/Treasurer • Conduct 2018 actuarial valuation. • Undertake biennial update of the 2015 to 2020 Strategic Plan. • Evaluate the Plan's actuarial processes & controls. • Complete the development & implementation of a Risk Management Framework • Undertake annual Succession Planning Review.	✓ ✓ ✓ ✓ ✓ ✓	• Organization is well resourced with competent Trustees and management team capable to manage the organization into the future.
5 Be a continuous learning organization	• Continuing education items are regularly offered	✓	• Provide for orientation of incoming Trustee(s). • Provide Trustee continuing education items. • Provide development /training opportunities for staff.	✓ ✓ ✓	• An adaptive organization willing to assess innovative theses and practises including continual review of the LDI stategy.

PENSION PLAN PROFILE

The Canadian Broadcasting Corporation Pension Plan (the Plan) is a contributory defined benefit pension plan covering substantially all the CBC/Radio-Canada employees and was established on September 1, 1961. The Plan is federally regulated and is governed by the provisions of the *Pension Benefits Standards Act, 1985* (the Act), and the Regulations thereof.

The primary purpose of the Plan is to provide defined pension benefits for its members in accordance with the CBC Pension Plan text (and other documents), describing the Plan. The pension benefits received by its members are financed by the assets (and investment earnings) of the Plan and the contributions of CBC/Radio-Canada and the participating employees.

CONTRIBUTIONS

Contributions are based on the salary and the Yearly Maximum Pensionable Earnings (YMPE).

	2019	2018
YMPE	$57,400	$55,900

Contribution Rates	Employer		Employee	
	Before July 2019	After July 2019	Before July 2019	After July 2019
Salary up to YMPE	8.60%	8.90%	8.37%	8.13%
Salary above YMPE*	8.60%	8.90%	11.00%	10.69%

* Subject to a maximum salary allowed under the Income Tax Act

PENSION BENEFITS

Pension benefit payments are adjusted each January 1st for inflation up to a maximum of 2.7% a year. This is called the annual indexation rate adjustment.

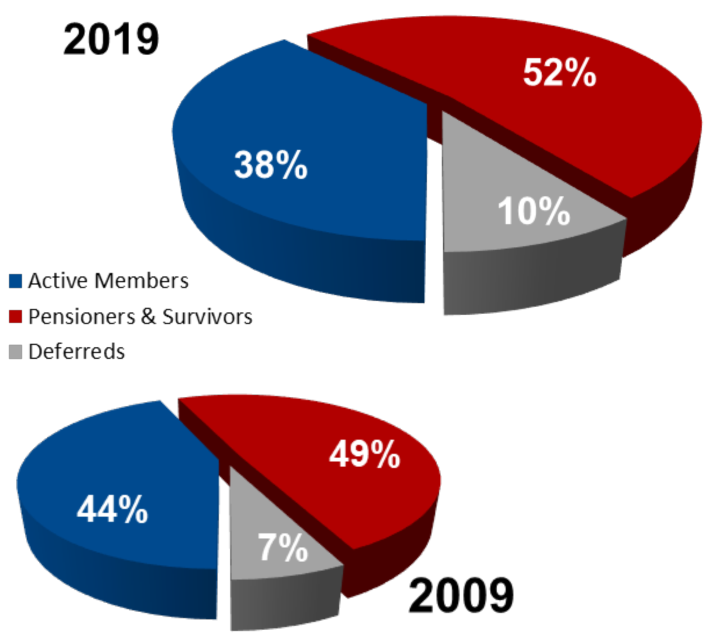
All pension benefit payments are determined using a formula based on pensionable salary, pensionable service and average YMPE.

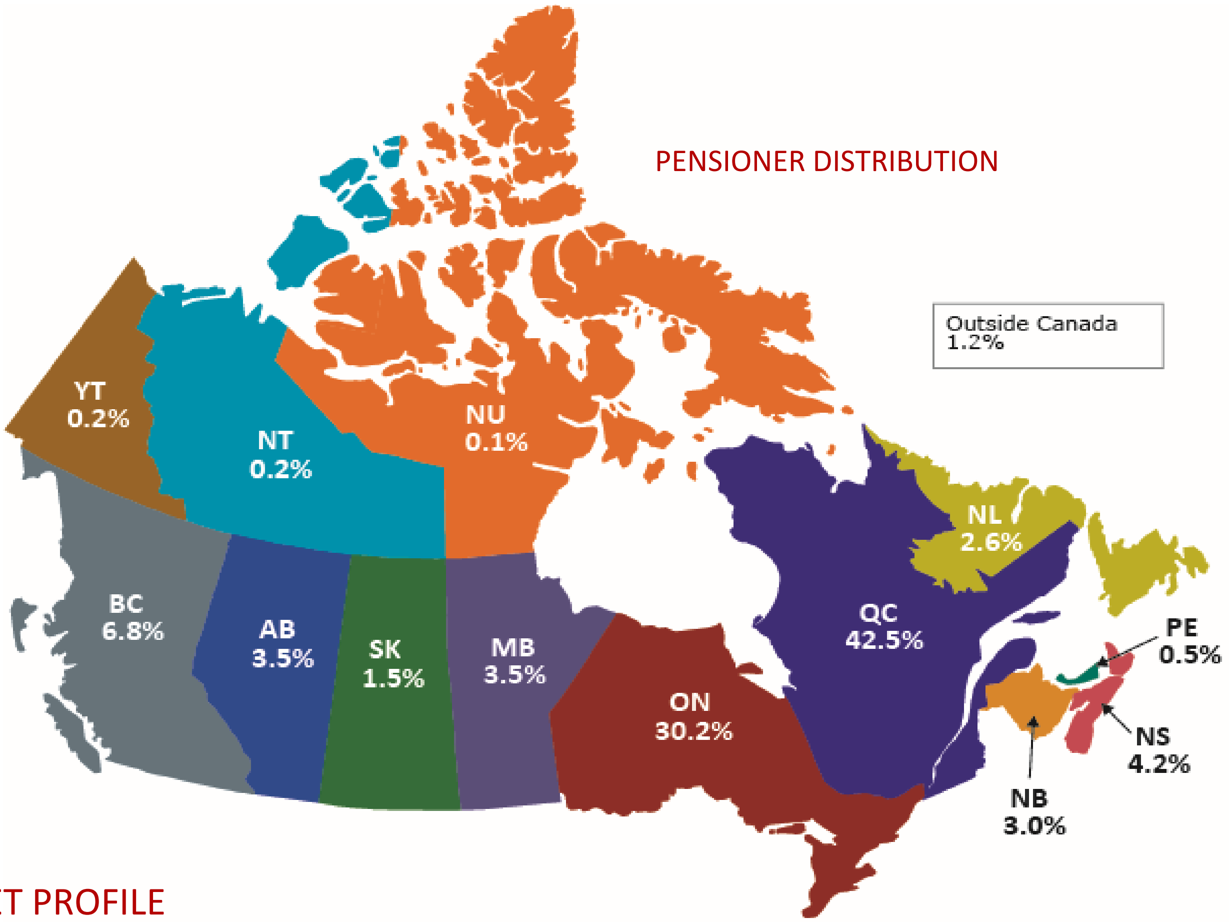
	2020	2019	2018
Indexation Rate Adjustment	1.93%	2.21%	1.50%

MEMBERSHIP

Over the last decade, there has been a 5% decrease in active members, a 13% increase in pensioners and a 55% increase in deferred members.

No. of Members	2019	2009
Active Members	7,459	7,854
Pensioners & Survivors	10,021	8,853
Deferred Members	1,969	1,273
Total Membership	19,449	17,980



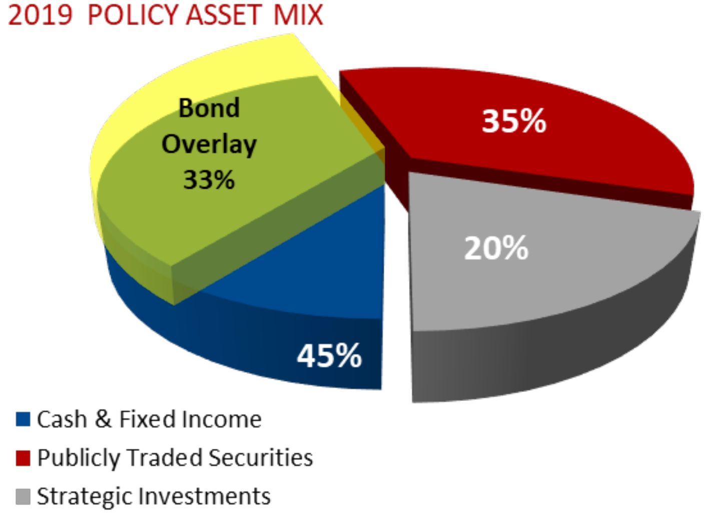


ASSET PROFILE

The assets of the Plan are administered by the CBC Pension Board of Trustees ("Board of Trustees") by virtue of the Trust Deed between CBC/Radio-Canada and the Board of Trustees. The Board of Trustees, directly or through agents retained by it, are responsible for investing the Plan's assets and in doing so, identify and pursue investment opportunities in accordance with the Act, the Regulations and the Plan's Statement of Investment Policy and Procedures (SIP&P). The asset mix is comprised of two broad categories of assets. The first, the fixed income class (the 'matched assets'), shares the pension plan obligations' sensitivity to changes in interest rates and inflation. This also includes a "Bond Overlay" consisting of derivatives used to hedge interest rate and inflation changes. The second category includes publicly traded equities and strategic investments (the 'unmatched assets'), which provide a higher expected rate of return over the long term but are generally more volatile.

The Plan is actively managed by a group of internal and external portfolio managers under the guidance of the Managing Director / CEO. The Plan's management objective is to generate returns after deductions for management fees and administration costs that equal the annual average increase in a benchmark portfolio plus 0.5% on a 4-year moving average basis.

2019 POLICY ASSET MIX



TRUSTEES REPORT

As a Board, we have a responsibility to administer the CBC Pension Plan to pay pension benefits today and in the many years to come. Our focus continues to be on ensuring that the Plan remains a high-performing organization able to maintain its success over the long-term.

We understand the importance of long-term benefit security.

We are pleased with the progress made over the years to deliver a secure plan to our members. Sound fund-management practices and a commitment to continuous improvement have delivered positive long-term results. We are pleased to report that the Plan remains financially healthy and continues to be fully funded on both a going concern basis and a solvency basis, two key measures used to gauge the Plan's health.

The Plan's funding ratios, i.e. the size of the Plan's assets relative to its liabilities, are calculated on a going concern basis and a solvency basis, (both are explained further on page 16). At the end of 2019, the Plan's going concern funding ratio was 153.4% which represents a surplus of $2.8 billion. On a solvency basis, the ratio was 102.9% which equates to a surplus of $229 million. While both funding scenarios continue to be above 100%, our focus remains on the long-term sustainability of the Plan.

Strategic Execution & Governance

Maintaining a strong, secure pension plan also requires a robust strategic plan. The Plan has implemented five strategic goals which help drive its short and long-term directions. These goals are outlined on page 2 of the Annual Report.

Some of the key activities completed in 2019 were to conduct a Strategic Asset Mix review to ensure that the Plan's portfolio of assets is able to meet its long-term objectives, to update the Plan's investment beliefs, and to negotiate a new contract for the Plan's pension administration and actuarial services.

As a Board, we continue to look for ways to enhance our oversight and in 2019, we completed a Canadian Association of Pension Supervisory Authorities (CAPSA) governance review which confirmed that the Plan has sound and effective governance practices in place.

Thank You

In 2019, the Board of Trustees bid farewell to Ms. Monique Marcotte who left the Board at the end of June after 3 years of service. I would like to personally thank Ms. Marcotte for her service and dedication to the members.

Joining the Board of Trustees during the year was Mr. Marco Dubé, Vice-President, People and Culture at CBC/Radio-Canada, and Mr. Michael Mooney, Interim Vice-President and Chief Financial Officer at CBC/Radio-Canada. We welcome them and look forward to their vision, knowledge and contribution.

On behalf of the entire Board of Trustees, I would like to thank the whole team for their hard work and success this past year. I would also like to take this opportunity to thank all pension plan members for the trust that they continue to place in us.

Sincerely,

Rob Jeffery
Chair
CBC Pension Board of Trustees

MANAGING DIRECTOR / CEO REPORT

The year 2019 was an incredibly strong year for financial markets with both equities and fixed income posting double digit returns. As a result, your Plan posted a return of 18.1% and assets increased by $1 billion. This was truly an exceptional year that we do not expect to repeat anytime soon. Our purpose to provide safe and secure pension benefits to you, our members, does not rely on strong returns in any single year. This is true in years when markets are up strongly, like in 2019, or when they decline, like has happened at the start of 2020.

The bedrock of our ability to provide members with pension benefit security has been our strong, independent governance processes. In 2019, we put considerable effort into refining some of our governance processes to ensure that this foundation remains a source of strength.

Our focus is firmly on the long-term, and on building the foundation and processes that support our long-term success.

Innovation

Another key to our long-term success has been our culture of innovation. We have a long history of being innovative including being early movers into alternative asset classes and in having internal asset management. This has served us extremely well. Our early adoption of the innovative Liability-Driven Investment (LDI) strategy has contributed immensely to our performance. In 2019 we reviewed this strategy to make sure that it provided the optimal approach for providing stable and secure pensions to our members in the most cost-effective way. Our assessment both validated the continuing appropriateness of the investment strategy, while also identifying some enhancements to the strategy that we will be implementing in 2020. We view a culture of continuous assessment and improvement as critical to our ability to meet our mission and will continue to assess enhancements in all areas of our operations.

Financial Health of the Plan

The Plan's solvency and going concern funded statuses are the primary way that we assess our success at providing benefit security to our members and contribution funding stability to CBC/Radio-Canada. Funding ratios greater than 100% indicate that the pension plan holds more than enough assets to meet the long-term obligations of the Plan. I am pleased to report that the Plan ended 2019 with a going concern funded status of 153.4% and a solvency funded status of 102.9%. Members can rest assured that their pension is secure.

As mentioned previously, we focus on longer-term measures of performance in assessing our success in achieving our mission. The Plan's 4-year return of 9.2% was very strong and exceeded all key return objectives. Total assets in the pension fund increased significantly in 2019 to $8.0 billion from $7.0 billion the prior year. The pension plan paid out over $310 million to members. More information on the Plan's funded status and rates of return can be found on page 1.

The Current Environment

While the COVID-19 pandemic has had considerable impact on financial markets and the economy, the Plan has had a strong track record of weathering market volatility and downturns. Our long-term track record of superior performance and our liability driven investment strategy have positioned the Plan well to navigate the current market turmoil. We remain committed to careful management and oversight of the investments even through market uncertainty. Members can rest assured that their pension is secure. Please visit our website http://cbc-radio-canada-pension.ca for additional information.

The year 2019 represented a year of strong results and the achievement of several key strategic goals and annual activities. Our infographic on page 2 provides a snapshot of these achievements. These results were accomplished through the hard work and dedication of the entire pension plan team who are committed to the careful management and oversight of the investments and pension benefits administration. I look forward to reporting to you again next year on our continual progress on providing a secure pension benefit to you, our members.

Sincerely,

Duncan Burrill
Managing Director / CEO

CBC Pension Plan

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis section of the Annual Report elaborates on the information contained in the audited financial statements. This section, which is prepared by management and reviewed by the Board of Trustees, assists the readers in gaining an appreciation of the Plan's financial position and performance over the past year as well as some brief insight on the year to come. The reader is cautioned that there is a degree of uncertainty in forward looking information pertaining to economics and investments in general.

MEMBER SERVICES

PENSION BENEFIT ADMINISTRATION

The CBC Pension Board of Trustees ("Board of Trustees") is responsible for the administration of the Plan, which includes the payment of pension benefits from the Plan to those who have retired or resigned and to survivors of those whose death occurred in service or after retirement.

Our objective is to provide members with a high quality of service in a cost-effective manner. We do this by partnering with the firm of Morneau Shepell Ltd (Morneau) who deliver pension benefit administration services for CBC/Radio-Canada employees and pensioners through the Pension Administration Centre (PAC). Performance standards for the pension benefit administration services address the practices and processes required to execute, in a timely and efficient manner, the major responsibilities noted above as well as other varied functions in pension-related activities such as:

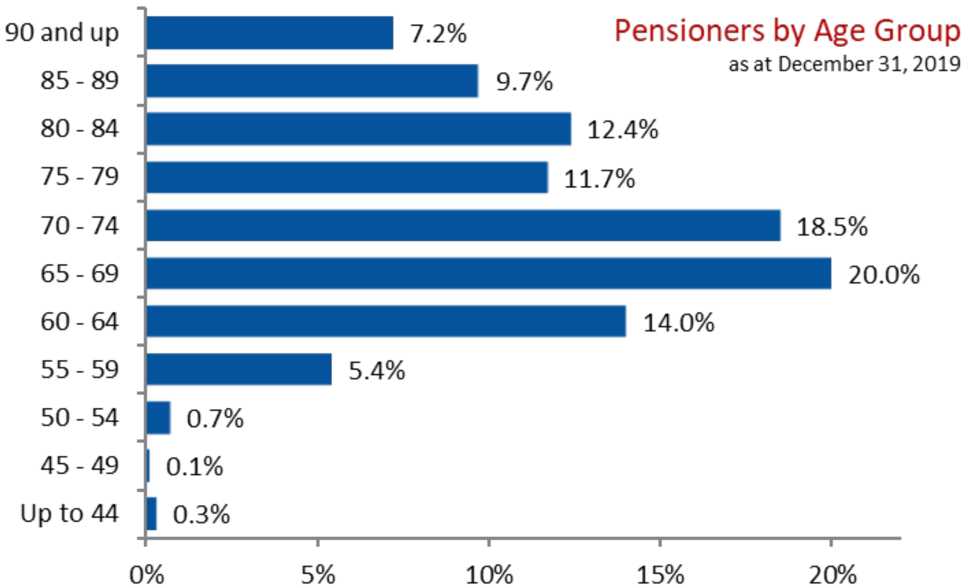
- calculations in connection with the purchase of previous service;
- the transfer of pension entitlements under the terms of reciprocal transfer agreements;
- coordinating the division of pension credits on marriage breakdown;
- processing pension benefit adjustments related to indexation, ad hoc adjustments, retroactive salary adjustments, etc.;
- on-line access, through a secure website, to pension information, pension projection and buy-back cost estimation tools and pension forms; further, this on-line feature provides an information request capability;
- a toll-free call centre; and
- customer service representatives capable of answering pension related questions, putting clients in touch with outside providers and mailing forms related to various life changes.

The table below shows the increasing number of pensions being paid from the Plan at year end. In 2019, the number of pensions being paid increased by 83, compared to 2018. Over a 4-year period, the total number of pensions being paid increased by 3.6% from 9,677 in 2015 to 10,021 in 2019.

Year-ending December 31	**2019**	2018	2017	2016	2015
Pensions being paid					
To retirees	**8,120**	8,056	7,961	7,875	7,812
To spouses of deceased employees and retirees	**1,799**	1,781	1,769	1,772	1,755
To former spouses due to division of pension credits	**79**	79	81	85	84
To children of deceased employees and retirees	**23**	22	20	24	26
Total pensions being paid	**10,021**	9,938	9,831	9,756	9,677

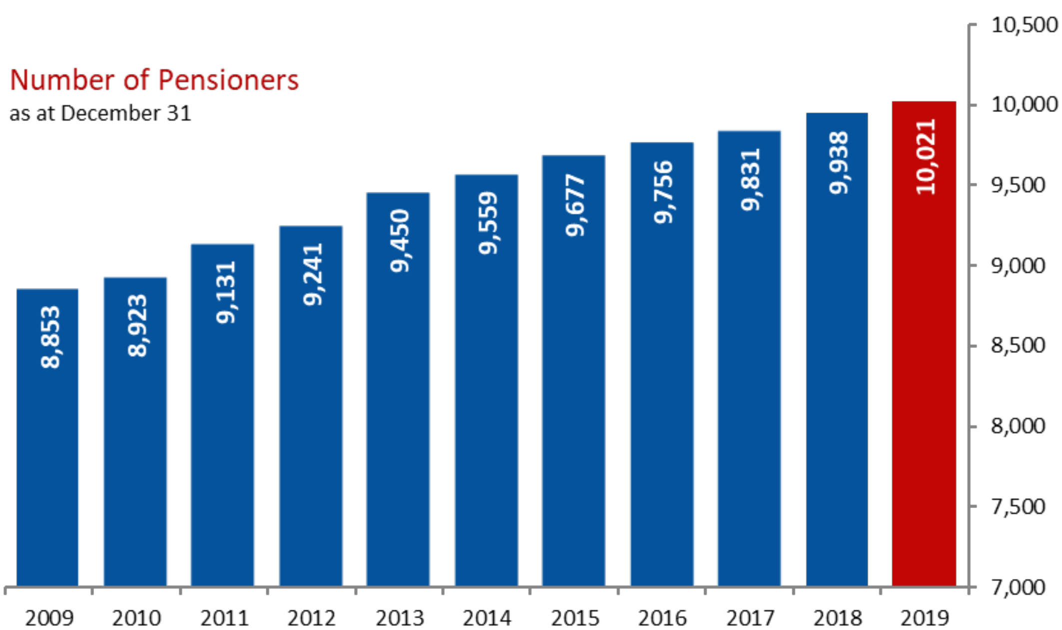
The PAC handled over 3,000 transactions related to retirement, termination, death and buy-back events. Member satisfaction among callers to the PAC remained strong at 95% in 2019.

In 2019, the Plan welcomed over 700 new employees and 304 new retirees. The Plan's members are encouraged to use the PAC website for all their pension-related needs. The website, which includes pension projection and buyback cost estimation tools, pension plan information and general communications, remains the most efficient and cost-effective method for employees and pensioners to access their personal pension information.



In 2019 the total number of log-ins, including multiple website log-ins, was 19,480 for employees and 5,551 for pensioners. In total, there were 12,998 employees and pensioners who visited the website. The PAC call center received 6,035 calls in 2019, of which 3,663 were from employees and 2,372 from pensioners and deferred members. Overall PAC volumes in 2019 were higher than in 2018, reflecting an increase in call volumes.

The accompanying charts illustrate the age distribution of the pensioners at year-end (above) and the increase in the number of pensioners over the past ten years (below).



PENSION PLAN GOVERNANCE

OVERVIEW

Pension plan governance denotes the processes and structures adopted by the CBC Pension Board of Trustees to direct and manage the Plan in order to achieve its strategic objectives. This includes the division of responsibilities among the Board of Trustees, Plan management and the Plan members. The impact of decisions on other stakeholders such as CBC/Radio-Canada (the Corporation) and its Board of Directors is also taken into account. Following good governance practices allows the Board of Trustees to fulfill their fiduciary obligations and supports the primary objective of delivering the pension benefits to members. By virtue of the Trust Deed between CBC/Radio-Canada and the Board of Trustees, the Board of Trustees is responsible for the administration of the Plan including the management of the Plan's assets and the calculation and payment of pension benefits.

In discharging their fiduciary responsibilities, the Board of Trustees must exercise the care, diligence and skill in the administration and investment of the Plan that a person of ordinary prudence would exercise in dealing with the property of another. The fiduciary duties oblige Board of Trustees to invest assets in a prudent manner taking into account all factors that may affect the funding of the Plan and the ability of the Plan to meet its financial obligations. The Board of Trustees has a Statement of Investment Policy and Procedures (SIP&P) defining investment policies, principles and eligible investments which are appropriate to meet the objectives of the Plan. Through its ongoing commitment to good governance practices, the Board of Trustees has adopted the Canadian Association of Pension Supervisory Authorities (CAPSA) Pension Plan Governance Guidelines as its governance framework. The Plan's Bylaws include a Plan Responsibility Chart, which defines the responsibilities of the participants in the governance, management and operations of the Plan.

BOARD OF TRUSTEES COMPOSITION & STRUCTURE

The Trust Deed defines that the Board of Trustees be comprised of seven members. Two Trustees are designated senior officers of CBC/Radio-Canada. The five remaining Trustees must be appointed by the CBC/Radio-Canada Board of Directors of which two must hold office as Directors or be officers of CBC/Radio-Canada and three are general appointments. Currently, the five appointed Trustees include two members of the CBC/Radio-Canada Board of Directors, and the three general appointments include two employees and a retired member. The Board of Trustees functions as a single general committee which addresses all subject matters including benefit administration, investment management, risk management and, financial and regulatory reporting.

INDEPENDENCE OF THE BOARD OF TRUSTEES

The Board of Trustees is required to act independently and not as representatives of any interest, whether CBC/Radio-Canada, active employees, or pensioners. The Board of Trustees administers the Plan as a trustee for the employer, the members of the Plan, former members, and any other persons entitled to pension benefits or refunds under the Plan. CBC/Radio-Canada is responsible for the decisions with regards to surplus utilization or the funding of deficits as well as the level of contributions.

COMMUNICATION

The Board of Trustees is responsible for providing disclosure on the Plan's activities to members, as well as to CBC/Radio-Canada as the Plan sponsor. The Board of Trustees disclosure and reporting practices include the distribution of the CBC Pension Plan Annual Report Highlights document to members. Further, the main CBC Pension Plan Annual Report is available to all members as the formal communication on the activities of the Plan for the year. The Board of Trustees also issues quarterly Communiqués which provide information on Plan performance and progress on key strategic objectives.

EFFECTIVENESS OF THE BOARD OF TRUSTEES

In their oversight role, Trustees collectively should have a diverse level of knowledge in order to oversee a complex financial business and maintain an understanding of financial markets, risk management and actuarial principles. The Board of Trustees has a formal orientation program for new Trustees to assist them in performing their fiduciary and governance duties. The program includes sessions on legal responsibilities, governance concepts and practices, investment management and finance, and actuarial concepts and approaches. The Board of Trustees also has a continuing education program which is designed to enhance the Trustees' knowledge base required to properly discharge their fiduciary duties.

The Plan has in place standards of business conduct to govern the activities of the Board of Trustees and other individuals in discharging their duties to the Plan. These are contained in the Code of Conduct which includes conflict of interest, personal trading, confidentiality, business conduct and gifts and other benefits guidelines. In addition, the Plan's Code of Ethics and Standards of Professional Conduct and Employee Personal Investment Guidelines apply to designated investment personnel of the organization. The Board of Trustees met six times in 2019.

ROLE OF MANAGEMENT

The Board of Trustees has defined management responsibility for the planning, operating, and reporting activities of the Plan. These responsibilities, which include the investment management of the Plan, administration of the benefits associated with the Plan, human resources, communications, operations and control, have been delegated to the Managing Director/CEO, who reports to the Board of Trustees. Subject to Board approval, management develops and implements all relevant policies including those in the areas of investment, communications, business conduct and control, organization and compensation, and operations and administration. Subject to these policies, management develops and implements the investment program and develops and ensures that service quality standards to the Plan members are met.

MANAGEMENT PERFORMANCE

The Plan's SIP&P defines the investment policies, principles, and eligible investments which are appropriate to meet the objectives of the Plan. It takes into account all factors that may affect the funding and solvency of the Plan and its ability to meet its financial obligations. Operationally, it defines the long-term asset mix targets and the permitted ranges around each of these targets. Reviewed and approved annually by the Board of Trustees, the SIP&P identifies the long-term investment objective of the Plan. This objective is defined in relation to its liabilities and aims to maintain stable funding ratios on both a going concern and solvency basis. The SIP&P identifies performance benchmarks for the individual asset classes and the total Plan. Management is assessed on their effectiveness in achieving annual and strategic goals as well as their performance in exceeding SIP&P defined investment performance benchmarks. Management regularly reports to the Board of Trustees regarding compliance with applicable policies.

GOVERNANCE REVIEW

The Board of Trustees conduct an annual governance self-assessment which is focused on governance best practices. It is designed to enhance Board performance and identify both strengths as well as areas for improvement in the effectiveness of the Board's operations. Every few years the Plan also conducts in-depth governance reviews which lead to improved plan governance practices which in turn contribute to improved investment performance, efficient use of Plan personnel, and reliable assurance to members that the Plan is able to pay current and future benefits. The Plan's latest governance review found that overall, the Plan had a robust governance framework for the size and complexity of the plan.

FINANCIAL OVERVIEW

PLAN OBJECTIVE

The CBC Pension Plan (the "Plan") is required to provide defined pension benefits for its members in accordance with the Plan Text, the Trust Deed and other Plan documents. The Plan's assets are managed within a moderate level of risk to provide a rate of return sufficient to meet liabilities and attempt to avoid increases in contribution rates. The investment policy is expressed in a document entitled the Statement of Investment Policy and Procedures (SIP&P). This policy is reviewed and approved annually by the Board of Trustees as required by the Office of the Superintendent of Financial Institutions (OSFI).

USE OF ESTIMATES

Under Canadian accounting standards for pension plans, the Plan is required to make estimates when accounting for and reporting assets, liabilities, investment income and expenses, and to disclose contingent assets and liabilities in the Plan's financial statements. Continual re-evaluation of estimates is also required. The areas of financial reporting that are the most dependent on estimates are the Plan's valuation and classification of investments as well as assumptions used in the calculation of the pension obligations. Actuarial assumptions are used in determining accrued pension benefits and reflect the Board's best estimate of future economic and non-economic factors. The primary economic assumptions include the asset rate of return, the salary escalation rate and the rate of inflation. The non-economic assumptions include mortality, terminations/departures and retirement rates of the members of the Plan. The Plan's actual experience could differ from these estimates and the differences are recognized as experience gains and losses in future years. The fair value of investments is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Management, portfolio managers and appraisers' best estimates are used in selecting the valuation assumptions to determine fair value of non-publicly traded investments.

CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS

The Plan's net assets available for benefits increased by $1.0 billion to $8.0 billion at December 31, 2019 from $7.0 billion at December 31, 2018.

Investment Income

Investment income decreased to $317.6 million in 2019 from $349.8 million in 2018. Investment income includes interest and dividends earned during the year as well as distributions from the Plan's Strategic investments. Interest income earned in 2019 was $91.5 million, an increase of $8.2 million from 2018 as the total investment in Fixed Income securities increased over the prior year. Dividend income in 2019 was $78.7 million, $11.7 million more than 2018 as additional investments were made into the equity markets in the year. Distributions from Strategic investments continue to be the most significant source of investment income although the Plan did see a decrease in 2019 to $147.4 million, down from $199.5 million in 2018 which was an exceptionally positive year for income generating transactions from the Private Equity portfolio in particular. Maintaining a steady source of cash flows from investment income is an important component of the Plan's ability to match the cash flows of monthly benefit payments.

CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS (cont'd)

Contributions

The ongoing cost to provide a defined benefit pension plan to current employees is defined as the "normal cost" (i.e. the amount of contributions required to fund estimated future benefits earned in the current year). This cost is shared equally (50%/50%) between CBC/Radio-Canada as the sponsor and provider of the Plan and the employees (active members). The normal cost was reduced slightly to 17.8% of payroll in 2019 (8.9% for each of the active members and the sponsor) due to an overall minor increase in the estimated future returns of the Plan's investments. Overall, the total contributions to the Plan increased to $111.8 million in 2019 from $105.8 million in 2018 as the total number of active members increased in the current year. Employee current service contributions increased to $51.9 million in 2019 and the employer contributions increased to $50.9 million. Past service contributions (buy-backs) increased to $7.2 million. Transfers to the Plan from other plans totalled $1.8 million.

Change in Fair Value of Investments

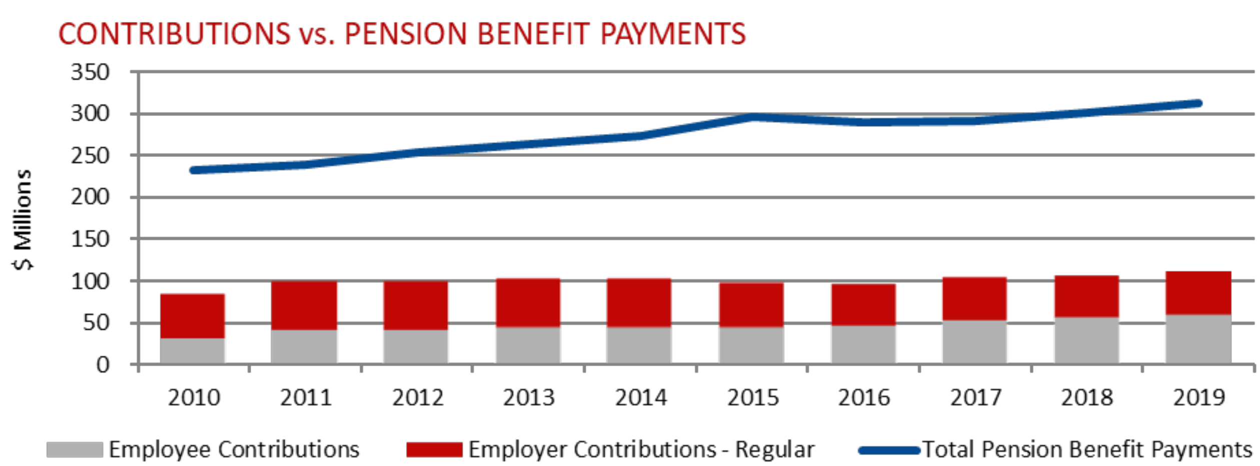
The Plan's investment returns were strong in 2019 as equity markets continued to perform very well as did the Canadian bond markets. Canadian equity and global equity were both equally very strong in 2019, with both realizing returns around 20% and more for the year. The Plan's fixed income investments also provided significant returns at over 13% in 2019. Returns from the Plan's Strategic investments (mainly real estate and private equity) were subdued in comparison to the exceptional returns of the past couple of years but still produced overall positive results in 2019.

The fair value of investments increased by $947.4 million in 2019 versus a decrease of $180.7 million in 2018. The Plan's fixed income portfolios, including the Bond Overlay portfolio (bond forwards and total return swaps) gained a total of $563.7 million in 2019 as fixed income yields retreated in 2019. Equity portfolios gained $417.0 million and the Strategic investments were mixed, with positive gains from real estate and hedge funds, but negative values from the private equity portfolio in 2019 with an overall loss of $46.5 million. These values all reflect both realized and unrealized gains and losses during the year.

Pension Benefits Paid

The Plan paid a total of $313.2 million in benefits during 2019, an increase of $12.2 million from the $301.0 million paid in 2018. Retirement benefit payments rose by $4.8 million in 2019 to $256.7 million as a result of the cost of living adjustment for 2019 of 1.50% and an additional 83 pensions being paid at the end of 2019 as compared to 2018. At December 31, 2019, there were a total of 10,021 (2018 – 9,938) pensioners. The Plan's cost of living adjustment for pension payments uses an averaging method which is slightly different than the year-over-year rate of inflation. Refunds of contributions and transfers to other plans increased to $21.1 million and death benefit payments were relatively flat at $34.6 million. Pension benefits purchased through FlexPen withdrawals was roughly the same in 2019 at $0.8 million.

The chart below shows a ten-year history of contributions compared to benefit payments. It illustrates the level of maturity of the Plan, showing benefit payments that are significantly higher than contribution levels.



CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS (cont'd)

Administrative Expenses

In accordance with the Trust Deed, the expenses related to operating the Plan and pension benefit administration are paid by the Plan. The administrative expenses for 2019 totaled $54.8 million, a decrease of $16.3 million over the previous year. Total administrative expenses represented a cost of 71.2 cents per $100 (71.2 basis points) of average assets under management in 2019, compared to 100.5 cents per $100 (100.5 basis points) of average assets in 2018.

The decrease in administrative expenses in 2019 is due to a decrease in performance fees paid to asset managers, specifically for the private equity portfolio as 2018 had an especially strong performance year, and positive, but lower returns in 2019. Performance fees are used in the investment industry to align the interests of asset managers with a pension plan's objectives. In 2019 performance fees made up 18.5 cents of the 71.2 cents (26%) whereas in 2018 performance fees were 48.3 cents of the 100.5 cents (48%). Other operational expenses within the Plan were marginally different from 2018 with some costs experiencing minor increases (custodian and transaction costs, professional fees) and others experiencing minor decreases (salaries and data processing).

The Plan participates in an annual external benchmarking study that covers the asset management portion of its administrative expenses, with the latest study being undertaken for the 2018 financial year. The Plan's actual 2018 costs under the study were 56.0 cents per $100 of average assets under management while the benchmark operating costs for a fund of our size, asset mix and nationality were 54.6 cents (2017: 52.0 cents) indicating that administrative expenses for the management of the Plan are in-line with industry costs. The equivalent actual costs for the Plan in 2019 are estimated at 47.6 cents per $100 of average assets under management.

A summary of all the Plan's administrative expenses can be seen in Note 11 in the Financial Statements.

PENSION OBLIGATIONS

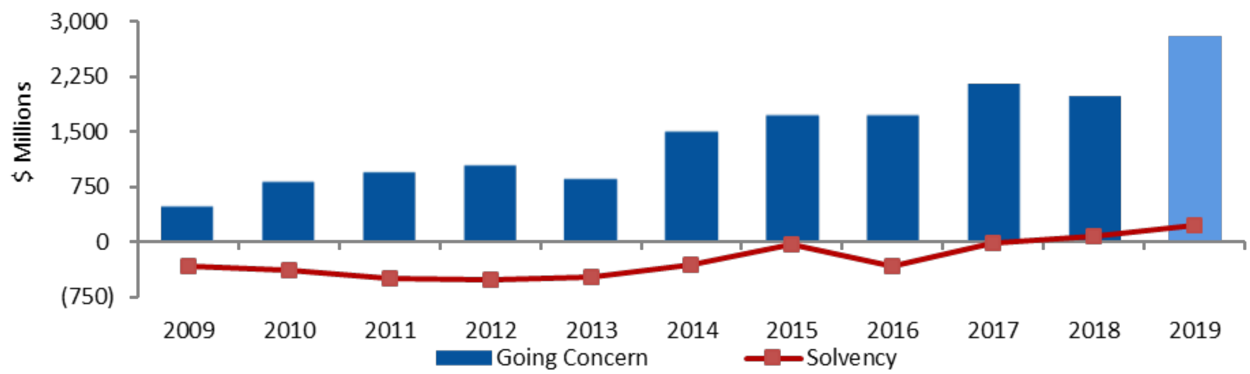
An actuarial valuation is used to estimate the Plan's pension obligations. Actuarial valuations are prepared on an annual basis at each year end. The actuarial valuation determines the pension obligations under two different scenarios: 1) a Going Concern basis and 2) a Solvency basis. If the results of a valuation indicate that the net assets available for benefits are greater than the pension obligations, the Plan has a funding surplus. If the pension obligations are greater than the net assets available for benefits, then this results in the Plan having a funding deficit. As the methodology to determine the pension obligations under each scenario is different, the valuation can result in the Plan having a funding surplus under one scenario and a deficit under the other scenario. The valuation results and the reasons for calculating the pension obligations under different scenarios are outlined further below. The results from the valuation are used by CBC/Radio-Canada to determine the contribution rates (for both the employer and employee portions) required to cover the future pension obligations.

The methodology and key assumptions underlying the actuarial valuation and projections are described in Note 8 to the Financial Statements. The primary long-term economic assumptions used in the 2019 projection are similar to those used in the 2018 actuarial valuation.

Going Concern

The going concern valuation is used to estimate the pension obligations under the assumption that the Plan will continue as a going concern (i.e. will continue to operate into the future). It is based on the long-term assumed rates of return for each of the Plan's investment asset classes. The going concern valuation is used in preparing our financial statements and is presented as Pension Obligations on the statement of Financial Position. As at December 31, 2019, the Plan's going concern pension obligations were projected at $5.2 billion, an increase of $198.6 million from the previous year's total of $5.0 billion. The going-concern funding surplus increased by $810.7 million to $2.8 billion at year-end (2018: $2.2 billion). Along with other factors, the increase in the surplus is a result of the Plan's 18.1% return for the year which was higher than the assumed long-term rate of return of 5.7% (this is the discount rate used to estimate the going concern pension obligations).

FUNDING SURPLUS / (DEFICIT)
as at December 31



Solvency

The solvency valuation is used to estimate the pension obligations under the assumption that the Plan will wind-up and simulates the creation of annuities to be able to pay all future benefits that all members are entitled to. The solvency valuation is required under the Pension Benefits Standards Act (PBSA) and for reporting purposes to OSFI. The estimated pension obligations under this method are $7.8 billion and project a solvency surplus of $229.3 million as at December 31, 2019. The Plan has now been in a solvency surplus position for the last two years. The net solvency position improved by $150 million in 2019. Changes in the solvency position were affected by an improvement in the mortality scale and a reduction in the discount rate, which both caused an increase in the solvency liabilities. The net solvency position overall however, improved due to the strong performance of the Plan's investments during 2019.

For regulatory purposes, the Plan's funding position is determined based on the lower of the going concern funding position or the solvency funding position as determined in the latest actuarial valuation.

INVESTMENT OVERVIEW

INVESTMENT CONSTRAINTS

In accordance with the PBSA, the Board of Trustees and management must exercise the care, diligence and skills in the administration and investment of the Plan that a person of ordinary prudence would exercise in dealing with the property of another. The assets must be invested in a prudent manner taking into account all factors that may affect the Plan's funding and solvency. Permitted investments and restrictions, which are appropriate to the needs and objectives of the Plan, are identified in the SIP&P.

INVESTMENT OBJECTIVES

The Plan manages its investments with two main long-term objectives; one based on the movement of the Plan's liabilities and one based on the movement of the underlying investment markets.

The primary objective ("Plan Objective") is focused on ensuring the assets (investments) of the Plan exceed the growth in the Plan's Solvency and Going Concern liabilities (pension obligations). The Plan follows a liability driven investment (LDI) strategy that is intended to outperform increases in the Plan's pension obligations and to mitigate the risk of a large funding deficit. Over the past 4 years the Plan's annual rate of return averaged 9.2% and over the past 10 years averaged 10.6% annually. The overall long-term Plan Objective was 7.4% over the past 4 years and 7.1% over the past 10 years.

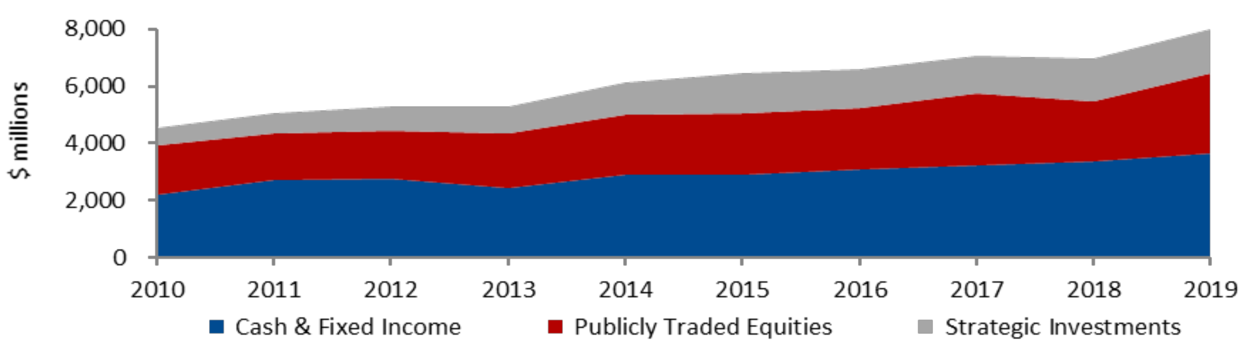
The secondary objective of the Plan ("Asset Objective") is to generate net returns after all costs and fees that exceed an annual average change of a benchmark portfolio by 50 basis points (0.5%) over a 4-year moving average basis. The benchmark portfolio return is calculated by combining the return of the asset class benchmark indices in the proportion in which they are represented in the Plan's asset mix policy. On a 4-year moving average, the Plan's annual rate of return of 9.2% exceeded the Asset Objective of 8.3% and over a 10- year period the Plan's average annual return of 10.6% exceeded the Asset Objective of 9.5%.

ASSET MIX AND INVESTMENT STRATEGY

The long-term policy asset mix target of the Plan as defined in the SIP&P is 45% fixed income, 34% public equities and 21% strategic investments (which includes property, private equity and hedge funds). The long-term target asset mix also provides for hedging a portion of the Plan's interest rate and inflation risks, through the use of derivative fixed income instruments.

The investment policy allows for the Plan to make tactical calls that vary the weighting of the asset classes within an operational range around the long-term asset mix targets. The purpose is to enhance the performance of the Plan by taking advantage of market movements when there is compelling evidence of a major risk or return opportunity in the market. The Plan may increase its weighting of those asset classes expected to perform well and reduce the weights of those asset classes that are expected to underperform.

ASSET MIX AT FAIR VALUE
as at December 31



RISK MANAGEMENT

The primary measure of success for the Plan is ensuring the ability to pay pension benefits by maintaining an adequate funding status with limited volatility. The key driver of this success requires that the Plan's liabilities be the influence for the Plan's asset mix construction and allocation. Therefore, the Plan uses a Liability Driven Investment (LDI) strategy designed to manage its investment risk by focusing on the liabilities as a starting point in developing the Plan's investment strategy. The primary objective of the LDI strategy is to reduce the fluctuations in the Plan's solvency funded position while also earning a robust long-term rate of return. This strategy makes it possible for us to manage our investments in a way that prioritizes the long term while reducing funding volatility over the short term. Relative to a traditional pension plan asset mix, which consists of a 60% allocation to equities and a 40% allocation to bonds, an LDI strategy hedges interest rate and inflation risks and reduces solvency funded status volatility through:

a) holding a higher proportion of bonds within the asset mix;
b) holding bonds with a longer term to maturity (duration); and
c) holding a portfolio of financial derivatives that provide synthetic fixed income exposure.

The use of financial derivatives within the Plan's LDI strategy is tightly managed and controlled as it can have the effect of increasing other risks such as liquidity and credit risk.

Asset/Liability Management

The Plan conducts asset/liability studies on a periodic basis to review the risk/reward associated with the existing long-term asset mix policy, analyze the risk-reward profile that would result from alternative asset mix policies, and consider the impact of various economic environments on both the assets and liabilities (pension obligations). The asset/liability management process is used to set the risk efficient strategic asset mix, designed to improve the sustainability and soundness of the Plan.

The most recent asset/liability study was completed in 2019. The study confirmed the effectiveness of the Plan's LDI strategy and existing asset mix policy, while identifying potential enhancements. It showed that an LDI strategy continues to provide the Plan with the optimal balance between funded status stability and expected rate of return. By increasing the Plan's allocation to private markets and global equity markets, we expect to enhance diversification and further spread investment risk across geography and economic outcomes while enhancing the Plan's credit exposure to fixed income assets.

The Plan's objective is to select eligible investments that produce acceptable rates of return to meet the future obligations of the Plan. If the Plan's investment portfolio were risk free, the rates of return would be stable but low and would require significantly higher contributions. If the Plan's investment portfolio were aggressive, for instance, primarily invested in equities, the rates of return would be potentially higher but far more volatile due to the increased investment risk. While contributions may be lower if high returns are earned, contributions could be much higher if there was a major long-term contraction in the market.

Risk Appetite

The Plan's risk appetite statements in both qualitative and quantitative terms, are based on our organization's risk philosophy and attitude towards risk taking. To this end, we have quantified our investment risk appetite via a risk budget at a total fund level. We measure our funding risk against the risk appetite level.

Funding risk, or the likelihood that the market value of assets is insufficient to cover the present value of liabilities, is the key measure of pension fund risk that is to be mitigated while maintaining costs at a reasonable level. It should be noted that funding risk also translates into contribution risk for the Plan Sponsor. The Plan manages its funding risk and pension costs by hedging its liability related economic risks, while selectively seeking diversified sources of incremental return. CBC/Radio-Canada guarantees pensions and other benefits payable under the terms of the CBC Pension Plan except for the flexible pension provisions in Section 16 of the Plan.

RISK MANAGEMENT (cont'd)

Risk Governance and Oversight Structure

Strong governance and risk management are critical components of a high performing pension plan. Risk governance defines the accountability, authorities, information flow, and roles and responsibilities among various constituent groups involved in the Plan's risk management efforts. The Board of Trustees is responsible for the oversight of the risk management framework; management is responsible for its implementation and staff at all levels of the organization are responsible for managing the day-to-day risks that arise in the context of their mandate.

The SIP&P defines the investment policies, principles and eligible investments which are appropriate to the needs and objectives of the Plan including the strategic asset mix, which identifies the Plan's target exposure to each asset class. Each asset class has different levels of risk associated with it (e.g. equities are higher risk than government bonds). The Plan's strategic asset model is considered by the Pension Board to be moderate in risk, however, it is deemed by the Board to be the most appropriate in addressing future pension obligations of the Plan. There are several risks associated with the Plan which are disclosed in the following section. In addition, those risks dealing with financial instruments held by the Plan are identified in Note 3 to the Financial Statements.

1st Line of Defence *Risk Owners*	2nd Line of Defence *Risk Oversight*	3rd Line of Defence *Independent Assurance*
•Investment and Operational functions within the Plan •Accountable for: •Identification; •Assessment; •Mitigation; •Monitoring; and •Reporting of risk against approved policies and appetite.	•Risk Management and Compliance; •Establishes risk management practices and provides risk guidance; •Provides oversight of the effectiveness of 1st Line risk management practices; •Monitors and independently reports on the level of risk against established Plan level risk appetite.	•Independent assurance and advisory to the Board and management on the effectiveness of risk management practices.

Risk Categories and Risk Management Strategies

The Plan has a Risk Management Policy and a comprehensive risk management program in place to help manage key Plan risks. In 2019, the Plan developed a risk management framework designed to further enhance our risk management philosophy. A risk register of key Plan risks is maintained and updated on a biennial basis. Risks are assessed based on their potential impact and likelihood of occurrence and are organized into five broad categories that reflect organizational objectives. The categories are strategic, investment, operational, compliance & regulatory, and reporting risks. Key risks within these categories are assessed via a Control Self-Assessment process on a rotational basis and reported to the Board of Trustees.

Strategic Risk

Strategic risk is the risk that the Plan will make inappropriate strategic choices or will be unable to successfully implement selected strategies. It is the risk associated with decision making for the long-term strategic direction of the CBC Pension Plan. The Plan manages its strategic risk through a number of processes including: the development of a 5-year Strategic Plan; annual review and Board approval process of the SIP&P; external Asset-Liability Modeling studies that establish and validate asset mix policy; a liability focused investment strategy and management of funding volatility within a risk appetite level; management and the Board meet quarterly to review and discuss Plan progress and the risks related to achieving the approved strategic goals.

RISK MANAGEMENT (cont'd)

Investment Risk

Investment risk is the risk associated with ineffective management of plan assets and includes market, credit and liquidity risks.

Market Risk

This is the risk of a significant decline in the value of investments (equity, fixed income, private equity and hedge funds) arising from movements in market prices. The Plan manages market risk through the setting of its strategic asset mix that enables investment across a wide spectrum of asset classes and investment strategies to earn a diversified set of risk premiums over the long term at the total Plan level. This is based on risk limits as prescribed in the SIP&P. The types of market risk facing the Plan include interest rate, volatility and currency risks, and are described below.

a) *Interest Rate Risk*

The Plan's pension obligations are sensitive to changes in the assumptions on the long-term rates of asset return, salary escalation, mortality and inflation. Note 3 e ii) b) to the Financial Statements describes the impact of changes in the assumed long-term rate of return, which is used in going concern basis actuarial valuations. Low rates of return over a prolonged period could cause an increase to contribution levels in order to meet the Plan's pension obligations.

By regulation, the Plan's funding position is determined using the lower of the going concern and solvency basis actuarial valuations. The valuation of liabilities on a solvency basis is highly sensitive to changes in interest rates. The Plan mitigates the impact of changes in interest rates as well as the inflation risk created by the partial indexation of Plan benefits, through its LDI investment strategy. Thus, a decrease in interest rates that would increase the Plan's pension obligations would also be expected to increase the value of the Plan's fixed income investments.

b) *Volatility Risk*

The Plan's total assets at December 31, 2019, were $8.0 billion at fair value. Of this total, $2.8 billion was in publicly traded equity investments. This substantial amount exposes the Plan to domestic and foreign market volatility. This volatility is managed by diversifying across industry sectors, market capitalizations and international equity markets. The long-term performance expectation for publicly listed equities outweighs the risks of short-term cyclical volatility. The Plan further mitigates this risk by investing in alternative assets such as real estate and private equity, including infrastructure projects, which have longer-term investment horizons. Diversification across various asset classes, investment strategies and investment managers continue to be an important management tool used in reducing volatility and risk. Note 3 e) ii) c) to the Financial Statements provides more information on the management of this risk.

c) *Currency Risk*

The Plan invests in non-Canadian securities for which the fair value may fluctuate due to variations in the market price of the security as well as the relative value of the Canadian dollar. Currency risk is the risk that the value of the Plan's foreign holdings declines due to a change (i.e. rise) in the value of the Canadian dollar relative to other currencies. Occasionally, the Plan invests in forward currency contracts in order to reduce its foreign currency risk. Except for currency forward contracts held as part of hedge fund portfolios, total market value of the forwards in any one foreign currency never exceeds the total market value of the Plan's investments in the hedged foreign currency at the time the hedge was placed. Note 3 e) ii) a) to the Financial Statements provides more information on the management of foreign currency exposure risk.

RISK MANAGEMENT (cont'd)

Credit Risk

This is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Plan's main exposure to credit risk comes from its investment in bonds and over-the counter derivatives. Every time the Plan makes an investment in a fixed income security it is exposed to the risk that the security issuer, be it a government or a corporation, may default on payments or become insolvent. We mitigate credit risk exposure related to our investments through limits on the number of low-quality issuers that can be held, deep credit analysis, diversification and collateral management. The Plan's SIP&P provides guidelines and restrictions for eligible investments considering credit ratings, maximum investment exposure and other controls in order to limit the impact of this risk. Note 3 e) iii) to the Financial Statements provides more detail on this subject.

Liquidity Risk

Liquidity relates to the Plan's ability to sell investments to meet its pension payments, operating costs, mark to market losses on derivative positions and other long-term capital commitments. Liquidity risk refers to the risk that the Plan will be unable to meet its financial obligations as they fall due. In 2019, benefit payments from the Plan and administration costs totaled $368.0 million. These payments were partially offset by employee contributions to the Plan of $59.1 million, and employer contributions of $50.9 million. The cash flow requirement for the balance of benefit payments was generated through investment income and proceeds from the sale of assets. To mitigate its liquidity risk, the Plan maintains a portfolio of highly liquid short-term notes that allows it to meet the Plan's short-term liquidity requirements. Liquidity risk is managed and monitored according to the Plan's Liquidity Management Guideline. The management of liquidity risk is further described in Note 3 e) iv) to the Financial.

Operational Risk

This is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people or systems or from external events. Operational risk comprises a broad range of risks, including those associated with: loss of key management capabilities and experience; inadequate internal controls that result in fraud or financial loss; employee misconduct causing illegal or unethical practices; information technology and cybersecurity; business interruptions and service disruptions due to natural or other disasters. The Plan manages its operational risks through controls that are subject to internal reviews and external assurance and follows our three lines of defence risk management structure. The Plan also has established continuity plans for potential business interruptions and processes to manage information security risks.

Compliance & Regulatory Risk

This is the risk of loss due to non-compliance with applicable laws, regulations, rules and mandatory industry practices. Failure to comply could result in financial penalties or portfolio losses and damage to our reputation. To mitigate compliance and regulatory risk, the Plan has well developed compliance processes. It also monitors emerging legal and regulatory issues and proposed regulatory changes and actively participates in discussions with and seeks input from external consultants and the regulatory bodies.

Reporting Risk

This is the risk that the financial statements and regulatory reports are incomplete, inaccurate or untimely. It is also the risk that internal performance, attribution and risk information is not sufficient to support decision-making. We manage reporting risk through our access to and verification of our internal models and reporting against independent results produced by expert external service providers. Reporting risk is also managed through external assurance reviews and annual external audit.

INVESTMENT PERFORMANCE

Consistent with modest to strong growth in the global economy, both equity and fixed income markets delivered solid returns with double-digit gains in Canadian dollar terms in 2019. The Plan's total rate of return in 2019 was 18.1%, which was 0.1% lower than the Plan asset reference portfolio benchmark return of 18.2%. Comparatively, in 2018, the Plan's 2.2% total rate of return was 3.2% higher than the reference asset portfolio benchmark return of -1.0%.

The Plan's overall 0.1% underachievement of the asset benchmark in 2019 reflected mixed performance against benchmarks amongst the asset classes. On a 4-year basis, the total fund return of 9.2% was higher than the overall reference asset portfolio benchmark return of 7.8%. The Plan's solvency fund objective measures the impact of movements in interest rates and inflation on its estimated solvency funding liabilities. In 2019, the Plan exceeded its solvency fund objective return of 15.4%.

SUMMARY OF BENCHMARKS USED TO MEASURE ASSET PERFORMANCE

Asset Categories	Benchmarks
Cash & Short-Term Investments	FTSE 91 Day T-Bill Index
Fixed Income & Bond Overlay	FTSE Canada Long Term Bond Index FTSE Canada Long Term Corporate Bond Index FTSE Canada Real Return Bond Index FTSE Canada Long Term Provincial Bond Index FTSE Canada Provincial Universe Bond Index
Canadian Equities	S&P/TSX Capped Composite Index
Global Equities	MSCI ACWI ex-Canada Index MSCI ACWI Index S&P 500 Index Russell 3000 Index S&P Developed SmallCap Index
Strategic	Actuarial assumed rate of return FTSE 91 Day T-Bill Index + spread

INVESTMENT PERFORMANCE BY ASSET CATEGORY VS BENCHMARK

Annualized Compounded Rates		1-Year Returns		4-Year Returns*	
Asset Categories	**Category as a % of Total Investments**	**Asset Returns**	**Benchmark Returns**	**Asset Returns**	**Benchmark Returns**
Fixed Income:					
Cash & Short-Term Investments	5.6%	2.3%	1.7%	1.6%	1.0%
Nominal Bonds	30.4	13.6	13.0	6.0	5.8
Real Return Bonds	9.6	8.6	8.6	3.2	3.2
Alternatives	0.5	3.0	16.9	3.6	10.1
Publicly Traded Securities:					
Canadian Equities	9.3	19.7	22.9	8.5	10.3
Global Equities	25.9	23.3	20.2	11.8	9.4
Strategic Investments:					
Real Estate	9.7	8.6	6.0	9.0	4.7
Private Equity	8.7	0.8	9.8	10.0	5.6
Hedge Fund(s)	0.6	20.5	5.1	(1.0)	4.4
Bond Overlay**	(0.3)	11.2	10.8	3.9	3.4
Total / Weighted Average	100.0%	18.1%	18.2%	9.2%	7.8%

* If Asset Categories are less than 4 years old then the 4-Year Returns are inception-to-date returns.
** Bond Overlay total exposure is 32.1%.

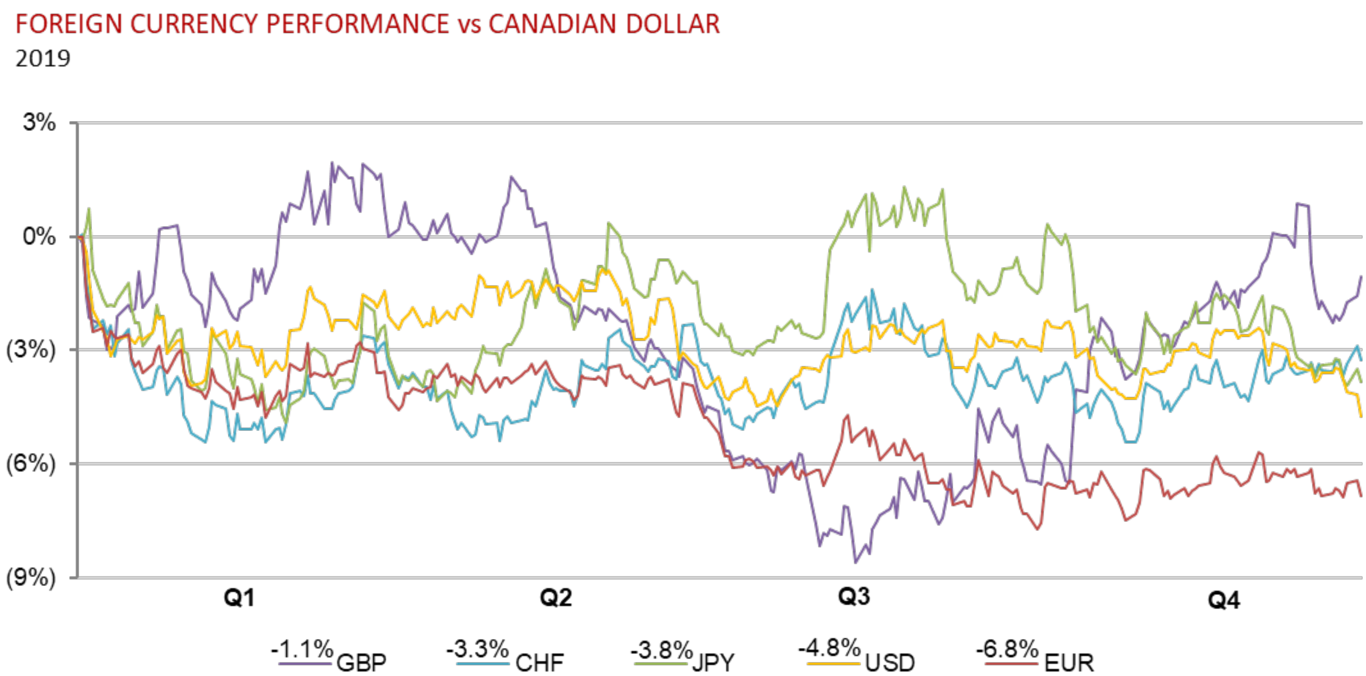
THE ECONOMIC ENVIRONMENT

Although 2019 was a positive year for investors, the world economy continued to slow down. The International Monetary Fund (IMF) has projected that global growth for the year will be just 2.9%. This will mark the slowest growth in a decade. In response to lower economic growth, the major central banks pivoted toward lower overnight interest rates in 2019, which helped propel asset prices higher.

Canada managed just 1.6% Gross Domestic Product (GDP) growth in 2019. Exports driven by oil dropped and retail sales were weak. The two bright spots in the Canadian economy were employment and housing. Canada ended the year with an unemployment rate of just 5.6%. House prices appear to have stabilized during the year, especially in the gateway cities of Vancouver and Toronto. The Canadian consumer, however, continued to remain financially stretched. This will become an issue in 2020 as the Covid-19 crisis plays out across the country and people begin to lose their jobs.

The United States experienced GDP growth of 2.3% in 2019. The labour market in the country remained strong throughout the year. The US experienced some of the lowest unemployment rates in decades. In addition, consumer confidence was strong, and the housing market remained healthy. The US Federal Reserve, however, reduced interest rates three times in 2019 due to a slowing economy. Despite this, the US economic expansion ended 2019 as the longest in postwar history.

At the end of 2019, the most significant risk for the US economy, and the global economy overall, was the trade war with China. It has been going on since the beginning of 2018 and is expected to continue for years. However, it has become evident by the end of the first quarter of 2020 that the largest economic risk by far in 2020 to the US and global economy will be the Covid-19 crisis and its impact on the global economy.



Europe saw a noticeable economic slowdown in 2019. The IMF projected the eurozone economy grew just 1.2% in 2019. Germany, the traditional economic engine of growth in Europe was particularly hard hit with a large drop in exports. All the major German car companies have talked about the need for significant job cuts even before Covid-19 struck. Europe, with its aging populations in countries like Italy will be particularly hard hit by the Covid-19 crisis.

THE ECONOMIC ENVIRONMENT (cont`d)

Japan grew close to 1% in 2019 driven by personal consumption. The country, though, is still heavily dependent on exports for future growth. Japan also has the oldest demographics of any country in the world and will likely be heavily hit by the Covid-19 crisis.

China reached an important economic milestone near the end of 2019. Per capita GDP, which is the size of the Chinese economy as measured on a per person basis, was expected to touch US$10,000 per person. That officially qualified China as a middle-income country. The country has not been considered middle income for several centuries.

China's economic growth continues to slow with 2019 GDP growth of around 6.0%. Growth in 2020 will likely be negative given the coronavirus. Long-term, the biggest economic challenge facing China is a rapidly ageing population thanks to its previous one-child policy. The concept of having only one child appears to have become ingrained into Chinese culture despite recent attempts by the government to encourage people to have more children.

Many developing countries experienced weak growth in 2019. India, whose GDP slowed from around 6.0% to the 4.5% range, has many problem loans, which need to be worked out of the banking system. South America, largely driven by Brazil, continued to remain economically stressed in 2019. Overall, the South American economy barely grew last year and will likely shrink in 2020. Developing countries are particularly vulnerable to Covid-19 given their poor health care systems, weak institutions and lack of funds to fight the coronavirus.

Looking forward, the world will almost certainly go into a recession in 2020 due to Covid-19. The length and depth of the recession will be largely driven by how the Covid-19 pandemic plays out despite the unprecedented levels of fiscal and monetary stimulus that has been pumped into the global economy.

PLAN ASSET PERFORMANCE

FIXED INCOME

Fixed income investments are comprised of cash, short-term investments and bonds. Most of the fixed income assets held by the Plan are invested in Canadian dollars. Fixed income assets typically provide returns in the form of periodic interest payments and the repayment of principal at maturity.

CASH & SHORT-TERM INVESTMENTS

Annualized Compound Rates of Return

	Plan Assets	Asset Benchmark
1-Yr	2.3%	1.7%
4-Yrs	1.6%	1.0%

The Plan's cash holdings outperformed the reference benchmark over the one-year period. The Plan's cash holdings are predominantly invested in high quality and very liquid short-term money market securities with a term to maturity of less than 90 days in addition to high interest savings accounts. The portfolio is largely exposed to Canadian banks and other corporate paper that earn a higher yield than benchmark. The nature of the Plan's cash holdings is to optimize returns while remaining flexible to manage the cash demands related to the Plan's investments, the Plan's pension benefit payments and total administration expenses. In 2019, the Plan had on average approximately $440 million or 5.7% of assets in cash and short-term investments compared to $398 million or 5.7% of assets in 2018. At December 31, 2019, cash and short-term investments represented 5.6% of the Plan's investments.

The Bank of Canada maintained overnight policy rates at 1.75% over the past year as economic growth decelerated and geopolitical tensions increased. Despite some progress on trade issues, ongoing challenges to Canada's economic recovery include weaker manufacturing output and elevated consumer debt. Looking forward, the Bank of Canada is expected to remain on hold with an easing bias until global headwinds diminish and economic growth recovers.

BONDS

Annualized Compound Rates of Return

Nominal Bonds	Plan Assets	Asset Benchmark
1-Yr	13.6%	13.0%
4-Yrs	6.0%	5.8%
Real Return Bonds*		
1-Yr	8.6%	8.6%
4-Yrs	3.2%	3.2%

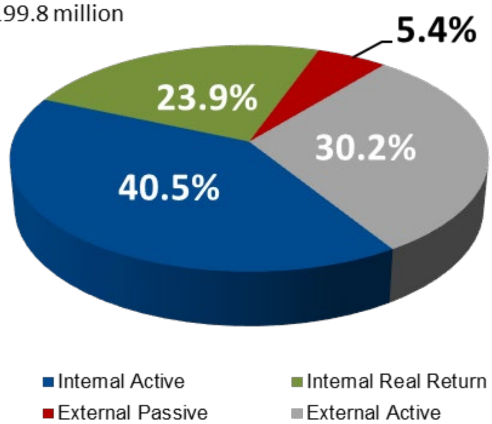
* The Real Return Bond benchmark is equal to the actual return of the Plan's real return bond portfolio.

Over the past year, global bond yields declined significantly across the maturity spectrum as geopolitical tensions increased and economic output decelerated. As a result, global central banks across advanced economies shifted to a more accommodative policy stance to backstop growth and inflation.

US economic growth was modest however outpaced other major economies underpinned by a strong labor market coupled with easing trade policy concerns. However, the Federal Reserve lowered policy rates 75bps to 1.75% over the past year as downside risks to growth remain and inflation metrics trended below target. Going forward, the Federal Reserve has projected to keep interest rates unchanged throughout 2020 while continuing to monitor business investment and exports. In Canada, the Bank of Canada held overnight policy rates at 1.75% during the past year as economic growth was subdued. As a result, government bond yields declined more than 25bps in the mid-term sector and more than 40bps in the long-term sector.

BONDS (cont'd)

Market Value of Bonds
as at December 31, 2019
$3,199.8 million



Economic growth in European economies remained positive although lagged the advanced economies. Ongoing geopolitical uncertainty continues to weigh on sentiment with economic risks tilted to the downside. As a result, the European Central Bank (ECB) remains accommodative and re-introduced asset purchases of €20 billion per month among others measures for the foreseeable future to support the economy.

BOND OVERLAY

Annualized Compound Rates of Return

	Plan Assets	Asset Benchmark
1-Yr	11.2%	10.8%
4-Yrs	3.9%	3.4%

As part of its LDI strategy, the Plan utilizes a Bond Overlay that consists of fixed income derivative instruments. This helps reduce funded status volatility while at the same time allowing for enhanced returns relative to an all fixed income portfolio. Although fixed income instruments provide a better match to Plan liabilities, their long-term expected return is lower than many other asset classes, which makes a 100% bond portfolio less than optimal. The Bond Overlay strategy allows for return generating assets with higher return potential, such as equities, private investments and real estate, to form part of the Plan's asset mix, while at the same time ensuring that the Plan's assets have the required interest rate and inflation sensitivity. This structure is designed to produce overall Plan returns which more closely mirror the movement in the Plan's pension obligations, while producing an enhanced return over that of an all-bond portfolio.

FIXED INCOME ALTERNATIVES

Annualized Compound Rates of Return

	Plan Assets	Asset Benchmark
1-Yr	3.0%	16.9%
4-Yrs*	3.6%	10.1%

* Portfolio launched January 1st, 2018. 4-yrs returns represent inception to date.

The Fixed Income Alternatives portfolio was designed to hold fixed-income-like assets with returns greater that public fixed income products. Examples of assets for this portfolio include commercial mortgages, private debt and other types of private real estate debt.

EQUITY

Equity investments represent ownership interests in publicly traded Canadian and international companies. In addition to providing diversity to the Plan, equities are expected to provide a higher return than fixed income investments over the long term.

CANADIAN EQUITY

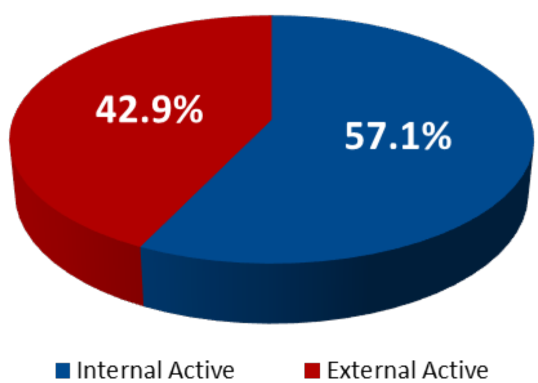
Annualized Compound Rates of Return

	Plan Assets	Asset Benchmark
1-Yr	19.7%	22.9%
4-Yrs	8.5%	10.3%

After a very weak end to 2018, equity markets rallied sharply in 2019 with the S&P/TSX Composite returning an impressive 22.9%. Positive investor sentiment combined with higher oil and gold prices drove the market to all time highs in the fourth quarter. Oil prices rose sharply into year-end to close the year at $61 USD/barrel, up 34%. Gold was also strong rising 18% to US$1,517/oz. Sharply lower bond yields also increased investor appetite for dividend paying stocks.

Gains were broad based with 10 out of 11 sectors posting positive returns on the year. Leading the market higher were the Technology sector up 64% led by Shopify, Utilities up 37.5%, Industrials up 25.5% and Materials up 23.8% with gold stocks posting strong returns in response to sharply higher gold prices. Also posting solid returns were the Real Estate sector up 22.6% and the Energy sector up 21.7% on the heels of stronger oil prices and increasing tensions in the middle east. The Health Care sector was the only sector to suffer losses in 2019, dropping 10.9% as cannabis stocks corrected sharply from April highs.

Market Value of Canadian Equity
as at December 31, 2019
$738.3 million



S&P/TSX Capped Composite index
2019

GLOBAL EQUITY

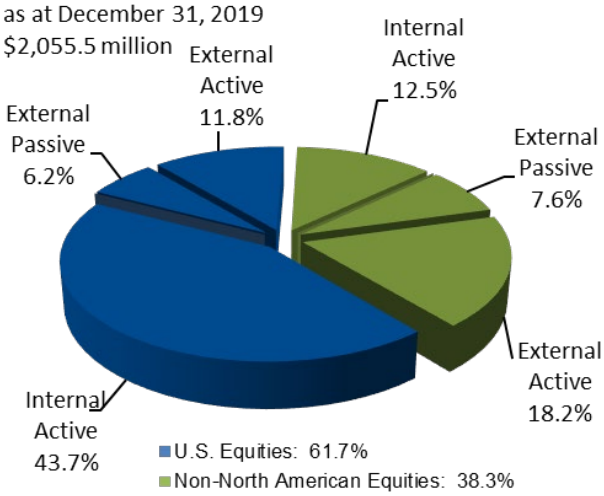
Annualized Compound Rates of Return

	Plan Assets	Asset Benchmark
1-Yr	23.3%	20.2%
4-Yrs	11.8%	9.4%

Market Value of Global Equity

as at December 31, 2019

$2,055.5 million



Global equities delivered strong returns in 2019, with the MSCI All-Country World ex-Canada Index gaining 20.2% in Canadian dollar terms (including dividends), rebounding back from a steep selloff late in 2018. While many had expected a volatile year for equity markets in 2019, a broad central bank shift toward rate cuts and monetary stimulus helped to ease fears of higher rates and an accelerating slowdown, fueling strong appetite for risk assets like equities. In addition, while the ongoing trade dispute between the US and China dominated the headlines throughout much of the year, rising optimism of a "Phase 1" trade deal being reached supported market sentiment and propelled markets higher in the latter months of the year.

After extreme volatility and a negative return highlighted the year 2018, US equities returned with a vengeance in 2019. In US dollar terms, the S&P 500 soared 31.5% (including dividends) for the year. However, given the significant appreciation of the Canadian dollar (CAD), that return was reduced to close +25% (CAD), highlighting the impact currency can have on short-term results. While issues such as a looming trade war with China and the impeachment of President Trump were overhangs to the market, declining bond yields around the world benefited stocks. While concerns regarding an inverted yield curve (and its potential to result in an imminent recession) had investors a little edgy in the summer months, positive sentiment returned in the last half of the year as those fears abated.

Equity returns outside the US were also very strong across most regions in 2019. While developed markets broadly outperformed their emerging counterparts for a second straight year, performance among the emerging markets ranged widely. Emerging Europe outpaced all other regions (including the US), driven by strong returns in Russia and Greece (rallying over 40%), while EM Asia (+13%) was weighed down by trade concerns. Latin America (+12%) also had a mixed performance as the flareup of protests in markets like Chile, Bolivia and Colombia sparked concerns of broader regional unrest. In the developed markets, European and UK equities outpaced those of developed Asia, shrugging off trade-related slowdown fears and Brexit uncertainties.

From a sector perspective, 2019 equity returns were broad-based although cyclical sectors outperformed defensive sectors by a wide margin. The top performing sector by far was information technology, rallying close to 40% over the year. That was followed by other cyclical sectors such as consumer discretionary and industrials which returned roughly 20%. By contrast, defensive sectors such as healthcare, consumer staples and utilities generated returns in the mid-teens. The energy sector was the standout laggard with a 6% return on the year as crude oil prices struggled to make meaningful gains.

MSCI ACWI ex-Canada Index

Return (CAD) - 2019

STRATEGIC INVESTMENTS

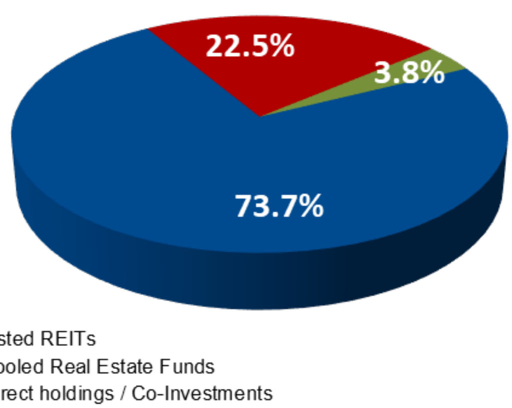
Strategic Investments are comprised of three separate components: Real Estate, Private Equity and a Hedge Fund. Real Estate consists of investments in real estate and mortgages. Private Equity includes investments in infrastructure, growth capital, mezzanine financing, buyout funds, secondary funds and venture capital. The hedge fund is a managed futures hedge fund. The Strategic Investments diversify the Plan's sources of return and have the potential to earn high returns.

Real Estate

Annualized Compound Rates of Return

	Plan Assets	Asset Benchmark
1-Yr	8.6%	6.0%
4-Yrs	9.0%	4.7%

Real Estate Mix
as at December 31, 2019
$773.3 million



Our current read of consumer confidence, employment and general demand fundamentals for the real estate sector suggests they are expected to continue to drive broad based strength across the office, industrial, and multifamily sectors in Canada. Notably, however, are the cities of Edmonton and Calgary that continue to show weakness or tepid recovery. On the other hand, Toronto, Montreal and Vancouver continue to see robust investor demand across the office, industrial and multifamily sector. In conjunction with increased tenant demand for a broad array of asset types, we are witnessing upward pressures on net rental rates, which in turn is leading to historically low vacancy rates and further aggressive asset bid prices by investors.

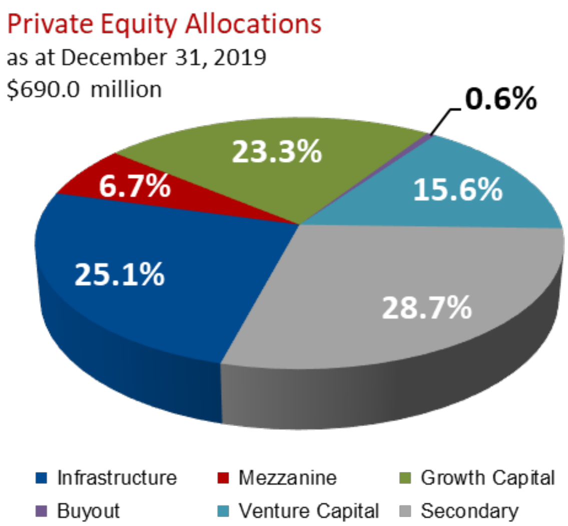
Despite the headline strength in the real estate sector, there are pockets of concern that continue to be structural in nature in the retail and residential sectors. Indeed, some retail owners have had to reposition their assets to arrest foot traffic declines and mitigate the monetary consequences of changing consumer spending patterns and preferred purchase channels. Others face far more uncertain futures with vacancy rates and associated cashflows falling more precipitously. On the housing side, rising home prices and attendant household debt burdens have fueled concerns on affordability, in either a single-family purchase or multifamily rental context. Given the multitude and complexity of factors driving dislocation in the retail and multifamily sectors, we expect prolonged periods of adjustments that will directionally and materially impact future returns.

We remain focused on the dutiful execution of our real estate strategy. This strategy has at its core several tenants that we believe will ultimately generate value and reduce investment risks over time: a stringent focus on geographic and sector diversification to reduce investment risks; alignment with partners that have a demonstrated value proposition; and, a relative value and total risk-based lens approach to portfolio management decisions. Three new commitments were made by the Real Estate portfolio in 2019. Our exposure to the multifamily sector increased with two new fund commitments, one in Canada and the other in the United States. The third commitment was to a global real estate secondary fund that further helps diversify the portfolio's geographic exposure. Going forward, we will continue our focus on diversifying our asset base across geographies and real estate sectors, while tilting towards investment profiles that are able to generate relative value across a cycle.

PRIVATE EQUITY

Annualized Compound Rates of Return

	Plan Assets	Asset Benchmark
1-Yr	0.8%	9.8%
4-Yrs	10.0%	5.6%



The Private Equity portfolio consists mostly of investments in small to medium-sized enterprises. These investments are held primarily in long-term limited partnership structures. On a portfolio basis, these investments offer the potential for high returns over the long term. These investments are, however, illiquid. A typical investment in the Private Equity portfolio is held for several years.

The Private Equity portfolio is a globally diversified portfolio. More than 90% of the portfolio is invested outside of Canada, with approximately 40% of the portfolio invested in developing countries. An advantage of the Private Equity portfolio is that it helps the Plan diversify into countries and segments of the global economy that are not well represented by public equity markets or fixed income holdings.

The allocation of the Private Equity portfolio at year-end is outlined in the chart to the left. After two strong years of returns, the portfolio's return in 2019 was relatively flat on a Canadian dollar basis. During 2019, the Canadian dollar strengthened roughly five and a half cents versus the US dollar, negatively impacting the performance of the portfolio. There are no currency hedges on this portfolio given the diversified global nature of the underlying holdings, the large proportion of developing market assets and the long-term hold period of the assets.

HEDGE FUNDS

Annualized Compound Rates of Return

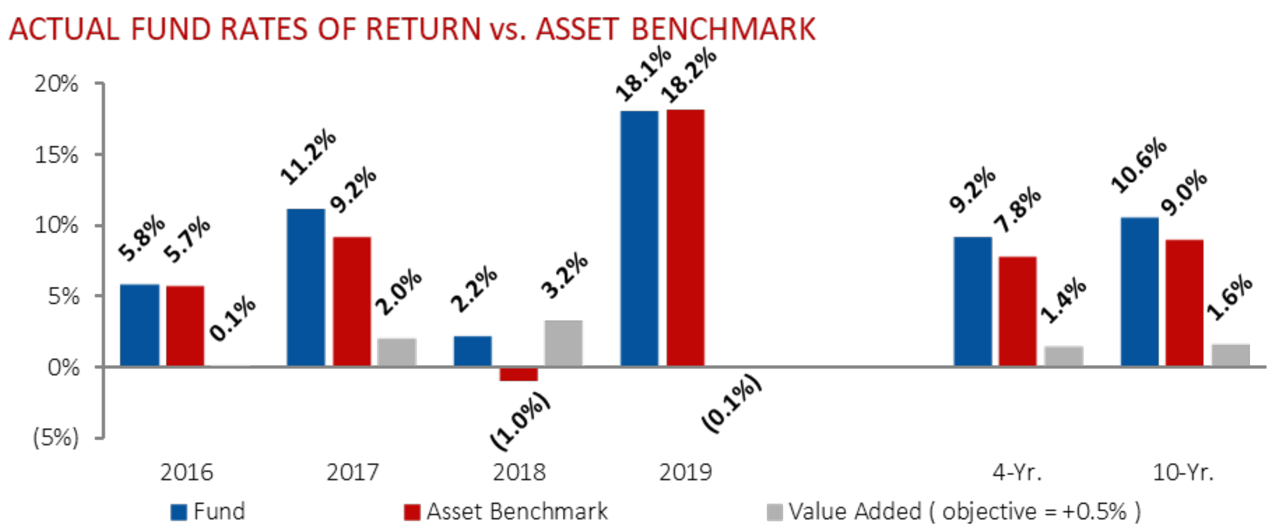
	Plan Assets	Asset Benchmark
1-Yr	20.5%	5.1%
4-Yrs	(1.0)%	4.4%

The Plan was invested in one externally managed hedge fund in 2019. It is a managed futures fund that provides diversification into various markets and introduces some medium-term trend momentum to the Plan. It seeks to exploit the existence of persistent, multi-month trends in a wide range of highly liquid listed futures and currency markets.

SUMMARY OF ASSET ALLOCATION

The Plan's investment policy in 2019 allowed for a long-term target allocation of 45% Canadian fixed income, 34% public equity and 21% strategic (real estate, private equity and hedge funds). Although there were risks in the market in 2019, the Plan now broadly sticks to its asset mix except in circumstances where the Plan sees compelling evidence of a major risk/return event in the market. No tactical calls were made in 2019.

As at December 31, 2019 the actual asset mix of the Plan was 45.8% fixed income (of which 5.6% were cash-equivalent instruments), 35.2% public equity and 19.0% strategic assets.



CBC Pension Plan

FINANCIAL REPORT

Management Responsibility for Financial Reporting

The financial statements of the CBC Pension Plan for the year ended December 31, 2019 and all other information presented in this annual report have been prepared by management, which is responsible for the integrity and fairness of the data presented, including amounts which by necessity are based on management's best estimates as determined through experience and judgement. The financial statements have been properly prepared within reasonable limits of materiality. The accounting policies followed in the preparation of these financial statements conform with Canadian accounting standards for pension plans.

Management of the CBC Pension Plan maintains books of account, records, financial and management control, and information systems, which are designed for the provision of reliable and accurate financial information on a timely basis. Systems of internal control are maintained to provide assurance that transactions are authorized, that assets are safeguarded, and that legislative and regulatory requirements are adhered to. These controls include a code of conduct and an organizational structure that provide a well defined division of responsibilities and accountability.

The CBC Pension Board of Trustees is responsible for overseeing management and has overall responsibility for approving the financial information included in the annual report. The Board meets with management and the external auditors to review the scope of the audit, to review their findings and to satisfy themselves that their responsibilities have been properly discharged. In addition, the firm of Morneau Shepell, consulting actuaries, conducts a formal actuarial valuation of the obligations for pension benefits as is required under the Pension Benefits Standards Act.

Deloitte LLP, the Plan's external auditor appointed by the Board, has conducted an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and procedures as it considers necessary to express the opinion in its report to the CBC Pension Board of Trustees. The external auditor has full and unrestricted access to the Board to discuss its audit and related findings as to the integrity of the CBC Pension Plan's financial reporting and the adequacy of internal control systems.

Duncan Burrill
Managing Director/CEO
CBC Pension Plan

Julie Murphy
Secretary/Treasurer
CBC Pension Board of Trustees

March 27, 2020

Actuary's Opinion

Morneau Shepell Limited was retained by the CBC Pension Board of Trustees (the "Board") to calculate the going concern and solvency obligations of the CBC Pension Plan (the "Plan") as at December 31, 2019, for inclusion in the Plan's financial statements.

The Plan's obligations under the going concern basis as at December 31, 2019 are based on the results of the actuarial valuation as at December 31, 2019, and take into account:

- membership data provided by CBC/Radio-Canada as at December 31, 2019;
- methods prescribed under Section 4600 of the Chartered Professional Accountants of Canada Assurance Handbook for pension plan financial statements; and
- assumptions about future events, such as future rate of inflation and future rates of return on the Plan, which have been communicated to us as the Board's best estimate of these events.

The assumptions that form the going concern basis were reasonable at the time the valuation was prepared. Further information on the data, methods and assumptions used under both the going concern and solvency bases are described in our actuarial valuation report as at December 31, 2019.

Actuarial valuation results are only estimates. Emerging experience may differ, perhaps significantly, from the assumptions used to perform the valuation. These differences will result in gains or losses to be revealed in future valuations, and will affect the future financial position of the Plan and contribution levels.

In our opinion, with respect to the actuarial valuation of the Plan as at December 31, 2019:

- The membership data on which the valuation is based are sufficient and reliable for the purposes of the valuation.
- The assumptions are appropriate for the purposes of the valuation.
- The methods employed in the valuation are appropriate for the purposes of the valuation.

This valuation has been prepared, and our opinion given, in accordance with accepted actuarial practice in Canada.

Francine Pell

Denis Dupont
Fellow of the Canadian Institute of Actuaries

Francine Pell
Fellow of the Canadian Institute of Actuaries

Morneau Shepell Ltd.

March 27, 2020
Ottawa, Ontario

Deloitte.

Deloitte LLP
1600 - 100 Queen Street
Ottawa ON K1P 5T8
Canada

Tel: 613-236-2442
Fax: 613-236-2195
www.deloitte.ca

Independent Auditor's Report

To the Members of the CBC Pension Board of Trustees

Opinion

We have audited the financial statements of CBC Pension Plan, which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets available for benefits, changes in pension obligations and changes in funding surplus for the year then ended, and a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CBC Pension Plan as at December 31, 2019, and the changes in its net assets available for benefits, changes in its pension obligations and changes in its funding surplus for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the CBC Pension Plan in accordance with the ethical requirements that are relevant to our audit of the 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.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing CBC Pension Plan'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 CBC Pension Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CBC Pension Plan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS 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 financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 CBC Pension Plan'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 CBC Pension Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause CBC Pension Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Ottawa, Ontario

March 27, 2020

Statement of Financial Position

(Canadian $ thousands) As at December 31	**2019**	2018
ASSETS		
Investment assets *(Note 3)*	**$ 8,067,371**	$ 6,964,653
Accrued investment income	**50,724**	44,199
Contributions receivable		
- Employee	**5,217**	4,938
- Employer	**5,205**	4,886
FlexPen investments *(Note 6)*	**4,137**	4,407
Due from brokers	**131**	413
Other assets	**161**	619
	8,132,946	7,024,115
LIABILITIES		
Investment liabilities *(Note 3)*	**96,292**	2,470
Accounts payable and accrued liabilities *(Note 7)*	**9,279**	8,341
Due to brokers	**4,767**	-
	110,338	10,811
NET ASSETS AVAILABLE FOR BENEFITS	**8,022,608**	7,013,304
PENSION OBLIGATIONS *(Note 8)*	**5,231,108**	5,032,462
FUNDING SURPLUS *(Note 10)*	**$ 2,791,500**	$ 1,980,842

The accompanying notes are an integral part of the financial statements

Approved by the Board of Trustees

Trustee

Trustee

Approved by Management

Managing Director / CEO

Secretary / Treasurer

Statement of Changes in Net Assets Available for Benefits

(Canadian $ thousands) Year ended December 31	**2019**	2018
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	**$ 7,013,304**	$ 7,110,708
Investment Activities		
Investment income *(Note 3)*	**317,568**	349,796
Change in fair value of:		
- Investments *(Note 3)*	**947,381**	(180,694)
- FlexPen investments *(Note 6)*	**535**	(106)
Net investment activities	**1,265,484**	168,996
Member Service Activities		
Contributions *(Note 5)*		
Employee	**59,135**	55,710
Employer	**50,856**	48,910
Transfers	**1,809**	1,130
	111,800	105,750
Benefits *(Note 9)*		
Pensions	**(291,259)**	(284,422)
Refunds and transfers	**(21,897)**	(16,573)
	(313,156)	(300,995)
Net member service activities	**(201,356)**	(195,245)
Administrative Expenses *(Note 11)*	**(54,824)**	(71,155)
Increase/(Decrease) in Net Assets Available For Benefits	**1,009,304**	(97,404)
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	**$ 8,022,608**	$ 7,013,304

The accompanying notes are an integral part of the financial statements

Statement of Changes in Pension Obligations

(Canadian $ thousands) Year ended December 31	**2019**	2018
PENSION OBLIGATIONS, BEGINNING OF YEAR	**$ 5,032,462**	$ 4,958,935
Increase in Pension Obligations		
Interest on pension obligations	**291,883**	287,618
Changes in actuarial assumptions	**98,914**	-
Benefits earned	**111,800**	105,612
Net experience losses	**8,670**	-
FlexPen investments *(Note 6)*	**535**	134
	511,802	393,364
Decrease in Pension Obligations		
Benefits *(Note 9)*	**313,156**	300,995
Changes in actuarial assumptions	**-**	14,367
Net experience gains	**-**	4,475
	313,156	319,837
Net Increase in Pension Obligations	**198,646**	73,527
PENSION OBLIGATIONS, END OF YEAR	**$ 5,231,108**	$ 5,032,462

Statement of Changes in Funding Surplus

(Canadian $ thousands) Year ended December 31	**2019**	2018
FUNDING SURPLUS, BEGINNING OF YEAR	**$ 1,980,842**	$ 2,151,773
Increase/(Decrease) in Net Assets Available for Benefits	**1,009,304**	(97,404)
Net Increase in Pension Obligations	**(198,646)**	(73,527)
FUNDING SURPLUS, END OF YEAR *(Note 10)*	**$ 2,791,500**	$ 1,980,842

The accompanying notes are an integral part of the financial statements

1. DESCRIPTION OF PLAN

The following description of the Canadian Broadcasting Corporation Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the text of the Plan as amended from time to time.

a) General

The Canadian Broadcasting Corporation (the Corporation) established the Plan effective September 1, 1961, pursuant to the Broadcasting Act. The Plan is primarily a contributory defined benefit pension plan covering substantially all employees of the Corporation. The Plan is subject to the provisions of the Pension Benefits Standards Act, 1985 (PBSA) and Regulations. The Plan's registration number with the Office of the Superintendent of Financial Institutions (OSFI) is 0055144.

b) Benefits

The Corporation guarantees the payment of the pensions (other than the flexible pension provision (see Note 6)), and other benefits payable under the terms of this Plan. A member who is a full-time employee of the Corporation will receive benefits based on the length of pensionable service and on the average of the best five consecutive years of pensionable salary in the last ten years of employment. A member who is a part-time employee of the Corporation will receive benefits based on an indexed career average salary formula. The benefits are indexed at the lesser of 2.7% or the increase in the Consumer Price Index (CPI) effective January 1st of each year.

c) Funding

The Plan is funded on the basis of actuarial valuations, which are made on an annual basis. Employees are required to contribute to the Plan a percentage of their pensionable salary. The contribution rate for full-time employees from January 1, 2019 to June 30, 2019 was 8.37% of earnings up to the maximum public pension plan earnings of $57,400 and 11.00% of earnings in excess of such maximum. The employee contribution rate was decreased to 8.13% of earnings up to the maximum public pension plan earnings and 10.69% in excess of such maximum from July 1, 2019 to December 31, 2019. In 2018 the rate was a constant 8.37% of earnings up to the maximum public pension plan earnings of $55,900 and 11.00% of earnings in excess of such maximum. The Corporation provides the balance of the funding, as required, based on actuarial valuations. The most recent actuarial valuation of the Plan was performed as of December 31, 2019.

d) Income tax status

The Plan is a Registered Pension Trust as defined in the Federal Income Tax Act (ITA), and consequently, is not subject to income taxes. The Plan's registration number for income tax purposes is 202895.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Presentation

These financial statements are prepared in accordance with Canadian Accounting Standards for Pension Plans (ASPP) in Part IV of the Chartered Professional Accountants of Canada (CPA Canada) Handbook - Accounting (the “Handbook”), on a going concern basis and present the financial position of the Plan as a separate financial reporting entity independent of the CBC/Radio-Canada (Plan sponsor) and Plan members. The objective of these financial statements is to assist Plan members and other users in reviewing the financial position and results of operations of the Plan for the year. However, these statements do not portray the funding requirements of the Plan or the security of an individual Plan member's benefits.

In accordance with CPA Canada Section 4600, *Pension Plans*, which provide specific accounting guidance on investments and pension obligations, the Plan adopted Accounting Standards for Private Enterprises (ASPE) in Part II of the Handbook for accounting policies that are not covered in Part IV of the Handbook.

b) Investments

Investments are recorded as of the trade date and are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Accrual of income

Investment income has been accrued to the year-end date.

d) Fair Value Measurement

The Plan is following International Financial Reporting Standards (IFRS) 13, Fair Value Measurement to determine the fair value of its investment portfolio. The Plan’s financial statement disclosures with regards to its investment portfolio are based on the provisions of CPA Canada Section 4600 which includes compliance with the disclosure requirements of IFRS 7, Financial Instruments: Disclosures.

e) Current year change in fair value of investments

The current year change in fair value of investments is the difference between the fair value and the cost of investments at the beginning and end of each year adjusted for realized gains and losses in the year.

f) Pension obligations

Pension obligations related to the defined benefit portion of the Plan are based on a going concern basis actuarial valuation prepared by a firm of independent actuaries. The value of the pension obligations is based on the results of the formal valuation completed for December 31, 2019 (see Note 8). Accrued pension benefits related to the flexible pension provisions are reported at the fair value of the investments associated with the contributions.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

g) Contributions

Contributions for current service are recorded in the year in which the related payroll costs are incurred. Contributions for past service are recorded in the year received. Cash contributions related to the flexible pension provisions are recorded in the year received.

h) Foreign currency translation and forward currency agreements

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at year-end. Income and expenses are translated at the rate of exchange prevailing at the time of the transactions. Forward currency agreements are fair valued at the reporting date. Gains and losses from translation and forward currency agreements are included in the current year change in fair value of investments.

i) Measurement uncertainty

The preparation of financial statements in conformity with ASPP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The major estimates used by management in preparing the financial statements relate to the valuation and classification of investments particularly those classified as Level 3 in Note 3 f) as well as assumptions used in the calculation of the pension obligations. Actual results could differ from those estimates.

j) Securities lending

The Plan may enter into securities lending transactions. These securities lending activities are fully collateralized by securities, and the securities loaned continue to be accounted for as investments on the Statement of Financial Position. Lending fees earned by the Plan on these transactions are included in investment income.

3. INVESTMENTS

a) Schedule of investments

The tables below show the fair value and the cost of the investments at year-end as well as the current year change in fair value of investments and related income. Investment income includes interest and dividends earned during the year as well as income from real estate properties which is net of operating and interest expense.

2019 INVESTMENTS

(Canadian $ thousands)	Fair Value	Cost	Change in Fair Value of Investments[1]	Investment Income	Total Return
INVESTMENT ASSETS					
Fixed Income					
Cash and short-term investments	$ 443,060	$ 443,166	$ (1,445)	$ 9,678	$ 8,233
Canadian bonds	3,275,682	2,480,649	280,958	78,188	359,146
Alternatives	38,431	38,120	166	3,648	3,814
	3,757,173	2,961,935	279,679	91,514	371,193
Equities					
Canadian	738,298	701,761	83,524	30,541	114,065
Global	2,055,452	1,358,956	333,511	48,133	381,644
	2,793,750	2,060,717	417,035	78,674	495,709
Strategic					
Real estate	773,314	556,584	21,794	40,424	62,218
Private equity	690,959	578,280	(75,887)	106,074	30,187
Hedge funds	46,233	40,000	7,563	882	8,445
	1,510,506	1,174,864	(46,530)	147,380	100,850
Derivatives					
Currency forwards	5,942	-	10,935	-	10,935
TOTAL INVESTMENT ASSETS	8,067,371	6,197,516	661,119	317,568	978,687
INVESTMENT LIABILITIES					
Fixed Income					
Securities sold under agreements to repurchase	(75,885)	(75,885)	-	-	-
Derivatives					
Bond forwards	(18,098)	-	183,397	-	183,397
Total return swaps	(2,225)	-	100,627	-	100,627
Call options – equity	(84)	(107)	2.238	-	2,238
	(20,407)	(107)	286,262	-	286,262
TOTAL INVESTMENT LIABILITIES	(96,292)	(75,992)	286,262	-	286,262
TOTAL NET INVESTMENTS	**$ 7,971,079**	**$ 6,121,524**	**$ 947,381**	**$ 317,568**	**$ 1,264,949**

[1] *Includes $549.1 million of change in unrealized market gains and $398.3 million of realized gains.*

3. INVESTMENTS *(cont'd)*

a) Schedule of investments *(cont'd)*

2018 INVESTMENTS

(Canadian $ thousands)	Fair Value	Cost	Change in Fair Value of Investments[1]	Investment Income	Total Return
INVESTMENT ASSETS					
Fixed Income					
Cash and short-term investments	$ 459,973	$ 459,974	$ 480	$ 7,847	$ 8,327
Canadian bonds	2,831,850	2,292,288	(83,508)	75,225	(8,283)
Alternatives	10,600	10,313	407	209	616
	3,302,423	2,762,575	(82,621)	83,281	660
Equities					
Canadian	671,497	751,940	(107,882)	30,654	(77,228)
Global	1,476,822	1,058,014	2,388	36,364	38,752
	2,148,319	1,809,954	(105,494)	67,018	(38,476)
Strategic					
Real estate	686,394	487,460	27,541	57,969	85,510
Private equity	747,804	562,100	25,530	140,654	166,184
Hedge funds	38,670	40,000	(7,256)	874	(6,382)
	1,472,868	1,089,560	45,815	199,497	245,312
Derivatives					
Bond forwards	31,196	-	(26,505)	-	(26,505)
Total return swaps	9,847	-	(15,365)	-	(15,365)
	41,043	-	(41,870)	-	(41,870)
TOTAL INVESTMENT ASSETS	6,964,653	5,662,089	(184,170)	349,796	165,626
INVESTMENT LIABILITIES					
Derivatives					
Call options – equity	(212)	(377)	5,734	-	5,734
Currency forwards	(2,258)	-	(2,258)	-	(2,258)
TOTAL INVESTMENT LIABILITIES	(2,470)	(377)	3,476		3,476
TOTAL NET INVESTMENTS	**$ 6,962,183**	**$ 5,661,712**	**$ (180,694)**	**$ 349,796**	**$ 169,102**

[1] *Includes $261.2 million of change in unrealized market losses and $80.5 million of realized gains.*

3. INVESTMENTS *(cont'd)*

b) Determination of Fair Values

Fair values of investments are determined as follows:

i) Cash and short-term investments, which include bank deposits, treasury bills, bankers' acceptances, commercial paper and short-term bonds, are valued at cost, including accrued interest, which due to their short term-to-maturity approximates fair value. Cash and short-term investments also include bonds with maturity dates due within 12 months of the year-end and are recorded at closing mid-market quotes.

ii) Bonds consisting of both nominal and real return are valued based on quoted mid-market prices or if not available, estimated using discounted cash flow techniques.

iii) Fixed income alternatives include investments through ownership in limited partnership funds and are valued based on the most recent financial information provided by the fund's General Partners under limited partnership agreements adjusted for cash flows and foreign currency, as applicable which approximates fair value.

iv) Securities sold under agreements to repurchase are accounted for as collateralized borrowing transactions and are recorded at cost, including accrued interest, which due to their short term-to-maturity approximates fair value.

v) Equities consisting primarily of listed securities are recorded at prices based on quoted market closing prices or if not available, estimated using valuation techniques as described below under Private Equity.

vi) Real estate includes investments held directly and through ownership in limited partnership funds. Direct investments in real estate projects when in development are valued at the lower of cost and estimated realizable value, as a proxy for fair value. Investments in income producing properties are recorded at estimated fair values determined by using appropriate industry valuation techniques and best estimates by property managers and/or independent appraisers who hold professional appraiser designations. In periods between appraisals, valuations are reviewed and updated for changes in market and property specific parameters. Real estate investments through ownership in limited partnership funds and are valued based on the most recent financial information provided by the fund's General Partners under limited partnership agreements adjusted for cash flows and foreign currency, as applicable which approximates fair value. The limited partnership funds' investments are valued using similar valuation methods described above as applicable.

vii) Private equity includes investments through ownership in limited partnership funds and are valued based on the most recent financial information provided by the fund's General Partners under limited partnership agreements adjusted for cash flows and foreign currency, as applicable which approximates fair value. The limited partnership funds' investments consist primarily of unlisted securities and the fair values are estimated using one of the following methods: earnings multiple, discounted cash flows or earnings, available market prices and price of recent investments. These values are reviewed by management and are methods that reflect generally accepted industry valuation practices.

viii) Hedge Funds and similar alternative investment funds are recorded at fair value based on net asset values obtained from each of the fund's administrators.

ix) Derivative financial instruments:

a) Exchange-traded derivatives are valued based on quoted closing market prices.
b) Over-the-counter derivatives are valued based on market valuation techniques, primarily pricing models using observable market prices and other financial inputs to estimate fair value.

3. INVESTMENTS *(cont'd)*

c) Derivative Financial Instruments

Derivative financial instruments are financial contracts whose values are derived from the value of underlying assets, indexes, interest rates or currency exchange rates. The Plan uses fixed income derivative instruments (bond forwards and total return swaps) as part of its liability driven investment strategy which hedges the interest rate and inflation risk mismatch in the Plan's assets and liabilities. The Plan uses a covered call writing strategy for its equity portfolio to obtain additional investment income from the premiums received. The Plan may also, from time to time, manage some of its foreign currency exposure based on economic fundamentals by entering into currency forwards.

Notional values represent the face amount of the contract to which a rate or price is applied in order to calculate the exchange of cash flows. Notional values do not represent the potential gain or loss associated with the market or credit risk of such transactions. Rather, these values serve as the basis upon which the returns from, and the fair value of, the contracts are determined. Accordingly, notional values are not recorded as assets and liabilities in the financial statements.

The Plan has master netting arrangements in place for its fixed income derivative instruments. In the normal course of business, the Plan settles its derivative contracts on a net basis. The Plan's recognized financial instruments are presented in Note 3 a) and summarized further on the following page.

Forwards
The Plan's forward contracts are negotiated agreements between two counterparties where one counterparty agrees to buy a financial instrument, and the other agrees to sell a financial instrument at an agreed future date, but at a price established at the start of the contract. The Plan uses fixed income and currency forward contracts.

Swaps
The Plan's total return swap contracts are negotiated agreements between two counterparties where one agrees to pay the total return (interest payments and any capital gains or losses) from a specified reference asset or group of assets and the other counterparty agrees to pay a specified fixed or floating cash flow. The reference assets for the Plan's total return swaps are various fixed income indexes or a group of four to six government bonds.

Options
The Plan's call options are standardized equity contracts listed on regulated exchanges. The Plan has sold (written) contracts to a counterparty under which they have the right, but not an obligation, to buy an underlying equity instrument at a fixed price prior to a future specified date. The Plan receives a premium from the purchasing counterparty for this right.

3. INVESTMENTS *(cont'd)*

c) Derivative Financial Instruments *(cont'd)*

The following table summarizes the notional amounts and fair value of the Plan's derivatives contracts:

(Canadian $ thousands) As at December 31	**2019** Notional Value	**2019** Net Fair Value	2018 Notional Value	2018 Net Fair Value
Fixed Income				
Forwards	**$ 1,746,915**	**$ (18,098)**	$ 1,986,748	$ 31,196
Total return swaps	**829,787**	**(2,225)**	870,966	9,847
	2,576,702	**(20,323)**	2,857,714	41,043
Equities				
Call options (written)	**(7,830)**	**(84)**	(29,280)	(212)
Currency				
Forwards	**317,138**	**5,942**	161,342	(2,258)
TOTAL	**$ 2,886,010**	**$ (14,465)**	$ 2,989,776	$ 38,573

The net fair value of derivative contracts is represented by:

(Canadian $ thousands) As at December 31	**2019**	2018
Derivative - related receivables	**$ 11,598**	$ 44,673
Derivative - related payables	**(26,063)**	(6,100)
TOTAL NET	**$ (14,465)**	$ 38,573

All derivative contracts held at December 31, 2019 and 2018 have a term to maturity less than one year.

d) Securities Lending

The Plan participates in securities lending programs whereby it lends securities in order to enhance portfolio returns. Any such securities lending requires high quality non-cash collateral with a fair value equal to no less than 102% of the value of the securities lent. As of December 31, 2019, securities with an estimated fair value of $17.9 million (2018: $111.2 million) were loaned out, while securities contractually receivable as collateral had an estimated fair value of $18.7 million (2018: $117.4 million).

3. INVESTMENTS *(cont'd)*

e) Financial Risk Management

i) Overview

The Plan invests in assets that expose the Plan to a range of investment risks. The Plan invests in riskier assets to earn a higher rate of return than would be achieved through the investment in a minimum risk portfolio (MRP). The MRP is the portfolio that would minimize the Plan's overall risk. The Plan has strategies, policies and processes in place to manage these risks and to ensure it is being properly compensated for the risks it is taking. The Plan's objective is not to minimize risk, but to optimize risk relative to the Plan's risk tolerance.

The Plan follows a Liability Driven Investment (LDI) strategy that focuses on reducing the interest rate and inflation risk mismatch between the Plan's assets and liabilities. The Plan's Statement of Investment Policies and Procedures (SIP&P) sets out the Plan's investment framework and risk limits. The SIP&P, which is prepared in accordance with applicable legislation, is updated and approved annually by the Plan's Board of Trustees. It defines eligible investments, asset mix ranges and diversification requirements. Compliance with the SIP&P is evaluated and reported to the Plan's Board of Trustees on a monthly basis. The Plan's processes for selecting and evaluating portfolio managers, as well as the Plan's investment security selection processes are key components of the Plan's financial risk management system. Derivatives are also used to manage certain risk exposures.

ii) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Plan is exposed to market risk through its investments in various types of assets. While the vast majority of the Plan's investments expose the Plan to some form of market risk, the degree of risk varies considerably by investment. One of the key ways that the Plan manages market risk is by diversifying its investments across asset classes, industry sectors, countries, currencies, investment strategies and individual companies.

a) 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. The Plan is exposed to currency risk through its investment in financial instruments denominated in currencies other than the Canadian dollar. Changes in the value of foreign currencies relative to the Canadian dollar can increase or decrease the fair value and future cash flows of these investments. Currency risk is managed through SIP&P defined limits on maximum currency exposures, diversification among currencies and through the active hedging of foreign currency exposures. The SIP&P defined minimum and maximum exposure limits on foreign currencies are 15% and 40%, respectively, of the market value of the Plan's assets.

3. INVESTMENTS *(cont'd)*

e) Financial Risk Management *(cont'd)*

ii) Market Risk *(cont'd)*

The Plan had investment exposure to foreign currencies as set out below:

(Canadian $ thousands) As at December 31	Foreign Currency Exposure **2019**	2018
United States dollar	**$ 1,779,114**	$ 1,626,605
Euro	**194,618**	178,950
Japanese yen	**76,131**	63,040
British pound sterling	**46,189**	40,402
Swedish krona	**27,607**	17,523
Swiss franc	**25,810**	22,626
Hong Kong SAR dollar	**21,656**	21,577
Mexican peso	**11,629**	7,535
Singapore dollar	**9,953**	7,227
Chinese renminbi	**8,494**	1,812
Indonesian rupiah	**8,395**	6,499
New Taiwan dollar	**6,131**	7,391
Australian dollar	**5,262**	4,629
Indian rupee	**5,206**	2,027
Thai baht	**4,027**	5,495
Czech koruna	**3,900**	3,704
Brazilian real	**3,827**	-
South Korean won	**3,239**	4,402
Norwegian krone	**2,554**	1,914
Danish krone	**1,840**	1,111
Other	**2,584**	3,013
TOTAL	**$ 2,248,166**	$ 2,027,482

As at December 31, 2019, a 1% increase in the Canadian dollar against all other currencies would decrease the value of the Plan's assets by $22.5 million or 0.3% (2018: $20.3 million or 0.3%). A 1% decrease in the Canadian dollar against all other currencies would increase the value of the Plan's assets by $22.5 million or 0.3% (2018: $20.3 million or 0.3%). This calculation is based on the Plan's direct foreign currency holdings and does not include secondary impacts of exchange rate changes.

b) 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. Pension obligations also contain a significant component of interest rate risk. The Plan's interest rate risk exposure arises due to any mismatches between the interest rate sensitivity of the assets and the liabilities. The Plan's LDI strategy is designed to manage the Plan's interest rate risk as it relates to both the Plan's assets and liabilities. The Plan's overall asset mix, fixed income duration and interest rate derivatives are all used to hedge the Plan's interest rate risk. As interest rate risk is one of the key risks facing the Plan, the Plan conducts a significant amount of interest rate sensitivity and scenario analysis. The Plan closely monitors its overall interest rate risk exposure and interest rate risk hedging effectiveness through a detailed set of performance report cards and dashboards.

Changes in interest rates directly affect the value of the Plan's fixed income investments, including fixed income derivative instruments and also have a significant influence on the value of equity investments and foreign exchange rates. As at December 31, 2019, and after giving effect to derivative contracts, an increase of 1% in nominal interest rates would result in a decline in the value of the fixed income investments and derivatives of approximately $916.9 million or 11.5% (2018: $848.9 million or 12.2%) of the Plan's assets. A 1% reduction in nominal interest rates would increase the value of the fixed income investments and derivatives by $916.9 million or 11.5% (2018: $848.9 million or 12.2%) of the Plan's assets. This is based on the duration of the holdings and does not include other variables such as convexity.

3. INVESTMENTS *(cont'd)*

e) Financial Risk Management *(cont'd)*

ii) Market Risk *(cont'd)*

With respect to pension obligations, as at December 31, 2019 and holding inflation and salary escalation assumptions constant, a 1% reduction in the assumed long-term rate of return would result in an increase in the pension obligations, which are measured on a going concern basis, of approximately 13.9% (2018: 13.7%). A 1% increase in the assumed long-term rate of return would result in a decrease in the pension obligations, which are measured on a going concern basis, of approximately 11.1% (2018: 11.0%).

c) Other Price Risk — Other 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 those 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 factors affecting all similar financial instruments traded in the market. The Plan's exposure to other price risk results primarily from its holdings of domestic and foreign equities, as well as through its investments in real estate and other strategic investments. Other price risk is managed through SIP&P defined maximum and minimum exposure limits on regions, countries, economic sectors and single securities.

The overall equity market exposure limits as a percentage of Plan assets as at December 31, 2019 and 2018 were as follows:

(% of category)	**Minimum**	**Long-term Target**	**Maximum**
Canadian Equities	5	10	15
Global Equities	19	24	29
TOTAL	24	34	44

Concentration of price risk exists when a significant portion of the portfolio is invested in securities with similar characteristics or subject to similar economic, market, political or other conditions. The following tables provide information on the Plan's price risk:

(% of category)	**2019**		2018	
EQUITIES	**Canadian**	**Global**	Canadian	Global
Consumer Discretionary	**2.4**	**11.6**	2.1	11.5
Consumer Staples	**7.5**	**8.2**	9.0	8.2
Energy	**12.4**	**3.3**	12.1	3.9
Financials	**27.5**	**18.1**	26.7	18.3
Health Care	**0.3**	**12.3**	0.0	12.6
Industrials	**9.7**	**15.5**	9.7	16.2
Information Technology	**4.5**	**16.5**	3.4	14.8
Materials	**10.2**	**4.6**	9.0	4.1
Real Estate	**9.1**	**2.0**	9.2	2.4
Telecommunication Services	**9.2**	**5.6**	11.0	5.7
Utilities	**7.2**	**2.3**	7.8	2.3
TOTAL	**100.0**	**100.0**	100.0	100.0

3. INVESTMENTS *(cont'd)*

e) Financial Risk Management *(cont'd)*

ii) Market Risk *(cont'd)*

Price risk related to equity indices (i.e. S&P/TSX, S&P 500, MSCI EAFE, MSCI World ex-Canada) is calculated based on the Capital Asset Pricing Model (CAPM) and with the assumption of a constant risk-free interest rate. Portfolio betas are obtained through a third party provider.

(Canadian $ thousands)	**2019**	2018
Canadian Equity		
Market Value	**$ 738,298**	$ 671,497
+ / - 1% change in S&P/TSX	**6,860**	5,942
U.S. Equity		
Market Value	**616,506**	501,887
+ / - 1% change in S&P 500	**5,725**	4,733
Global Equity		
Market Value	**1,438,946**	974,935
+ / - 1% change in MSCI ACWI ex-Canada	**$ 14,042**	$ 9,570

iii) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Plan's main exposure to credit risk comes from its receivables and its investment in debt instruments and over-the-counter derivatives, as described in Note 3 c).

The Plan's receivables are comprised of pension contributions due from employees (as deductions from payroll) and from the employer (Plan sponsor). The credit risk to the Plan arises from the possibility that the Plan sponsor fails to pay the employee salaries from which the employee contributions are deducted and fails to pay its own portion of the contributions due. The risk of non-payment is considered low, and all amounts due at December 31, 2019 and December 31, 2018 have subsequently been remitted to the Plan.

Debt instruments include both short-term investments and longer-term fixed income investments. The credit risk in over-the-counter derivatives arises when the Plan has mark-to-market gains and is therefore owed funds by the counterparty to the derivatives transaction. The Plan's SIP&P defines permitted investments, in accordance with the PBSA and provides guidelines and restrictions on acceptable investments which mitigate credit risk. The SIP&P limits include minimum credit rating requirements, limits on types of investments, limits on exposure to single sectors and limits on exposure to single securities. No more than 3% of the bond portfolio can be invested in securities with a bond credit rating lower than "BBB-". In order to minimize derivative contract credit risk, the Plan deals only with major financial institutions with a minimum credit rating of "A-".

The Plan also has International Swaps and Derivatives Association (ISDA) agreements, netting provisions and/or collateral posting requirements with the majority of its derivative counterparties. The Plan leverages the resources of a major Canadian bank to provide it with independent credit assessments of its derivative counterparties. At December 31, 2019 the Plan received $6.2 million (2018: received $50.2 million) of collateral in the form of Government of Canada bonds and provincial bonds from its various derivative counterparties and provided $1.4 million (2018: $Nil) of collateral to its derivative counterparties. The Plan has also provided an additional $2.2 million (2018: $Nil) of collateral to the counterparty for the securities sold under agreements to repurchase contracts as the initial value of the collateral under the agreements has declined as at December 31, 2019.

3. INVESTMENTS *(cont'd)*

e) Financial Risk Management *(cont'd)*

iii) Credit Risk *(cont'd)*

The maximum credit exposure of the Plan is represented by the fair value of the investments as presented in the Statement of Financial Position.

Concentration of credit risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. The primary credit portfolio concentrations are as follows:

(Canadian $ thousands)	**2019**		2018	
CASH AND SHORT-TERM INVESTMENTS	**Fair Value**	**%**	Fair Value	%
Cash	**$ 339,346**	**76.6**	$ 319,546	69.5
Short-term investments				
Corporate	**103,714**	**23.4**	140,427	30.5
TOTAL	**$ 443,060**	**100.0**	$ 459,973	100.0
Cash	**$ 339,346**	**76.6**	$ 319,546	69.5
Short-term investments				
R-1 (high)	**35,736**	**8.0**	108,771	23.6
R-1 (middle)	**5,236**	**1.2**	-	0.0
R-1 (low)	**62,742**	**14.2**	31,656	6.9
	103,714	**23.4**	140,427	30.5
TOTAL	**$ 443,060**	**100.0**	$ 459,973	100.0

(Canadian $ thousands)	**2019**		2018	
CANADIAN BONDS	**Fair Value**	**%**	Fair Value	%
Government of Canada	**$ 1,002,174**	**30.6**	$ 886,226	31.3
Provincial	**1,292,943**	**39.5**	1,072,868	37.9
Corporate	**980,565**	**29.9**	872,756	30.8
TOTAL	**$ 3,275,682**	**100.0**	$ 2,831,850	100.0
AAA to AA-	**$ 1,797,786**	**54.9**	$ 1,629,936	57.6
A+ to A-	**1,015,468**	**31.0**	858,065	30.3
BBB+ to BBB-	**462,428**	**14.1**	343,849	12.1
TOTAL	**$ 3,275,682**	**100.0**	$ 2,831,850	100.0

The above table does not include derivative or derivative counterparty exposure. The Plan's fixed income derivative exposure of $2.6 billion (2018: $2.9 billion) as at December 31, 2019 is 100.0% (2018: 100.0%) Provincial bonds; all the underlying bonds have a minimum credit rating of "A".

3. INVESTMENTS *(cont'd)*

e) Financial Risk Management *(cont'd)*

iv) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Plan is exposed to liquidity risk through its pension obligations (as described in Note 8), investment commitments (as described in Note 12) and the liabilities that might arise from mark-to-market of derivative positions. The Plan manages its short-term liquidity requirements through forecasting its cash flow requirements on a quarterly basis, monitoring of its cash flows on a daily basis and through its holdings of highly liquid short-term notes. These short-term notes, which generally mature over periods ranging from 1 day to 3 months, are managed so that their maturities cover the Plan's short-term outgoing cash flow requirements. The Plan aims to maintain minimum short-term note holdings equivalent to 3% of the Plan's value, which provides sufficient liquidity to meet contractual obligations as they come due. Over the medium to longer term, the Plan is also able to meet its liquidity requirements through its holdings of liquid investments such as publicly traded equities and fixed income instruments issued by the federal and provincial Canadian governments. The majority of the Plan's long-term fixed income instruments are held for trading purposes and are therefore not typically held to contractual maturity, and are thus considered to mature in less than one year.

The Plan has the following financial liabilities as at December 31:

(Canadian $ thousands)

As at December 31		**Due 2019**		Due 2018
Accounts payable and accrued liabilities *(Note 7)*	**$**	**9,279**	$	8,341
Due to brokers		**4,767**		-
Derivatives *(Note 3 c)*		**26,063**		6,100
TOTAL	**$**	**40,109**	$	14,441

f) Fair Value Measurement Disclosure

Financial instruments recorded at fair value on the Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

3. INVESTMENTS *(cont'd)*

f) Fair Value Measurement Disclosure *(cont'd)*

The following tables present the financial instruments recorded at fair value in the Statement of Financial Position, classified using the fair value hierarchy described above as at December 31, 2019 and 2018:

2019 INVESTMENTS

(Canadian $ thousands)	Level 1	Level 2	Level 3	Total
INVESTMENT ASSETS				
Fixed Income				
Cash and short-term investments	$ 437,824	$ 5,236	$ -	$ 443,060
Canadian bonds	-	2,278,689	996,993	3,275,682
Alternatives	-	-	38,431	38,431
	437,824	2,283,925	1,035,424	3,757,173
Equities				
Canadian	317,309	420,989	-	738,298
Global	1,683,196	372,256	-	2,055,452
	2,000,505	793,245	-	2,793,750
Strategic				
Real estate	29,227	-	744,087	773,314
Private equity	-	-	690,959	690,959
Hedge funds	-	-	46,233	46,233
	29,227	-	1,481,279	1,510,506
Derivatives				
Currency forwards	-	5,942	-	5,942
TOTAL INVESTMENT ASSETS	2,467,556	3,083,112	2,516,703	8,067,371
INVESTMENT LIABILITIES				
Fixed Income				
Securities sold under agreements to repurchase	-	(75,885)	-	(75,885)
Derivatives				
Bond forwards	-	(18,098)	-	(18,098)
Total return swaps	-	(2,225)	-	(2,225)
Call options - equity	(84)	-	-	(84)
	(84)	(20,323)	-	(20,407)
TOTAL INVESTMENT LIABILITIES	(84)	(96,208)	-	(96,292)
TOTAL NET INVESTMENTS	**$ 2,467,472**	**$ 2,986,904**	**$ 2,516,703**	**$ 7,971,079**

During the year, there have been no transfers of amounts between Level 1, Level 2 and Level 3.

3. INVESTMENTS *(cont'd)*

f) Fair Value Measurement Disclosure *(cont'd)*

2018 INVESTMENTS

(Canadian $ thousands)	Level 1	Level 2	Level 3	Total
INVESTMENT ASSETS				
Fixed Income				
Cash and short-term investments	$ 457,975	$ 1,998	$ -	$ 459,973
Canadian bonds	-	1,955,002	876,848	2,831,850
Alternatives	-	-	10,600	10,600
	457,975	1,957,000	887,448	3,302,423
Equities				
Canadian	412,747	258,750	-	671,497
Global	1,316,881	159,941	-	1,476,822
	1,729,628	418,691	-	2,148,319
Strategic				
Real estate	36,871	-	649,523	686,394
Private equity	-	-	747,804	747,804
Hedge funds	-	-	38,670	38,670
	36,871	-	1,435,997	1,472,868
Derivatives				
Bond forwards	-	31,196	-	31,196
Total return swaps	-	9,847	-	9,847
	-	41,043	-	41,043
TOTAL INVESTMENT ASSETS	2,224,474	2,416,734	2,323,445	6,964,653
INVESTMENT LIABILITIES				
Derivatives				
Call options - equity	(212)	-	-	(212)
Currency forwards	-	(2,258)	-	(2,258)
TOTAL INVESTMENT LIABILITIES	(212)	(2,258)	-	(2,470)
TOTAL NET INVESTMENTS	**$ 2,224,262**	**$ 2,414,476**	**$ 2,323,445**	**$ 6,962,183**

3. INVESTMENTS *(cont'd)*

f) Fair Value Measurement Disclosure *(cont'd)*

The following tables reconcile the fair value of financial instruments classified in Level 3 from the beginning balance to the ending balance:

2019 INVESTMENTS

(Canadian $ thousands)	Balance at Dec 31/2018	Purchases	Sales	Realized gain/(loss)	Change in unrealized gain/(loss)	Amortization	Balance at Dec 31/2019
Fixed Income							
Canadian bonds	$ 876,848	$ -	$ (195)	$ (18)	$ 120,375	$ (17)	$ 996,993
Alternatives	10,600	28,677	(845)	-	25	(26)	38,431
	887,448	28,677	(1,040)	(18)	120,400	(43)	1,035,424
Strategic							
Real estate	649,523	102,750	(27,229)	2,508	16,535	-	744,087
Private equity	747,804	69,200	(50,440)	(2,579)	(73,026)	-	690,959
Hedge funds	38,670	-	-	-	7,563	-	46,233
	1,435,997	171,950	(77,669)	(71)	(48,928)	-	1,481,279
TOTAL	**$ 2,323,445**	**$ 200,627**	**$ (78,709)**	**$ (89)**	**$ 71,472**	**$ (43)**	**$ 2,516,703**

2018 INVESTMENTS

(Canadian $ thousands)	Balance at Dec 31/2017	Purchases	Sales	Realized gain/(loss)	Change in unrealized gain/(loss)	Amortization	Balance at Dec 31/2018
Fixed Income							
Canadian bonds	$ 887,075	$ -	$ (199)	$ (19)	$ (9,991)	$ (18)	$ 876,848
Alternatives	2,010	9,260	(939)	-	259	10	10,600
	889,085	9,260	(1,138)	(19)	(9,732)	(8)	887,448
Strategic							
Real estate	608,546	62,624	(50,210)	14,782	13,781	-	649,523
Private equity	649,329	135,464	(62,123)	(684)	25,818	-	747,804
Hedge funds	45,926	-	-	-	(7,256)	-	38,670
	1,303,801	198,088	(112,333)	14,098	32,343	-	1,435,997
TOTAL	**$ 2,192,886**	**$ 207,348**	**$ (113,471)**	**$ 14,079**	**$ 22,611**	**$ (8)**	**$ 2,323,445**

Total net unrealized gains for Level 3 instruments held at the end of 2019 amounts to $885.0 million (2018: $813.5 million).

4. CAPITAL

The Plan's capital consists of the funding surpluses determined regularly in the funding valuations prepared by an independent actuary. The actuary's funding valuation is used to measure the financial well-being of the Plan. The objective of managing the Plan's capital is to ensure the Plan is fully funded to pay the plan benefits over the long term. The Pension Board of Trustees oversees the preparation of funding valuations and monitors the Plan's funded status. The Plan sponsor determines actions which may be taken to manage the funded position of the Plan. The actuary tests the Plan's ability to meet its obligations to all current Plan members and their survivors, using a set of economic and non-economic assumptions, the actuary projects the Plan's benefits on a going concern basis to estimate the current value of the liability, which it compares to the sum of the Plan assets. The result of the comparison is either a surplus or a deficit. As part of the funding valuation, the actuary also performs a measurement of the Plan's assets and liabilities on a solvency basis, which simulates the wind-up of the Plan. A funding valuation is required to be filed with the pension regulator annually. In addition, the Pension Board of Trustees obtains quarterly reports from the actuary and monthly reports from management which estimate the Plan's going concern and solvency financial positions, which assist the Pension Board of Trustees in monitoring the Plan's capital. The most recent projection of the actuarial valuation and funding position are disclosed in Notes 8 and 10. There have been no major changes to the Plan's capital requirements and its overall strategy with respect to capital remains unchanged from 2018.

5. CONTRIBUTIONS

The following are the contributions for the year:

(Canadian $ thousands)		**2019**		2018
Employee				
- Current Service	**$**	**51,914**	$	48,722
- Past Service		**7,221**		6,748
- FlexPen *(Note 6)*		**-**		240
		59,135		55,710
Employer		**50,856**		48,910
Transfers / (Refunds)		**1,809**		1,130
TOTAL	**$**	**111,800**	$	105,750

6. FLEXIBLE PENSION (FLEXPEN)

The Plan includes a flexible component, FlexPen, under which members can make additional contributions to the Plan, up to limits within the ITA. Members may choose from various pooled fund investments which are administered by external managers. Contributions and accrued investment income thereon are converted into additional benefits based upon market rates at the earliest of retirement, death or termination of employment. The liabilities of the Plan with respect to FlexPen are equal to the additional member contributions, plus investment income, plus or minus capital appreciation or depreciation thereon less purchases of additional pension benefits and transfers. This portion of the Plan benefits is funded entirely by members.

(Canadian $ thousands)		**2019**		2018
Investment, Beginning of Year	**$**	**4,407**	$	5,129
Contributions and interest		**-**		240
Capital appreciation/(depreciation)		**535**		(106)
Purchase of additional pension benefits and transfers out		**(805)**		(856)
Investment, End of Year	**$**	**4,137**	$	4,407

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following are the accounts payable and accrued liabilities at year-end:

(Canadian $ thousands)		**2019**		2018
Benefits	**$**	**6,245**	$	5,641
Administrative expenses		**3,034**		2,700
TOTAL	**$**	**9,279**	$	8,341

8. PENSION OBLIGATIONS

Under the PBSA actuarial valuations are required at least annually. The latest actuarial valuation was performed at December 31, 2019 by Morneau Shepell. Amounts reported in these financial statements are based on going concern results of this valuation. The actuarial assumptions used in determining the obligations for pension obligations reflect the Board of Trustees' best estimates of expected economic trends and involve both economic and non-economic assumptions. The non-economic assumptions include considerations such as mortality, withdrawal and retirement rates. The primary economic assumptions include the asset rate of return, salary escalation rate, indexation and inflation rate, which were as follows:

	Long-term assumptions	
	2019	2018
Asset rate of return	**5.70%**	5.80%
Salary escalation rate [1]	**2.75%**	2.75%
Indexation	**1.86%**	1.86%
Inflation rate	**2.00%**	2.00%
Mortality table	**CBC 2019 Pensioner Mortality (CPM-B projection scale)**	CBC 2014 Pensioner Mortality (CPM-B projection scale)

[1] Excluding merit and promotional salary increases

Select assumptions reflecting the short-term economic environment were also used.

In 2019, there were net experience losses of $8.7 million (2018: net experience gains of $4.4 million) with respect to plan membership, retirement and termination settlements compared to the assumptions used in the actuarial valuation conducted as at December 31, 2019.

The PBSA requires that the Plan also be valued on a solvency basis, which simulates a plan wind-up. As of December 31, 2019, the date of the last actuarial valuation, the Plan's solvency liabilities were estimated at $7,787 million (2018: $6,927 million).

9. BENEFITS

Benefits for the year-ended December 31 were as follows:

(Canadian $ thousands)	**2019**	2018
Retirement benefits	**$ 256,704**	$ 251,884
Death benefits	**34,555**	32,538
	291,259	284,422
Refunds and transfers to other plans	**21,092**	15,717
FlexPen – purchase of additional pension benefits and transfers out *(Note 6)*	**805**	856
	21,897	16,573
TOTAL	**$ 313,156**	$ 300,995

10. FUNDING POSITION

The last actuarial valuation of the Plan was performed as at December 31, 2019 and determined that the Plan had a funding excess of $2,791.5 million (2018: $1,980.8 million) on a going concern basis.

The PBSA also requires the actuarial valuation to determine the Plan's estimated liabilities on a solvency basis, which considers the value of the benefits earned if the Plan were to be wound up on the valuation date. The assumptions used in a solvency valuation are largely dictated by the Canadian Institute of Actuaries which requires using discount rates that are typically less than the rate of return earned by the Plan. The use of more conservative discount rates results in larger liabilities and creates a smaller funding surplus for the Plan as at December 31, 2019 of $229.3 million (2018: surplus of $79.3 million) on a solvency basis. For solvency funding requirements, the Plan is required to determine its solvency funding position on the average of the current year balance and the two preceding year-end balances. This results in the Plan having a 3-year average funding surplus (2018: 3-year average deficit). Under the PBSA, solvency deficiencies must be funded by the Plan sponsor over a maximum of five years, either by additional cash contributions or by a Letter of Credit. In 2019 the Plan sponsor chose to use the Letter of Credit to reduce the solvency funding requirement as approved by the Minister of Finance, the Minister of Canadian Heritage and Official Languages and OSFI. As the 3-year average funding ratio is in a surplus position as at December 31, 2019 there is no special solvency funding requirements by the Plan sponsor in 2020.

The actuarial report will be submitted to the Plan sponsor, as required under the Trust Deed, and to OSFI.

11. ADMINISTRATIVE EXPENSES

In accordance with the Trust Deed, all fees, charges and other costs incurred by the Trustees in the setting up and administration of the Plan and in the setting up and management of the Fund are to be paid by the Fund. Expenses for the years ended December 31, were as follows:

(Canadian $ thousands)	2019	2018
Fund Administration		
Internal Management		
Salaries and employment costs	**$ 5,573**	$ 5,878
Professional fees	**258**	219
Data processing / technology	**1,122**	1,295
Custodial fees and transaction costs	**828**	480
Office rent	**378**	361
Other	**78**	81
Total Internal Management	**8,237**	8,314
External Management		
Management fees and performance fees	**41,693**	56,910
Custodial fees and transactions costs	**649**	580
Total External Management	**42,342**	57,490
Total Fund Administration	**50,579**	65,804
Pension Benefit Administration		
External administration	**1,700**	1,572
Salaries and employment costs	**507**	475
Professional fees	**21**	29
Data processing / technology	**38**	8
Other	**243**	244
Total Pension Benefit Administration	**2,509**	2,328
Board of Trustees' Expenses		
Professional fees	**535**	550
Other	**145**	191
Total Board of Trustees Expenses	**680**	741
Harmonized sales tax	**1,056**	2,282
TOTAL	**$ 54,824**	$ 71,155

12. COMMITMENTS AND CONTINGENCIES

The Plan has committed to enter into investment transactions, which may be funded over the next several years in accordance with the terms and conditions agreed to. As at December 31, 2019, these potential unfunded commitments totalled $535.8 million (2018: $625.3 million). The Plan has sufficient liquidity to meet these commitments as they come due. The Plan is contingently liable to fund cash flow deficiencies and the obligations of its co-investors, including other pension funds, on certain real estate related investments. In addition, the Plan may have to provide financing on certain real estate related investments in the event of the non-availability of financing from other sources. The Plan has not been required to fund the obligations of its co-investors in the past and considers this contingent risk to be low.

13. GUARANTEES AND INDEMNIFICATIONS

The Plan provides that the Board of Trustees, employees and certain others are to be indemnified against the expenses related to proceedings against them. In addition, in the normal course of operations, the Plan may be required to compensate counter parties for costs incurred as a result of various contingencies such as legal claims or changes in laws and regulations. The number of such agreements, the variety of indemnifications and their contingent character prevents the Plan from making a reasonable estimate of the maximum amount that it would be required to pay all such counterparties. To date, no payments have been made under such indemnifications.

14. COMPARATIVE AMOUNTS

The following comparative amounts have been re-classified to conform to the current year financial statement presentation:

(Canadian $ thousands)	2018	
	As amended	As previously stated
Statement of Financial Position		
Investments		$ 6,962,183
Investment assets	$ 6,964,653	
Investment liabilities	$ (2,470)	

15. SUBSEQUENT EVENTS

Subsequent to the year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Plan in future periods.

SUPPLEMENTARY FINANCIAL INFORMATION

INVESTMENTS GREATER THAN $25 MILLION

AS AT DECEMBER 31, 2019
(unaudited)

FIXED INCOME

Issuer	Coupon	Maturity Date	Fair Value ($ thousands)
NOMINAL BOND			
BlackRock Canada CorePlus Long Bond Fund	n/a	n/a	965,803
TD *Emerald* Long Bond Broad Market Pooled Fund	n/a	n/a	175,366
Government of Canada	2.75%	1-Dec-48	112,455
Province of Ontario	2.80%	2-Jun-48	68,759
Province of Ontario	2.90%	2-Dec-46	29,498
Province of Quebec	5.00%	1-Dec-41	28,373
Province of Quebec	3.50%	1-Dec-48	26,875
REAL RETURN BOND			
Government of Canada	4.00%	1-Dec-31	210,556
Government of Canada	3.00%	1-Dec-36	110,788
Government of Canada	1.25%	1-Dec-47	98,289
Province of Quebec	4.25%	1-Dec-31	89,103
Government of Canada	2.00%	1-Dec-41	83,999
Province of Ontario	2.00%	1-Dec-36	65,941
Government of Canada	1.50%	1-Dec-44	55,037
Government of Canada	0.50%	1-Dec-50	50,195
FIXED INCOME ALTERNATIVES			
Bentall Kennedy High Yield Canadian Property Fund			26,575

EQUITY

Issuer	Fair Value ($ thousands)
CANADIAN EQUITY	
TD *Emerald* Low Volatility Canadian Equity Pooled Fund	233,964
TD *Emerald* Canadian Equity Index Pooled Fund	187,025
U.S. EQUITY	
SPDR S&P 500 ETF Trust Units	127,475
Berkshire Hathaway Inc. – Class B	60,799
Microsoft Corp.	55,214
MasterCard Inc. – Class A	47,238
Apple Inc.	45,162
Johnson & Johnson	38,588
GLOBAL EQUITY	
TD *Emerald* Low Volatility All World Pooled Fund	215,629
TD *Emerald* Hedged International Equity Index Pooled Fund	156,627

INVESTMENTS GREATER THAN $25 MILLION (cont'd)

AS AT DECEMBER 31, 2019
(unaudited)

STRATEGIC

Issuer	Fair Value ($ thousands)
REAL ESTATE	
AEW Core Property Trust	118,788
Bentall Kennedy Prime Canadian Property fund	92,290
Morguard Investment Ltd. Res. Prop. (1) Inc. Pooled	64,894
Triovest Realty Advisors Westhills Equities	64,400
Strathallen Retail Property Fund LP No. 4	49,536
Minto Properties Multi-Residential Income	39,407
Hancock Timberland & Farmland Fund	38,617
Airdrie Flex Industrial Fund	37,464
Realstar Apartment Partnership II	37,028
Bridge Multifamily IV International Fund	31,295
Redbourne Realty Fund IV	26,709
Realstar Apartment Partnership 4	26,216
Crown Realty III, LP	25,735
PRIVATE EQUITY	
Global Infrastructure Fund	49,333
Asian Venture Capital Fund	47,713
Secondary Fund	46,241
Secondary Fund	42,546
Global Growth Capital Fund	39,720
Global Growth Capital Fund	39,671
Secondary Fund	37,265
Global Infrastructure Fund	36,230
Asian Venture Capital Fund	31,288
Global Infrastructure Fund	25,366
HEDGE FUND	
Aspect Diversified Fund Class L shares	46,233

TOP 10 DIRECT HOLDINGS

AS AT DECEMBER 31, 2019
(unaudited)

AS A PERCENTAGE OF NET ASSETS AVAILABLE FOR BENEFITS

Company	Sector	%
CANADIAN EQUITY		
Toronto-Dominion Bank	Financials	0.18%
Royal Bank of Canada	Financials	0.17%
Nutrien Ltd.	Material	0.13%
Enbridge Inc.	Energy	0.13%
Bank of Nova Scotia	Financials	0.13%
BCE Inc.	Telecommunications	0.12%
Waste Connections Inc.	Industrials	0.12%
TC Energy Corp.	Energy	0.12%
Canadian National Railway Co.	Industrials	0.10%
Fairfax Financial Holdings Ltd.	Financials	0.10%
	Top 10 Canadian Holdings - Total	**1.30%**
GLOBAL EQUITY		
SPDR S&P 500 ETF Trust Units	Broad Index	1.59%
Berkshire Hathaway Inc. – Class B	Financials	0.76%
Microsoft Corp.	Information Technology	0.69%
MasterCard Inc. – Class A	Financials	0.59%
Apple Inc.	Information Technology	0.56%
Johnson & Johnson	Health Care	0.48%
UnitedHealth Group	Health Care	0.29%
Alphabet Inc. – Class A	Communication	0.27%
JPMorgan Chase & Co.	Financials	0.23%
Danaher Corp.	Healthcare	0.23%
	Top 10 Global Holdings - Total	**5.72%**

BOARD OF TRUSTEES & MANAGEMENT

BOARD OF TRUSTEES

(as of December 31, 2019)

Rob Jeffery
(Chair)

Director
CBC/Radio-Canada

Michael Mooney
Acting Vice-President & CFO
CBC/Radio-Canada

Marco Dubé
Vice-President, People & Culture
CBC/Radio-Canada

François Roy
Director
CBC/Radio-Canada

Alain Pineau
Retiree Representative

Calum McLeod
Employee Representative

Marie-Andrée Charron
Employee Representative

MANAGEMENT

Duncan Burrill, CPA, CMA
Managing Director / CEO

Julie Murphy, CPA, CGA
Secretary / Treasurer

INVESTMENT MANAGEMENT TEAM

Patrizia Cappelli, CFA
Portfolio Manager
Domestic Bonds

Paul Gasperetti, CFA
Portfolio Manager
Canadian Equity

Laura Hurst, CFA
Portfolio Manager
Global Equity

Nadi Tadros, CFA
Portfolio Manager
Global Equity

Robert VandenBygaart, CFA
Portfolio Manager
U.S. Equity

Miles Whittingham, CFA
Portfolio Manager
Strategic Investments

ADMINISTRATION

Francesca Adibe, CPA, CGA
Senior Manager
Risk Management
& Administration

Carole Bélanger, ASA
Senior Director
Pension Administration

Sheldon Sullivan, CPA, CA
Senior Manager
Accounting Operations

We welcome your comments and suggestions for this annual report as well as other aspects of our communications program.

Please address comments to:

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Internet – active members: io.cbcrc.ca/#/pac
pensioners: www.pensionadmin-cbc-src.ca

GLOSSARY

ACTIVE MANAGEMENT
An investment management style that aims to achieve returns above a chosen benchmark or market index. It is the opposite of passive management.

ACTUARIAL VALUATION
An analysis of the financial condition of a pension plan which calculates the liabilities of the plan and costs of providing plan benefits. An actuary prepares the valuation and the pension plan must file the valuation with its pension regulator annually.

ACTUARY
A business professional who is a fellow of the Canadian Institute of Actuaries (CIA) and is responsible for preparing and signing actuarial valuations.

ASSETS
Plan assets refer to the property of the pension fund, primarily comprised of the fair value of its investments.

ASSET MIX
The percentage of a portfolio or fund that is invested in each of the main asset types (i.e. short–term investments, fixed income, Canadian equity, international equity and alternatives).

BASIS POINT
One one-hundredth of a percentage point (0.01 percentage point). For example, if the target for the overnight interest rate is raised from 2.75 % to 3.00 %, it has been increased by 25 basis points.

BENCHMARK
A standard against which the performance or characteristics of a portfolio or investment is evaluated. The S&P/TSX equity index and the FTSE TMX Universe Bond index are widely used Canadian equity and Canadian fixed income benchmarks respectively.

BETA
A quantitative measure of the sensitivity of an equity security or an equity portfolio to changes in its related benchmark index.

BOND FORWARDS
Contracts between two counterparties where one counterparty agrees to buy a bond and the other agrees to sell a bond at an agreed future date, but at a price established at the start of the contract.

BOND OVERLAY PORTFOLIO
A portfolio of fixed income derivative instruments that are designed to hedge the Plan's interest rate and inflation risks without changing the Plan's physical asset mix. It is a key part of the Plan's Liability Driven Investment strategy.

BUYOUT INVESTMENTS
Investments in controlling interests of a company.

CAPSA
Canadian Association of Pension Supervisory Authorities (CAPSA) is a national inter-jurisdictional association of pension supervisory authorities whose mission is to facilitate an efficient and effective pension regulatory system in Canada. It discusses pension regulatory issues of common interest and develops policies to further the simplification and harmonization of pension law across Canada.

CONSUMER PRICE INDEX (CPI)
An inflation measure computed by Statistics Canada which calculates the change in prices of a fixed basket of goods and services purchased by a typical Canadian consumer each month. The Consumer Price Index is used to calculate annual cost of living increases for pension benefits, also referred to as Indexing.

CONTRIBUTION HOLIDAY
A period when the contributions to a pension plan are put on hold, the most common reason for this being a situation of surplus.

CONTRIBUTORY DEFINED BENEFIT PENSION PLAN
A type of pension plan in which an employer promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history and years of service under the plan, rather than depending on investment returns. With a defined benefit plan, investment risk is borne by the employer. In a contributory plan, members must make contributions, usually by payroll deduction, to accrue benefits.

CONTROL SELF-ASSESSMENT (CSA)
A methodology used to review key business objectives, risks involved in achieving the objectives, and internal controls designed to manage those risks. A CSA allows managers and work teams directly involved in business units, functions or processes to participate in assessing the organization's risk management and control processes.

CONVEXITY
A measure of the sensitivity of the duration of a bond to changes in interest rates.

CREDIT SPREAD
The difference in the yield between two different bonds, due to different credit quality. The credit spread reflects the additional net yield an investor can earn from taking incremental credit risk. It is often quoted in relation to the yield on (federal) government bonds.

DEFICIT
A deficit exists in a pension plan when the actuarial valuation determines that the value of the plan's assets are less than its liabilities.

DERIVATIVES
Financial contracts, or financial instruments, whose values are derived from the value of something else (known as the underlying). The underlying on which a derivative is based can be an asset, (e.g. equities, bonds), an index (e.g. exchange rates, stock market indices) or other items. The main types of derivatives are: forwards (which if traded on an exchange are known as futures); options; and swaps. Derivatives can be used to hedge the risk of economic loss arising from changes in the value of the underlying.

GLOSSARY

DURATION
The weighted average term to payment of the cash flows on a bond.

FAIR VALUE
An estimate of the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

FIDUCIARY
An individual or institution occupying a position of trust. An executor, administrator or trustee responsible for the assets belonging to another person.

FUNDED RATIO
The ratio of pension plan assets to pension plan liabilities as determined by the latest actuarial valuation. The funded ratio equals 100% when the value of the pension plan's assets and liabilities are equal. Can be measured on either a "solvency" or "going concern" basis.

GOING CONCERN VALUATION
A pension plan valuation that looks at the plan's funded status on the basis that the plan will continue to operate indefinitely.

GOVERNANCE
Pension plan governance refers to the structure, processes and safeguards for overseeing, managing and administering the plan to ensure the fiduciary and other obligations of the plan are met.

HEDGING
Using one kind of security to protect against unfavorable movements in the price of another kind of security. Usually hedging is accomplished by the use of derivatives such as options, forwards, swaps or futures.

INDEXING (of Pension Benefits)
The periodic cost of living adjustment of pension benefits usually based on a percentage or capped value of the Consumer Price Index.

LIABILITIES
The amount required by the plan to cover the cost of paying current and future pension benefits.

LIABILITY BENCHMARK
This benchmark serves as a market proxy to estimate the change in solvency pension obligations as inflation and interest rates change.

LIABILITY DRIVEN INVESTMENT (LDI)
LDI, which is also known as asset/liability matching, is an investment strategy that manages a pension plan's assets relative to its liabilities with the intent to minimize pension surplus volatility. This is done primarily through the hedging of interest rate and inflation risk. Under LDI, pension plan assets are grouped into matched and unmatched assets. Matched assets (fixed income) have the similar interest rate and inflation sensitivities as the pension plan's liabilities. Unmatched assets (equities and alternative investments) do not have the same interest rate and inflation sensitivities as the pension plan's liabilities.

MANAGEMENT FEE
A charge levied by an investment manager for managing an investment fund. The management fee is intended to compensate the managers for their costs and expertise.

MATURE PENSION PLAN
A pension plan where the number of retired members and employees near retirement is significantly greater than the number of younger plan members. Mature plans usually pay out more to retirees than they receive from members who are still working.

MEZZANINE INVESTMENTS
Investments in the subordinated debt of a company that contain an option to convert the debt to equity.

OFFICE OF THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS (OSFI)
A federal agency established in 1987 under the Office of the Superintendent of Financial Institutions Act whose mandate is to supervise all federally regulated financial institutions and pension plans.

PASSIVE MANAGEMENT
An investment management style that seeks to achieve returns equal to the market or index returns. Is also known as "indexing". It is the opposite of active management.

PENSION BENEFITS STANDARDS ACT (1985)
Managed by the Office of the Superintendent of Financial Institutions Canada, outlines the rules regarding the registration, administration and benefits of pension plans in Canada.

PENSION FUND
A pension fund is a pool of assets forming an independent legal entity that are bought with the contributions to a pension plan for the exclusive purpose of financing pension plan benefits.

PENSION OBLIGATIONS
The present value of the benefits payable to the members over their lifetime to which they are entitled or will be entitled to under the Plan.

PERFORMANCE ATTRIBUTION
The identification of the sources of portfolio return relative to the portfolio's benchmark. Helps explain why a portfolio over or underperformed its benchmark.

PLAN SPONSOR
The organization or individual that establishes a pension plan.

PRIVATE EQUITY
The sale of equity or fixed income securities directly to institutional investors such as banks, insurance companies, hedge funds and pension funds. As the sale is to institutional investors only, the securities registration and information disclosure requirements are reduced relative to publicly traded securities.

REIT
Real Estate Investment Trust. A security listed on a stock exchange that invests in real estate assets.

REPO RATE
The Repo rate is the discount rate at which a central bank repurchases government securities from the commercial banks.

RISK METRICS
Are statistical measures that quantify the degree of uncertainty as to the realization of expected returns. They assist organizations in understanding the amount of risk they are currently taking or are planning to take.

GLOSSARY

SIP&P
Statement of Investment Policy and Procedures. The SIP&P defines the investment policies, principles and eligible investments which are appropriate to the needs and objectives of the Plan, in a manner conforming to the requirements of the Pension Benefits Standards Act and the Regulations thereof.

SOLVENCY BASIS VALUATION
A pension plan valuation that assumes that the plan stops operating as of the valuation date. It is intended to test whether the plan has sufficient assets to provide an immediate payout of all benefits that have been earned to that date.

SURPLUS
A surplus exists in a pension plan when the actuarial valuation determines that the assets available exceed the accrued benefit payments (liabilities) to be paid out.

TOTAL RETURN SWAPS
Are contracts between two parties where one agrees to pay the total return (interest payments and any capital gains or losses) from a specified reference asset and the other counterparty agrees to pay a specified fixed or floating cash flow.

U.S. FED
Created in 1913, The Federal Reserve System (also the Federal Reserve; informally The Fed) is the central banking system of the United States.

YIELD CURVE
The yield curve is the relation between the interest rate (rate of borrowing) and the time to maturity of the debt for a given borrower in a given currency.

VENTURE CAPITAL INVESTMENTS
Investments in start-up companies.