CBC Pension Plan

CBC Radio-Canada

BUILDING A

FOUNDATION FOR

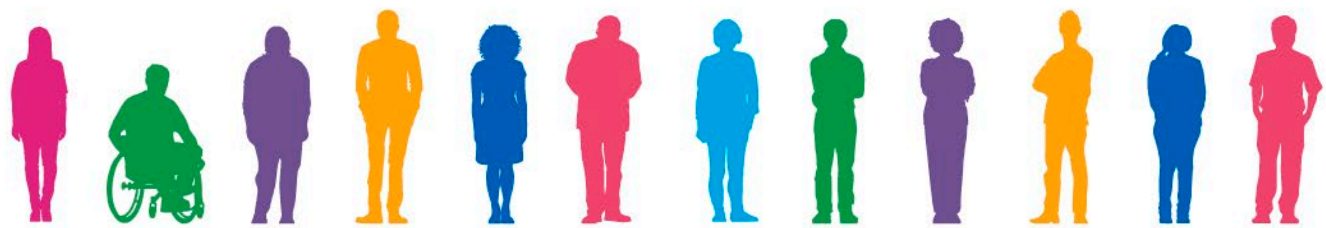
YOUR FUTURE

2020

Annual Report

CBC Pension Plan

BUILDING A FOUNDATION FOR YOUR FUTURE



The CBC Pension Board of Trustees is committed to providing members with a reliable long-term pension benefit.

In the report that follows, you will find details about the Plan’s 2020 activities and performance. We made solid progress on our mission to ensure that your pension plan remains strong and secure. You can 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

2020 FINANCIAL HIGHLIGHTS

GOING CONCERN*

Funding Surplus

+$3.31

BILLION

Funding Ratio

161.4%

SOLVENCY*

Funding Surplus

+$381.1

MILLION

Funding Ratio

104.6%

$8.71

BILLION

Net Assets

11.5%

2020 Rate of Return

10.6%

4-year Annualized Rate of Return

94%

Member Service Satisfaction Level

19,509

Total Membership

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

2020 ACTIVITY HIGHLIGHTS

Achieved · Underway/Planned · Incomplete

STRATEGIC GOALS	KEY PERFORMANCE INDICATOR (KPI) as at December 31, 2020	STATUS	2020 ACTIVITIES as at December 31, 2020	STATUS	DESIRED OUTCOME BY 2020	STATUS
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.[1]	Achieved Achieved Underway/Planned	• Invest in a way to meet core fund return objectives • Implement 2020 asset mix changes. • Implement new asset structure. • Expand assessment of the Plan's Environmental, Social and Governance (ESG) risk exposures. • Evaluate new investment opportunities and approaches.	Achieved Achieved Achieved Achieved Achieved	• Plan reaches fully funded status.	Achieved
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 with targets.	Achieved Achieved Achieved	• Manage and monitor the provision of pension administration services to meet service level agreements. • Manage and monitor the provision of pensioner payment services by CBC to meet service level agreements. • Complete upgrade of PAC website to enhance functionality and member experience.	Achieved Achieved Achieved	• Service levels meet achievable expectations. • Web usage by membership increases resulting in lower administration costs.	Achieved Achieved
3 Communicate effectively with members and stakeholders	• Annual assessment of relationship with Pension Plan Sponsor. • Provide timely, comprehensive and clear communications to members.	Achieved Achieved	• Develop website launch communication strategy to promote usage of new PAC website with members. • Enhance capacity for electronic communication with Plan members. • Complete annual presentations to stakeholders. • Review sponsor and pension plan meetings to identify enhancements.	Achieved Achieved Achieved Achieved	• Modernized communication approach. • More formalized collaborative discussions with Sponsor established.	Achieved Achieved
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.	Achieved Achieved Achieved Achieved Achieved	• Develop a new 2021-2025 Strategic Plan. • Conduct 2019 actuarial valuation to meet required timelines. • Undertake assurance review to evaluate the Plan's control self-assessment process. • Undertake biennial Risk Register update. • Undertake annual Succession Planning Review. • Maintain uninterrupted operations during the Covid-19 pandemic	Achieved Achieved Achieved Achieved Achieved Achieved	• Organization is well resourced with competent Trustees and a management team capable of managing the organization into the future.	Achieved
5 Be a continuous learning organization	• Continuing education items are regularly offered	Achieved	• Provide orientation to incoming Trustee(s). • Provide Trustees continuing education items. • Provide training / development opportunities for staff.	Achieved Achieved Achieved	• An adaptive organization willing to assess innovative theses and practices including continual review of the LDI strategy.	Achieved

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).

	2020	2019
YMPE	$58,700	$57,400

Contribution Rates	Employer		Employee	
	Before July 2020	After July 2020	Before July 2020	After July 2020
Salary up to YMPE	9.20%	9.00%	8.13%	8.27%
Salary above YMPE*	9.20%	9.00%	10.69%	10.87%

* 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.

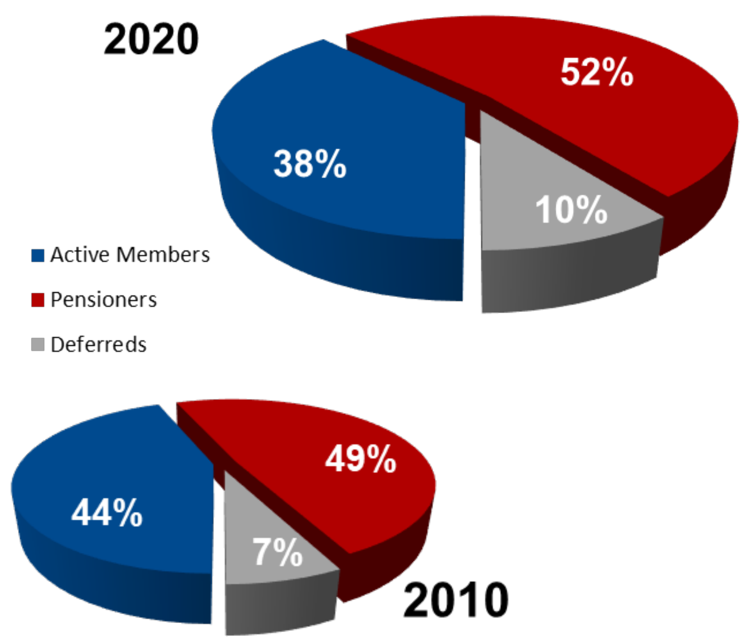
All pension benefit payments are determined using a formula based on pensionable salary, pensionable service and average YMPE.

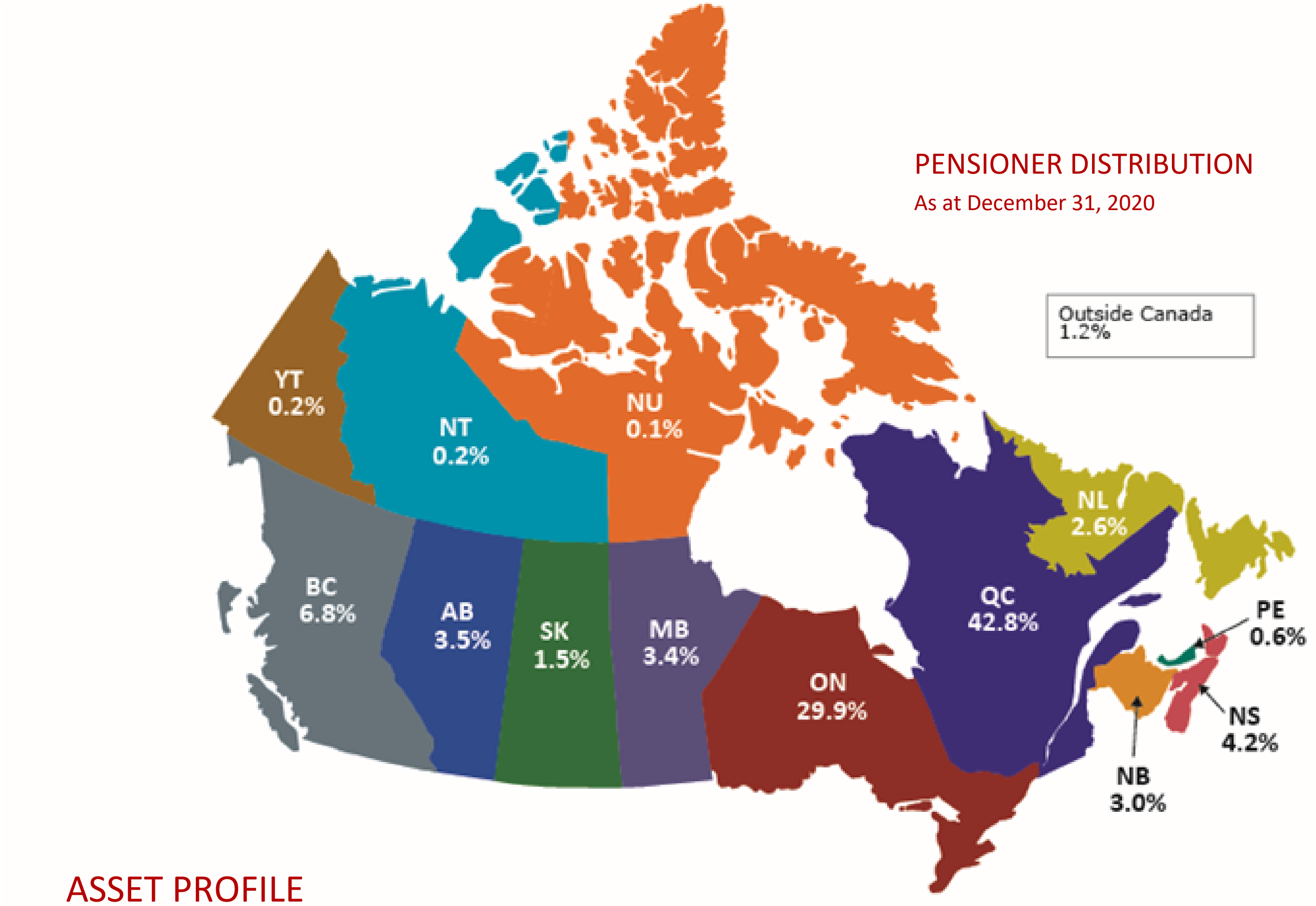
	2021	2020	2019
Indexation Rate Adjustment	1.04%	1.93%	2.21%

MEMBERSHIP

Over the last decade, there has been a 9% decrease in active members, a 13% increase in pensioners and a 55% increase in deferred members.

No. of Members	2020	2010
Active Members	7,377	8,072
Pensioners	10,092	8,923
Deferred Members	2,040	1,314
Total Membership	19,509	18,309



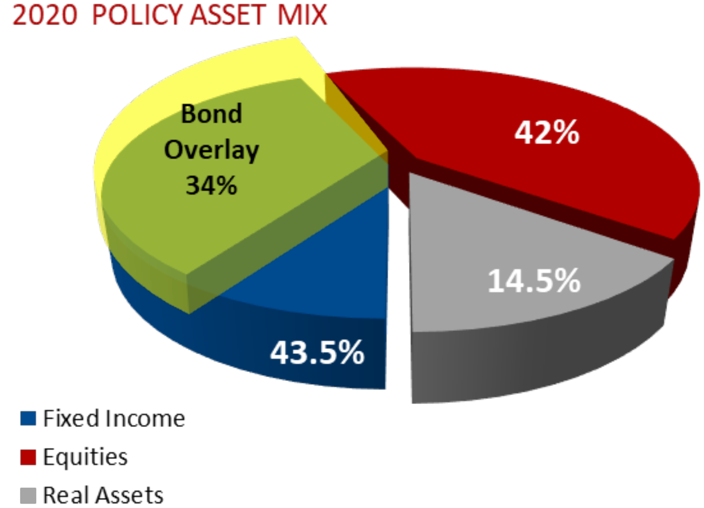


ASSET PROFILE

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 is 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 private investments (the 'return seeking 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.

2020 POLICY ASSET MIX



TRUSTEES REPORT

Your Pension Remains Secure

This past year we have all faced challenges presented by the COVID-19 pandemic. Massive economic disruption and volatile financial markets created headwinds for the investment industry, but the Plan's long-term investment strategy and robust approach to managing risk performed well, and your pension remains secure.

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.

Strategic Execution & Governance

As Trustees, our role is to provide sound guidance and governance around pension administration, investments, and risk to protect the long-term health of the Plan. The sustainability of the Plan is not dependent on how the markets perform in any given year. It is designed to be resilient and able to weather a variety of circumstances. This approach served the Plan well in 2020 and will continue to for the years to come.

The Plan's long-term investment strategy and robust approach to managing risk performed well.

Maintaining a healthy pension plan also requires a robust strategic plan. The Plan's performance against its strategic goals are outlined on page 2 of the Annual Report. In December 2020, the Board refreshed its strategic plan setting our key areas of focus for the next five years to ensure continued retirement security to members and contribution stability to CBC/Radio-Canada.

Other key activities in 2020 were the launch of an improved members website which represents a significant step forward in enhancing our services and communications with members, the biennial review of the Plan's risk register which ensures the Plan has appropriately identified and is managing its key risks and adjusting the blend of assets in our investment portfolio to optimize the balance between safety and investment returns.

Thank You

On behalf of the entire Board of Trustees, I would like to commend Duncan Burrill and his team for their agility in adapting to new ways of working to keep our people safe, and their dedication to ensuring that the investment operations and member administration services continued uninterrupted during the pandemic. Pension plan members can be confident that their continued trust in our team is well placed.

In 2020, the Board of Trustees bid farewell to the former Chair, Mr. Rob Jeffery, who left the Board in October after 4 years of exemplary service. On behalf of the Plan, I would like to thank Mr. Jeffery for his service to the Board and his commitment to the highest standards of governance. In October, I joined the CBC Pension Board of Trustees replacing Mr. Jeffery. I look forward to serving you as Chair of the Board of Trustees in the coming years.

Sincerely,

SMason

Sandra Mason
Chair
CBC Pension Board of Trustees

CBC Pension Plan

MANAGING DIRECTOR / CEO REPORT

Whether you got exposed to the virus, had to wear a mask, socially isolate or work from home (with kids at home too), the COVID-19 pandemic has had a significant impact on all of us. I am not sure when, or even if, we will ever go back to how we were before the virus struck. While COVID-19 showed how vulnerable we all are and how globally interdependent we are, it also showed what we can accomplish when we work together. I hope you, your families and loved ones made it through the extraordinary events of 2020 safely.

At the CBC Pension Plan we know that these types of "outlier" events do happen from time to time. We also know that it is almost impossible to predict exactly when they will occur and what the impact will be. We therefore do not spend much of our time trying to predict the future, but instead focus on building a strong resilient pension plan that will be able to succeed in a variety of environments. We are confident that this is the best way to ensure the Plan delivers benefit security to members and funding stability to the Plan Sponsor, CBC/Radio-Canada. 2020 was another good illustration of the appropriateness of this approach. We will use the events of 2020 as a learning opportunity to identify refinements to our approach so that the Plan can become even more resilient.

"...focus on building a strong resilient pension plan that will be able to succeed in a variety of environments."

Moving Forward

The Plan had an extremely busy year in 2020. First and foremost, we had to adapt our operations so that we could continue to achieve our mission and keep our staff team safe during the COVID-19 pandemic. I am happy to report that the entire team rose to the challenge and we were able to both deliver uninterrupted services to our members and achieve virtually all of our objectives for the year. We also undertook a variety of activities in 2020 as part of our mission to build an even stronger more resilient pension plan. Key achievements included the creation of a new 5-year strategic plan, implementation of the new asset mix, development and roll out of a new member web portal, reorganization of some of our internal operations and a significant upgrade to our external investment monitoring processes.

Benefit Security

The Plan's solvency and going concern funded statuses (both are explained further on page 16) 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 Plan holds more than enough assets to meet the long-term obligations of the Plan. I am pleased to report that the Plan ended 2020 with a going concern funded status of 161.4% and a solvency funded status of 104.6%. These are the highest funding statuses the Plan has had in over 20 years. While both of the Plan's funding statuses continue to be above 100%, our focus remains on the long-term sustainability of the Plan. 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 10.6% was very strong and exceeded all key return objectives. Total assets in the pension fund increased significantly in 2020 to $8.7 billion from $8.0 billion the prior year. The Plan paid out over $313.2 million to members. More information on the Plan's funded status and rates of return can be found on page 1.

In 2020, the Plan was a finalist in the Canadian Investment Review's Pension Leadership Awards in the risk management category. We view this as an external validation and recognition of the Plan's efforts in building a sustainable resilient pension plan.

The Future

As I write this letter to you in early February 2021, vaccines are being rolled out and there appears to be some light at the end of the COVID-19 pandemic tunnel. We know that we will experience setbacks in dealing with COVID-19 and that new challenges will emerge. That is certain. At the Plan we will focus on what we can control, and that is on making sure the Plan is ready for an extremely wide range of future events. The Plan has had a strong track record of successfully weathering market volatility and downturns. Members can rest assured that their pension is secure.

The year 2020 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.

Please visit our website http://cbc-radio-canada-pension.ca for additional information.

Sincerely,

Duncan Burrill

Duncan Burrill
Managing Director / CEO

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 member services for CBC/Radio-Canada employees and pensioners through the Pension Administration Centre (PAC). The Plan closely monitors member service delivery quality. Key member services provided by PAC include:

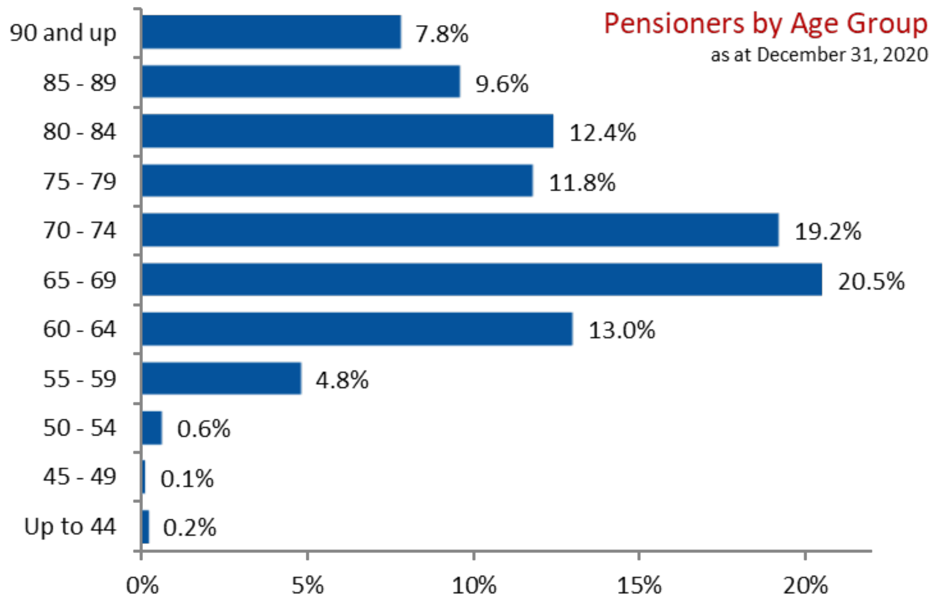
- calculations in connection with the purchase of previous service;
- the transfer of pension entitlements under the terms of reciprocal transfer agreements;
- coordinating the division of pension credits on marriage breakdown;
- processing pension benefit adjustments related to indexation, ad hoc adjustments, retroactive salary adjustments, etc.;
- on-line access, through a secure website, to pension information, pension projection, retirement calculator 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 2020, the number of pensions being paid increased by 71, compared to 2019. Over a 4-year period, the total number of pensions being paid increased by 3.4% from 9,756 in 2016 to 10,092 in 2020.

Year-ending December 31	**2020**	2019	2018	2017	2016
Pensions being paid					
To retirees	**8,182**	8,120	8,056	7,961	7,875
To spouses of deceased employees and retirees	**1,810**	1,799	1,781	1,769	1,772
To former spouses due to division of pension credits	**80**	79	79	81	85
To children of deceased employees and retirees	**20**	23	22	20	24
Total pensions being paid	**10,092**	10,021	9,938	9,831	9,756

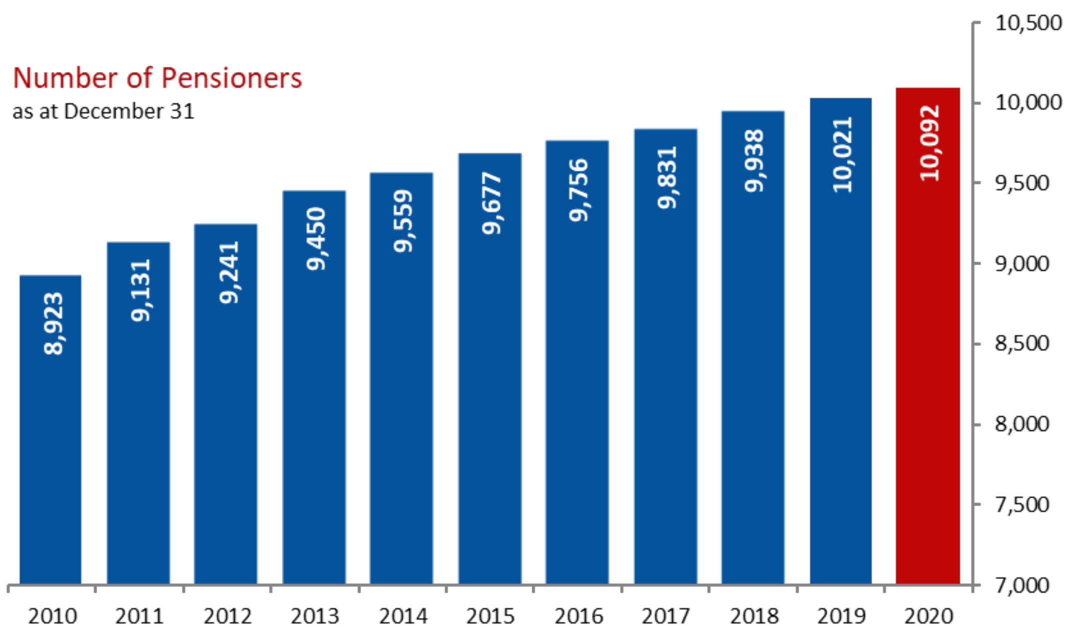
The PAC handled over 3,000 transactions related to retirement, termination, death and buy-back events. Member satisfaction among callers to the PAC remained strong at 94% in 2020.

In 2020, the Plan welcomed 467 new employees and 293 new retirees. The Plan's members are encouraged to use the PAC website for all their pension-related needs. A new member website was launched in late 2020. Employees saw improvements to the pension projection and buyback cost estimation tools and are now benefiting from a new retirement calculator tool which will allow them to set a retirement goal and see if they are on track to achieve it. The website remains the most efficient and cost-effective method for employees and pensioners to access their personal pension information.



In 2020 the total number of log-ins, including multiple website log-ins, was 19,751 for employees and 6,637 for pensioners. The PAC call center received 5,322 calls in 2020, of which 3,238 were from employees and 2,084 from pensioners and deferred members. Overall PAC volumes in 2020 were lower than in 2019, reflecting a significant decrease 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 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 are 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. 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 creation and distribution of the CBC Pension Plan Annual Report Highlights document to members. Further, the full CBC Pension Plan Annual Report is available to all members through the Plan's websites. 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 seven times in 2020.

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 Statement of Investment Policy and Procedures (SIP&P) defines the investment policies, principles, and eligible investments which are appropriate to meet the objectives of the Plan. It defines the strategic 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 the Plan's 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") provides 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 its obligations and attempt to avoid additional special payments by the Sponsor. 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 $683.3 million from $8.0 billion as of December 31, 2019 to $8.7 billion as of December 31, 2020.

Investment Income

Investment income decreased to $221.4 million in 2020 from $317.6 million in 2019. Investment income includes interest and dividends earned during the year as well as distributions from the Plan's private investments. Income earned from the Plan's fixed income investments in 2020 was $77.4 million, a decrease of $14.1 million from 2019. Yields on interest bearing securities dropped significantly after the Bank of Canada reduced its lending rate by 150 basis points in March 2020 which negatively impacted the Plan's income returns on its interest-bearing securities. Income earned from the Plan's equity investments in 2020 was $87.6 million, a decrease of $59.9 million from 2019. In particular, the Plan's private equity investments experienced a significant reduction in distributions in the year as the economic impacts of the COVID-19 pandemic reduced their distributable cash flows and slowed portfolio liquidations. Widespread lockdowns in Canada and the U.S. to manage the pandemic negatively affected the cash-flows of the Plan's real asset investments as distributions decreased by $21.9 million in 2020 for total earnings of $55.8 million. Maintaining a steady source of cash flows from investment income is an important component of the Plan's ability to match the cash outflows of the monthly benefit payments. The Plan is constantly monitoring its liquidity and cashflows requirements to ensure it can meet its obligations in years with reduced income.

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

Change in Fair Value of Investments

The Plan's investments provided strong positive gains in 2020 as most segments of the market generated double digit returns. Fixed income securities rose in the wake of declining interest rates (prices of fixed income securities have an inverse relationship with yields/interest rates, as yields decrease, prices increase). Equity markets performed very well in 2020 despite the initial decline in the beginning of the year when COVID-19 was declared a global pandemic. U.S. and global equity markets were stronger than the Canadian market, but all ended the year in positive territory. The Plan's overall investment returns remained positive for the year. The Plan's fixed income investments returned 10.8% in 2020, equity investments returned 6.6% and real assets returned 0.6%.

The fair value of investments increased by $711.7 million in 2020 versus an increase of $947.4 million in 2019. The Plan's fixed income investments, including the Bond Overlay derivatives portfolio (bond forwards and total return swaps) gained a total of $612.0 million in 2020. The equity investments gained $139.0 million, and the real assets lost $47.7 million. These values all reflect both realized and unrealized gains and losses during the year.

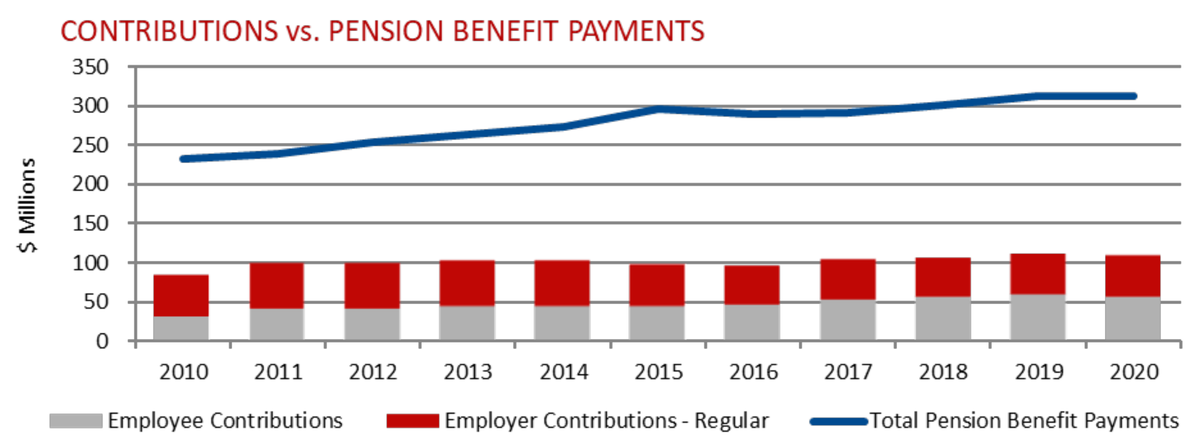
Contributions

The ongoing cost to provide a defined benefit pension plan to current employees is defined as the "current service 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 current service costs increased slightly to 18.0% of payroll in 2020 (9.0% for each of the active members and the sponsor) from 17.8% in the prior year due to a decrease in the actuarially estimated future returns on the Plan's investments as well as minor changes in membership demographics. Overall, the total contributions to the Plan decreased slightly to $110.6 million in 2020 from $111.8 million in 2019. The increase in the 2020 current service costs (contribution rate) was offset by a decrease in the total number of active members during the year in terms of cash contributions received by the Plan. Employee current service contributions decreased to $51.6 million in 2020 (a reduction of $0.3 million from 2019) and the employer contributions increased to $52.8 million (an increase of $2.0 million from 2019). Past service contributions (buy-backs) decreased by $2.2 million to $5.1 million and net transfers to the Plan from other plans totaled $1.1 million.

Pension Benefits Paid

The Plan paid a total of $313.2 million in benefits during 2020, unchanged from 2019. Retirement benefit payments rose by $1.9 million in 2020 to $258.6 million due to the annual cost-of-living adjustment of 1.93% and an additional 71 pensions being paid in 2020. At December 31, 2020, there were a total of 10,092 pensioners (2019: 10,021). Refunds of contributions and transfers to other plans decreased to $18.6 million and death benefit payments increased slightly to $35.6 million. Pension benefits purchased through FlexPen withdrawals in 2020 were $0.5 million.

The following chart compares contributions 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 relating to the investment operations and the pension benefit administration are paid by the Plan. The administrative expenses for 2020 totaled $47.4 million, a decrease of $7.5 million from the previous year. Total administrative expenses represented a cost of 57.7 cents per $100 of average assets under management in 2020 (represents a cost of 57.7 basis points), compared to the average asset cost of 71.2 cents per $100 (71.2 basis points) in 2019.

The decrease in administrative expenses in 2020 is mostly due to a decrease in performance fees paid to external asset managers, and more specifically for the private equity portfolio investments. Private equity investment returns were not as strong in 2020 as they have been in the last few years, so performance related fees in 2020 were significantly lower. Performance fees are used in the investment industry to align the interests of asset managers with a pension plan's objectives. In 2020 performance fees made up 11.3 cents of the 57.7 cents (20% of costs) whereas in 2019 performance fees were 18.5 cents of the 71.2 cents (26% of costs). Expenses that increased in 2020 over 2019 were salaries and employment costs which was a result of the annual increment and staffing changes. Professional fees increased due to additional legal and consulting costs. All other cost categories were lower in 2020. The Plan had lower trading and transaction costs due to lower portfolio turnover and reduced its pension administration costs through negotiations of a new long-term contract with its service provider.

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 2019 financial year. The Plan's 2019 investment related costs covered in the study were 52.1 cents per $100 of average assets under management while the benchmark costs for a fund of our size, asset mix and nationality were 52.7 cents. This indicates that investment related expenses of the Plan were slightly lower than the industry average in a similar peer group. The equivalent investment related costs for the Plan in 2020 are estimated at 46.5 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

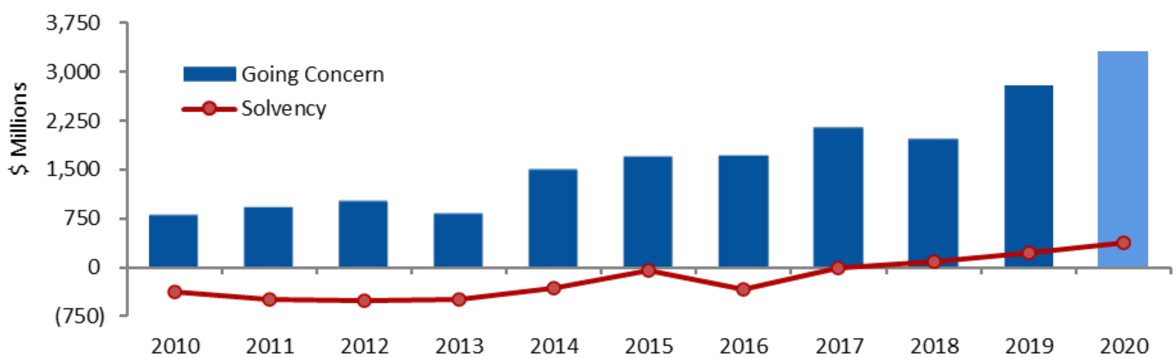
An actuarial valuation is used to estimate the Plan's pension obligations. Actuarial valuations are prepared on an annual basis at each year end. The actuarial valuation determines the pension obligations under two different bases: 1) a Going Concern basis and 2) a Solvency basis. If the results of a 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 basis is different, the valuation can result in the Plan having a funding surplus under one basis and a deficit under the other basis.

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 2020 going concern projection changed from those used in the 2019 actuarial valuation. The long-term expected rate of return on the Plan's assets was reduced from 5.70% per annum in 2019 to 5.50% per annum for 2020. This rate is determined using the actuary's expected long-term rates of return of the Plan's asset allocation outlined in its Statement of Investment Policies and Procedures. The other change was to the expected salary escalation rate assumption which decreased to 2.50% in 2020 from 2.75% in the prior year.

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, 2020, the Plan's going concern pension obligations were projected at $5.4 billion, an increase of $161.4 million from the previous year's total of $5.2 billion. The going-concern funding surplus increased by $521.9 million to $3.3 billion at year-end (2019: $2.8 billion). Along with other factors, the main reason for the increase in the surplus is a result of the Plan's 11.49% return for the year which was higher than the assumed long-term rate of return of 5.50%.

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 the Office of the Superintendent of Financial Institutions (OSFI). The estimated pension obligations under this method are $8.3 billion, which results in a projected solvency surplus of $381.1 million as at December 31, 2020. The net solvency position improved by $151.8 million in 2020. The solvency liabilities increased due to a decline in interest rates, however, the net solvency position improved overall due to the strong performance of the Plan's investments in 2020.

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 10.6% and over the past 10 years averaged 10.4% annually. The overall long-term Plan Objective was 7.4% over the past 4 years and 6.9% over the past 10 years.

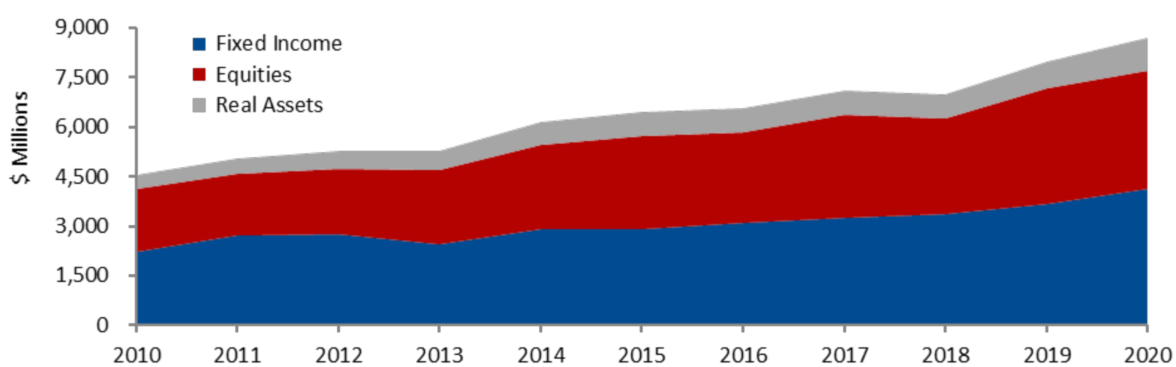
The secondary objective of the Plan ("Asset Objective") is to generate net returns after all costs and fees that exceed an annual average change of a benchmark portfolio by 50 basis points (0.5%) over a 4-year moving average basis. The benchmark portfolio return is calculated by combining the return 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 10.6% exceeded the Asset Objective of 10.4% and over a 10- year period the Plan's average annual return of 10.4% exceeded the Asset Objective of 9.5%.

ASSET MIX AND INVESTMENT STRATEGY

The strategic asset mix target of the Plan is 43.5% fixed income, 42% equities and 14.5% real assets (which includes real estate and REITs, timberland & farmland and infrastructure equity). The strategic asset mix also includes an allocation to derivative fixed income instruments to hedge a portion of the Plan's interest rate and inflation risks.

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 strategic 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

In order to provide benefit security to its members and contribution stability to the CBC/Radio-Canada the Plan focuses on maintaining stable funding ratios while also earning a robust rate of return on its assets. The Plan achieves these objectives through its Liability Driven Investment (LDI) strategy, which focuses on the liabilities as the basis for developing the Plan's investment strategy. This strategy makes it possible for the Plan to manage its 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 strategic 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 Plan's objective is to select eligible investments that produce acceptable rates of return to meet the 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 liabilities, is the key measure of a pension fund. For members, reduced funding risk enhances benefit security and for the CBC/Radio-Canada, it provides contribution stability. The Plan manages its funding risk and pension costs by hedging its liability related economic risks, while selectively seeking diversified sources of incremental return.

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 risks within their areas of responsibility.

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 mix 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 2020, the Plan assessed its current risk maturity level against an Enterprise Risk Management model to identify improvement areas and opportunities to move the Plan to a higher maturity level and further enhance our risk management practices. 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 the results are reported to the Board of Trustees.

Strategic Risk

Strategic risk 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 and private investments) 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 are as follows:

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 assumed rates of return cause an increase in the current service cost and therefore raise the cost to active members and CBC/Radio-Canada.

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, 2020, were $8.7 billion at fair value. Of this total, $3.1 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 assets and private equity, which have longer-term investment horizons. Diversification across various asset classes, investment strategies and investment managers is an important management tool to reduce 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. 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 amount 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 2020, benefit payments from the Plan and administrative expenses totaled $360.6 million. These payments were partially offset by employee contributions to the Plan of $57.7 million, and employer contributions of $52.9 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 Statements.

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 the annual external audit.

INVESTMENT PERFORMANCE

Despite global economic uncertainties and significant market swings under the influence of a global pandemic both fixed income and equity markets achieved positive returns in 2020. The Plan's total rate of return in 2020 was 11.5%, which was 2.7% lower than the Plan asset reference portfolio benchmark return of 14.2%.

The Plan's overall 2.7% underachievement of the asset benchmark in 2020 reflected mixed performance amongst the asset classes. Fixed income investments outperformed their respective benchmarks, but these positive returns were more than offset by the underperformance of the equity and real asset investments against their benchmarks. On a 4-year basis, the total Plan return of 10.6% was higher than the overall reference asset portfolio benchmark return of 9.9%. The Plan's solvency objective measures the impact of movements in interest rates and inflation on its estimated solvency funding liabilities. In 2020, the Plan exceeded its solvency fund objective return of 7.4%.

SUMMARY OF BENCHMARKS USED TO MEASURE ASSET PERFORMANCE

Asset Categories	Benchmarks
Fixed Income	FTSE 91 Day T-Bill Index FTSE Canada Long Term Bond Index FTSE Canada Long Term Corporate Bond Index FTSE Canada Long Term Provincial Bond Index FTSE Canada Provincial Universe Bond Index FTSE Canada Infrastructure Bond Index
Canadian Equity	S&P/TSX Capped Composite Index
Non-Canadian Equity	MSCI ACWI ex-Canada Index MSCI ACWI Index S&P 500 Index Russell 3000 Index S&P Developed SmallCap Index MSCI Emerging Markets Index
Private Equity & Real Assets	Actuarial assumed rate of return

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	5.1%	1.2%	0.9%	1.6%	1.1%
Nominal bonds	31.4	12.4	11.8	8.2	8.0
Real Return bonds	9.7	12.1	12.1	5.3	5.3
Bond Overlay (derivatives)	0.6	10.6	10.3	6.2	5.8
Private debt	0.7	6.0	10.7	6.0	10.7
Equity:					
Canadian equity	5.8	0.9	5.6	4.2	6.6
Non-Canadian equity	29.7	10.0	14.5	12.3	12.2
Private equity	6.0	(0.8)	9.8	9.7	7.1
Real Assets:	11.0	0.6	6.1	7.5	5.2
Total / Weighted Average	100.0%	11.5%	14.2%	10.6%	9.9%

* If Asset Categories are less than 4 years old then the 4-Year Returns are inception-to-date returns.
** Bond Overlay total exposure is 33.6%.

THE ECONOMIC ENVIRONMENT

The global economy contracted for the first time since 2009 as global economic activity ground to a halt in March due to the onset of the COVID-19 pandemic and the related lockdowns. In its October report, the International Monetary Fund (IMF) estimated that the global economy contracted by almost -4.4% in 2020, a significantly larger decline than what was experienced during the Global Financial Crisis. Central banks around the world responded by lowering interest rates and initiating quantitative easing stimulus programs in the trillions of dollars.

Statistics Canada's preliminary estimates suggest the Canadian economy shrank by -5.1% in 2020 – the worst year on record. After an initial plunge, the Canadian labor market recovered from its depths with the unemployment rate ending the year at 8.8%, down from the high of 13.7% in May. Even during the worst economic downturn in history, Canadian housing prices continued to rise as limited supply, extremely low mortgage rates, high levels of government support payments and robust financial markets kept demand for housing high. The Bank of Canada is forecasting a rebound in economic activity with real GDP forecasts of 4.0% growth in 2021 and 4.8% growth in 2022.

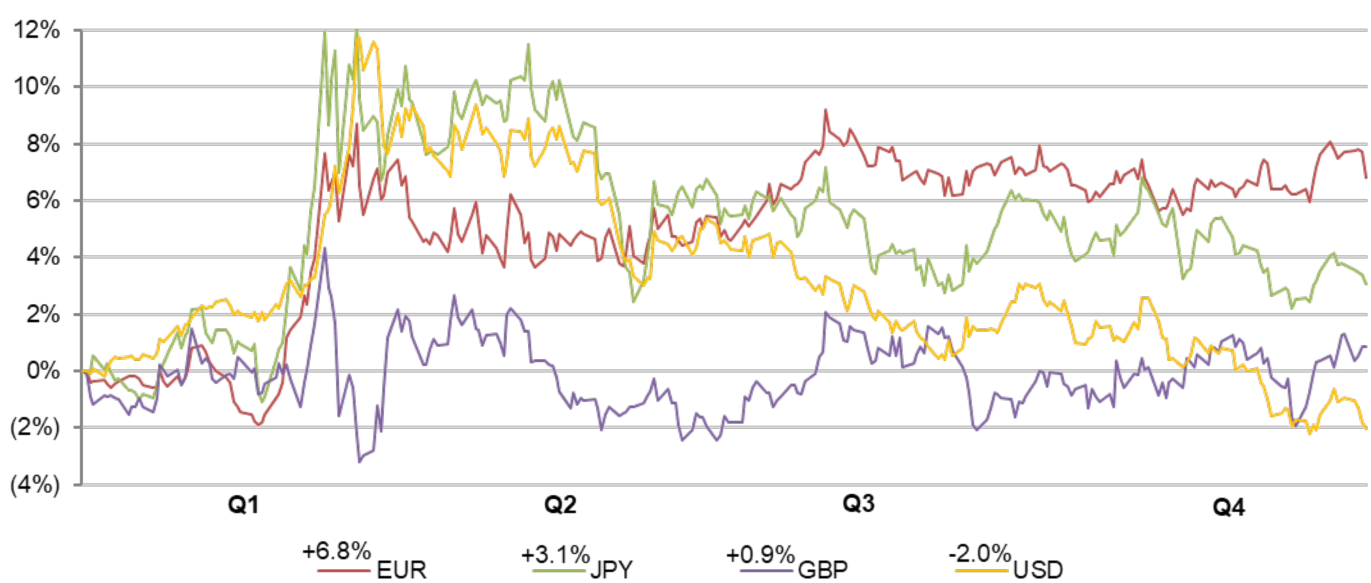
The US Federal Reserve is forecasting a contraction in real 2020 US economic activity of -2.4% as the country struggled to contain the COVID-19 pandemic. The Federal Reserve dropped the Fed Funds Rate to zero at the onset of the COVID-19 pandemic and initiated a new round of quantitative easing that led to its balance sheet ballooning almost 75% to just under $7.4 trillion by the end of 2020.

The 2020 US election led to a transition of power as Democrat nominee Joe Biden defeated incumbent Republican president Donald Trump and in addition, control of the US senate switched to the Democrats. This now gives the Democratic party control of both houses of Congress and the Presidency and it is expected that new rounds of stimulus spending will be larger than initially expected due to the ease of passing new legislation.

European economic growth deteriorated at a more rapid rate than North American economic growth as the European Central Bank projects the Eurozone economy declined by -7.3% in 2020. The largest economy in Europe, Germany, is expected to have declined by -5.0% in 2020 led by the large export sector which is forecasted to have declined by -10.0% year over year. In the UK, Brexit negotiations were finalized as the island state looked to reenergize trading relations with the European continent.

FOREIGN CURRENCY PERFORMANCE vs CANADIAN DOLLAR

2020



THE ECONOMIC ENVIRONMENT (cont`d)

Japan economic growth is expected to decline by -5.3% in 2020 driven by personal consumption and exports. Japan has struggled for decades now to boost growth and inflation, as the country suffers low productivity levels, high saving rates, deteriorating demographics and low labor force growth rates.

Following a sharp decline in the first quarter of 2020, economic activity in China normalized faster than expected due to an effective pandemic control strategy, strong policy measures and strong exports. The Bank of China is forecasting real GDP growth to be 2.1% in 2020, one of the highest growth rates in the world.

Bilateral trade relations with the United States had been tense under the Trump administration and are not expected to improve much under the new Biden administration. There have been many reports that the new Biden administration will push China hard on opening its state dominated economy which could lead to a level of uncertainty in global economic trade.

India is the other major developing country in Asia Pacific and the Reserve Bank of India is forecasting real GDP to decline by -8.1% in 2020 as the country tries to rebound from the pandemic.

The South America economy is largely driven by Brazil, which also has been negatively impacted by the pandemic as the Brazil Central Bank is forecasting real GDP to decline by -4.5% in 2020.

Looking forward, the IMF is projecting a strong rebound in economic activity in 2021 with an estimate of a 5.2% increase in global real GDP. The effectiveness of the COVID-19 vaccine rollout will be an important factor in determining the ability to expand reopening efforts in many economies around the world and in determining the strength of any economic rebound.

PLAN ASSET PERFORMANCE

FIXED INCOME

Fixed income investments are comprised of cash, short-term investments, Canadian bonds and private debt. 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	1.2%	0.9%
4-Yrs	1.6%	1.1%

The Plan's cash and short-term investments are predominantly invested in bank savings accounts and high quality and liquid short-term money market securities. The portfolio is largely exposed to Canadian banks and other corporate paper. The Plan's investment approach is to optimize returns while maintaining liquidity to manage the cash demands related to the Plan's investments, the Plan's pension benefit payments and total administration expenses. In 2020, the Plan had on average approximately $450 million or 5.5% of assets in cash and short-term investments compared to $440 million or 5.7% of assets in 2019. At December 31, 2020, cash and short-term investments represented 5.1 % of the Plan's investments.

The Bank of Canada significantly eased monetary policy in 2020 to support the economy from the fallout of the pandemic. The Bank of Canada's policy rate was reduced by 1.5% to 0.25% in the first quarter. In addition, a range of new liquidity programs were introduced to ensure the smooth functioning of money markets. The Bank of Canada is expected to remain accommodative and hold policy rates at very low levels until the economic slack is absorbed and inflation returns to its 2% target, which is not projected to occur until 2023.

CANADIAN BONDS

Annualized Compound Rates of Return

Nominal Bonds	Plan Assets	Asset Benchmark
1-Yr	12.4%	11.8%
4-Yrs	8.2%	8.0%
Real Return Bonds*		
1-Yr	12.1%	12.1%
4-Yrs	5.3%	5.3%

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

Central banks reacted swiftly and decisively to avoid a collapse in financial markets and economic activity at the outbreak of the pandemic. Global bond yields fell as economic growth contracted and as emergency rate cuts and other unconventional monetary policy measures designed to inject liquidity and soothe market disruptions were put in place.

The Bank of Canada implemented a large-scale asset purchase program to buy government of Canada securities. As a result of the unprecedented monetary and fiscal policy measures, the economy somewhat rebounded however unemployment levels remain historically elevated in what appears to be a prolonged and uneven economic recovery. The Bank also introduced a program to purchase provincial and corporate bonds, which helped to unlock credit markets that had ground to a halt after credit spreads exploded to historically wide levels in a relatively short period. The Bank has committed to continuing large-scale asset purchases of longer-term debt until the recovery is "well underway".

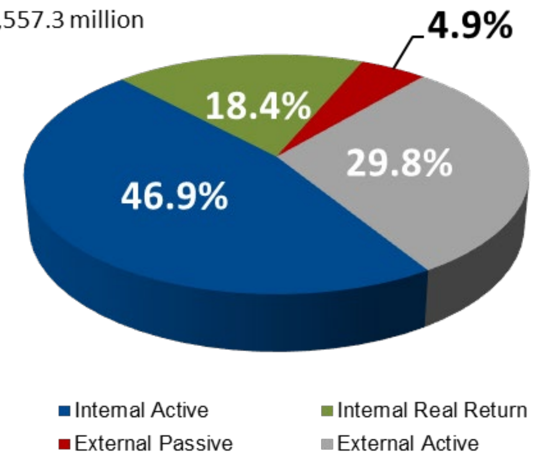
In the US, the Federal Reserve lowered policy rates to near zero and resumed purchasing massive amounts of bonds, a key tool employed during the 2008 recession. Between mid-March and early December, the Federal Reserve's balance sheet grew from $3.9 trillion to $7.4 trillion. The Federal Reserve is expected to keep interest rates unchanged through to 2023 as the US economy progresses back to full employment and inflation of 2% is sustained. The Federal Reserve is now pursuing an average inflation target of 2%, which means inflation levels above 2% will be tolerated to compensate for periods when it trends below that level.

CANADIAN BONDS (cont'd)

The European Central Bank (ECB) introduced a pandemic bond buying program of USD $2.25 trillion through to 2022 and is expected to remain accommodative until inflation returns to its 2% goal and risks to the economic downside recede. The ECB signaled that it will be more tolerant of inflation exceeding 2% over time as opposed to targeting inflation "at or below 2%".

Looking into 2021, the prospects for a COVID-19 vaccine are improving, and any resulting uptick in economic growth and inflation could lead to higher yields. Credit spreads are back to pre-pandemic levels and remain well supported.

Market Value of Canadian Bonds
as at December 31, 2020
$3,557.3 million



BOND OVERLAY (DERIVATIVES)

Annualized Compound Rates of Return

	Plan Assets	Asset Benchmark
1-Yr	10.6%	10.3%
4-Yrs	6.2%	5.8%

As part of its LDI strategy, the Plan utilizes a Bond Overlay that consists of fixed income derivative instruments and creates synthetic exposure to fixed income. The Bond Overlay helps reduce the Plan's solvency funded status volatility by making the Plan's assets have a similar interest rate sensitivity as its liabilities. Utilizing a asset mix structure that consists of return seeking asset, fixed income assets and a Bond Overlay is more effective than investing in an all-fixed income asset mix.

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, infrastructure, 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.

PRIVATE DEBT

Annualized Compound Rates of Return

	Plan Assets	Asset Benchmark
1-Yr	6.0%	10.7%
4-Yrs*	6.0%	10.7%

* Portfolio launched January 1st, 2020. 4-yrs returns represent inception to date.

The private debt portfolio holds private fixed income as they provide a higher expected return than public fixed income products. The portfolio also diversifies the Plan's fixed income holdings between private and public market. Examples of assets for this portfolio include infrastructure and real estate debt, senior direct lending, junior debt, mezzanine debt, commercial mortgages, distressed debt.

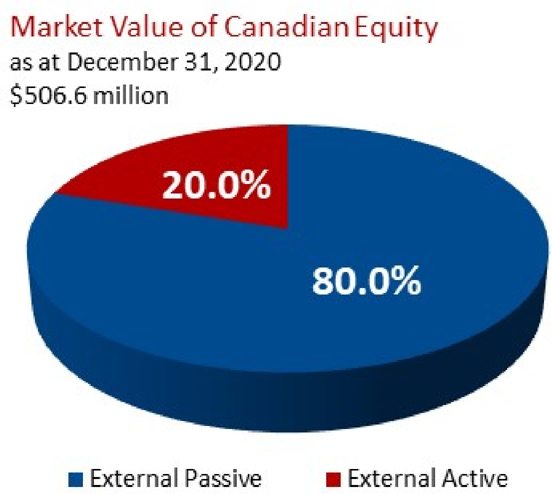
EQUITY

Equity investments represent ownership interests in publicly traded and privately owned 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	0.9%	5.6%
4-Yrs	4.2%	6.6%



After a very impressive rally in 2019, the S&P TSX Composite total return was 5.6% for 2020. Following a sharp sell off at the beginning of the year due to the impact of COVID-19 restrictions, the index rallied 59% from the bottom in March. Positive investor sentiment combined with an accommodative Bank of Canada and Federal stimulus programs drove the market to an all time high. Global oil prices were down by -14% in 2020 as demand for energy products declined rapidly during the economic downturn. The price of gold on the other hand increased by over 25% in 2020 as demand for the precious metal increased as investors sought its safety and inflation protection qualities.

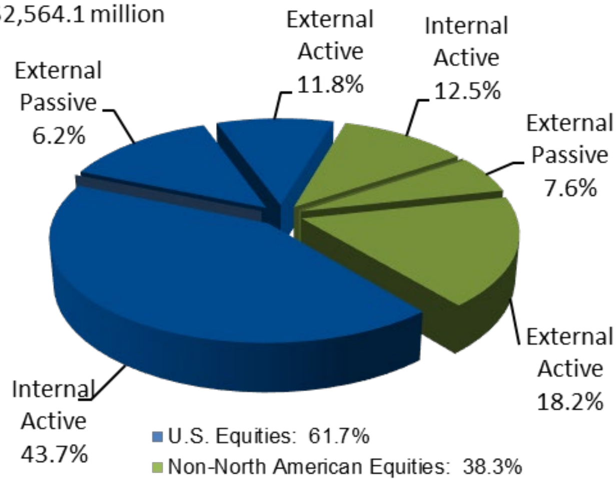
Six out of the eleven sectors contributed positively to the total return of 5.6% in 2020. The Technology sector was the strongest performing sector with a total return of 80.8%, which was primarily due to Shopify which was up 178%. On the other end of the spectrum, the Energy sector was the weakest performing sector in 2020 declining 26.6%.

NON-CANADIAN EQUITY

Annualized Compound Rates of Return

	Plan Assets	Asset Benchmark
1-Yr	10.0%	14.5%
4-Yrs	12.3%	12.2%

Market Value of Non-Canadian Equity
as at December 31, 2020
$2,564.1 million



Global equities shrugged off the recessionary effects of the global pandemic to post strong returns in 2020, with the MSCI All-Country World (ACWI) ex-Canada Index gaining 14.5% in Canadian dollar terms (including dividends), closing the year near all-time highs. After suffering a deep drawdown in the latter part of the first quarter, global risk assets rebounded sharply, supported by an extraordinary amount of fiscal and monetary stimulus. While the pandemic raged globally throughout much of the year (including a second wave in the fall that drove a renewed set of emergency lockdowns), encouraging news of success in vaccine development toward the end of the year helped to sustain equity momentum, supporting investor optimism for a 2021 recovery.

US equity markets led most regions in 2020, with the S&P 500 index rising 16.3% in Canadian dollar terms. While the initial phase of the pandemic involved the US falling into the fastest bear market in history, a swift and far-reaching response from policy makers proved effective in rapidly stabilizing the deep plunge in equity markets. These measures included the slashing of interest rates to near zero, new quantitative easing measures and a range of support programs for consumers and businesses. Beyond dealing with the widespread outbreak of COVID-19 across the country, the US also had to contend with the November presidential elections. The ultimate victory of the Democratic party (which fueled market hopes for larger stimulus measures) coupled with market exuberance over vaccine progress helped to push US equity markets to new highs toward the end of the year. The outperformance of the US equity market was even more impressive in the face of the significant weakness of the US dollar, which fell 7% in the year against a broad basket of major currencies.

MSCI ACWI ex-Canada Index
Return (CAD) - 2020

NON-CANADIAN EQUITY (cont'd)

Outside of the US, relative performance by region varied widely. Emerging market (EM) equities staged a late rally to broadly match the returns of the US for the year (rising over 16% in Canadian dollar terms). Outperformance on the EM side was sharply skewed in favor of such Asian markets as Korea (+43%) Taiwan (+40%) and China (+27%) who enjoyed relative success in their early efforts to contain COVID-19 outbreaks. On the other end of the spectrum, emerging equities in Latin America and Europe suffered weak returns as the recessionary impacts of the crisis weighed heavily. Within the developed markets, Japan (+13%) and Europe (+10%) posted double digit returns (supported by strong currency gains) while the UK was a notable laggard, falling 12% for the year as the combined effects of the pandemic and Brexit uncertainties battered the economy.

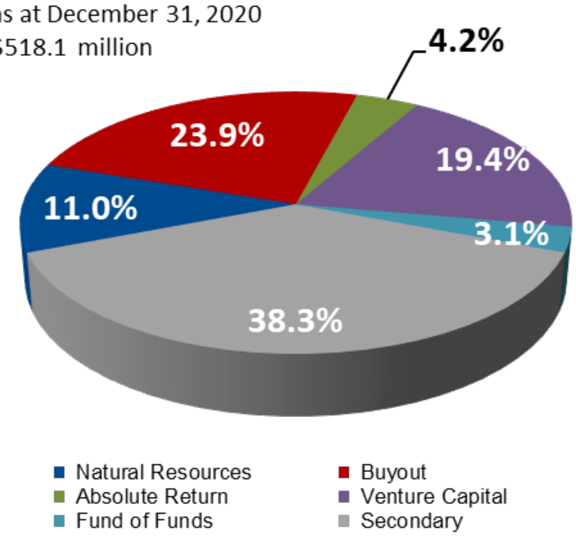
From a sector perspective, the strongest returns in 2020 came from the companies best positioned to benefit from the pandemic (i.e., cloud, e-commerce, gaming, online services, etc.), with information technology (+43%), consumer discretionary (+35%) and communications services (+22%) significantly outperforming the broader index. Energy suffered the steepest declines (-29%) as COVID-19 drastically reduced mobility patterns and economic activity. A steep plunge in rates and broader default concerns also weighed on interest-sensitive sectors as such as real estate (-7%) and financials (-5%), although relative performance improved considerably toward the end of the year amid hopes for a vaccine-led recovery.

PRIVATE EQUITY

Annualized Compound Rates of Return

	Plan Assets	Asset Benchmark
1-Yr	(0.8)%	9.8%
4-Yrs	9.7%	7.1%

Private Equity Allocations
as at December 31, 2020
$518.1 million



The Private Equity portfolio consists mostly of private 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.

The allocation of the Private Equity portfolio at year-end is outlined in the chart to the left. The portfolio's negative return in 2020 reflected reduced private equity valuations related to the drop in public equity markets at in the first half of the year. Given the rebound in public equity markets through the second half of the year and continued pickup in economic activity, private equity valuations rebounded in the fourth quarter and we expect this trend to continue into 2021.

REAL ASSETS

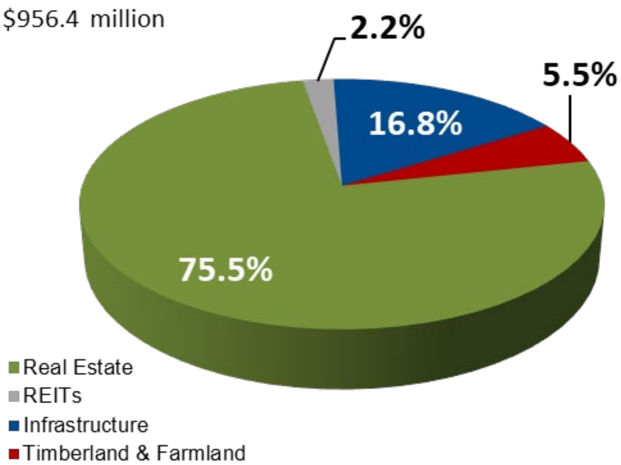
Real Assets *are comprised of three separate components: Real Estate & REITs, Infrastructure and Timberland & Farmland.*

REAL ASSETS

Annualized Compound Rates of Return

	Plan Assets	Asset Benchmark
1-Yr	0.6%	6.1%
4-Yrs	7.5%	5.2%

Real Assets
as at December 31, 2020
$956.4 million



Real Estate

The COVID-19 pandemic has significantly impacted the real estate sector and the associated underlying fundamentals. A common theme of uncertainty and acceleration of pre-existing trends has emerged as the pandemic progressed. The affordable segments of the Multifamily sector have proven remarkably resilient, highlighting the essential nature of the assets. At the same time, class-A properties in previously overheated markets such as Downtown Toronto and Vancouver have cooled somewhat. Still, amid record low interest rates and a lull in transaction activity during 2020, housing market demand has been strong. We see similar trends in the US, as properties in the downtown areas of gateway cities such as New York and L.A. have faced increased vacancy and lower rents, while the surrounding greater metropolitan areas and high growth secondary cities have experienced sustained robust demand.

The industrial sector continues to be an area of significant growth. Expanded logistics requirements to service the accelerated growth in e-commerce have continued to fuel substantial demand for space. This contrasts with the increased pressure faced by the retail sector, as lockdowns have disrupted regular business operations. Government rental assistance programs have helped somewhat, although landlord concessions continue to be required in some instances. Grocery anchored properties, however, have remained resilient. The acceleration of pre-existing trends in retail and e-commerce is expected to have lasting effects on the use of retail space post pandemic. The Canadian office sector is facing rising vacancy with the ongoing impacts of the lockdowns and weakness in the oil markets. Many larger occupiers of space have been able to postpone leasing decisions while operating remotely, resulting in increased supply. The long-term impacts on the office space are not fully known, yet we expect a recovery in the sector post-pandemic.

Alongside the close monitoring of the portfolio, the Plan remains focused on the execution of its real estate strategy. We will continue our focus on diversifying our asset base across geographies and real estate sectors, whist tilting towards investment profiles that are able to generate strong relative value across the business cycle.

REAL ASSETS (cont'd)

Infrastructure, Timberland & Farmland

Infrastructure equity has remained resilient through the pandemic, as it did through the previous economic downturn. Generally, underlying assets have maintained or slightly grown in value, due to their largely essential or contracted nature. Fluctuations in the value of the Canadian dollar and foreign currencies throughout the year countered the moderate growth in the portfolio. The transportation sector continues to face headwinds due to its volume-driven nature. The essential nature of the underlying assets combined with long-term contractual revenue streams continue to support valuations in local currency terms.

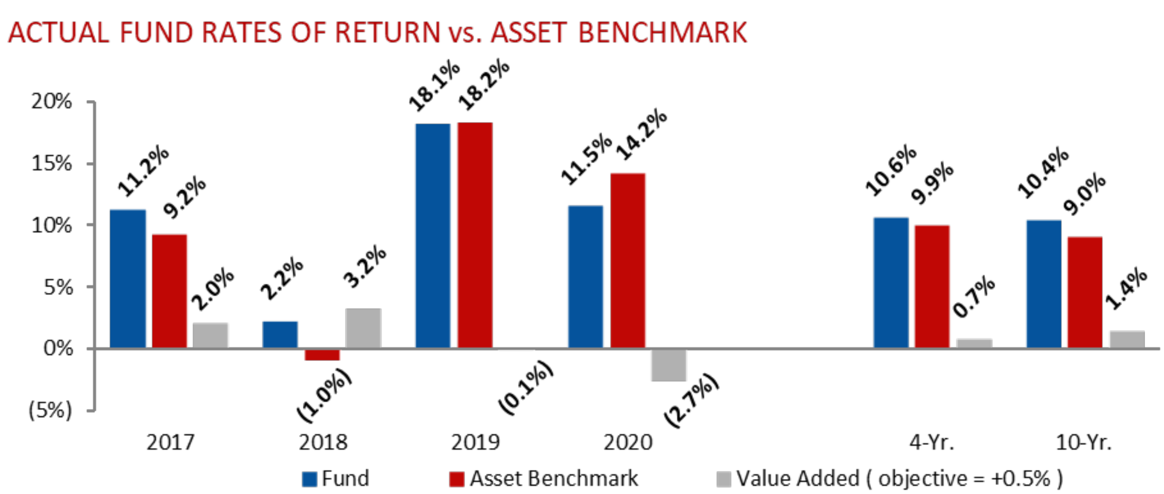
The timberland and farmland segment has been similarly negatively impacted by foreign currency fluctuations. Despite record-setting prices for finished forest products, ample inventory levels of raw timber held the portfolio valuation down. Although transaction activity in the sector has picked up, the global impacts of the pandemic have continued to drive uncertainty in the underlying segments.

As it relates to strategy, we are focused on investments with mitigated risk profiles, substantial cycle resilient cash flows, moderate capital growth as well as inflation and downside protection. We aim to achieve this through globally diversified exposure to economic and population growth, business activity and long-term structural trends in the industry.

SUMMARY OF ASSET ALLOCATION

The Plan's investment policy was altered in 2020 to distinguish between public investments and private investments within the broad asset classes. The policy targets a strategic asset mix of 43.5% fixed income (36% public / 7.5% private), 42% equities (34% public / 8% private) and 14.5% real assets.

As at December 31, 2020 the actual asset mix of the Plan was 47.5% fixed income (46.8% public / 0.7% private), 41.5% equity (35.5% public / 6.0% private) and 11.0% real assets.



FINANCIAL REPORT

Management Responsibility for Financial Reporting

The financial statements of the CBC Pension Plan for the year ended December 31, 2020 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 29, 2021

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, 2020, for inclusion in the Plan's financial statements.

The Plan's obligations under the going concern basis as at December 31, 2020 are based on the results of the actuarial valuation as at December 31, 2020, and take into account:

- membership data provided by CBC/Radio-Canada as at December 31, 2020;
- methods prescribed under Section 4600 of the Chartered Professional Accountants of Canada Accounting 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, 2020.

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, 2020:

- 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.

Denis Dupont
Fellow of the Canadian Institute of Actuaries

Gino Girard
Fellow of the Canadian Institute of Actuaries

Morneau Shepell Ltd.

March 29, 2021
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, 2020, 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, 2020, 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 29, 2021

Statement of Financial Position

(Canadian $ thousands) As at December 31	**2020**	2019
ASSETS		
Investment assets *(Note 3)*	**$ 8,722,922**	$ 8,067,371
Accrued investment income	**33,549**	50,724
Contributions receivable		
- Employee	**5,958**	5,217
- Employer	**5,804**	5,205
FlexPen investments *(Note 6)*	**3,833**	4,137
Due from brokers	**39**	131
Other assets	**245**	161
	8,772,350	8,132,946
LIABILITIES		
Investment liabilities *(Note 3)*	**52,629**	96,292
Accounts payable and accrued liabilities *(Note 7)*	**13,740**	9,279
Due to brokers	**28**	4,767
	66,397	110,338
NET ASSETS AVAILABLE FOR BENEFITS	**8,705,953**	8,022,608
PENSION OBLIGATIONS *(Note 8)*	**5,392,517**	5,231,108
FUNDING SURPLUS *(Note 10)*	**$ 3,313,436**	$ 2,791,500

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	2020	2019
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	**$ 8,022,608**	$ 7,013,304
Investment Activities		
Investment income *(Note 3)*	**221,379**	317,568
Change in fair value of:		
- Investments *(Note 3)*	**711,731**	947,381
- FlexPen investments *(Note 6)*	**205**	535
Net investment activities	**933,315**	1,265,484
Member Service Activities		
Contributions *(Note 5)*		
Employee	**56,674**	59,135
Employer	**52,860**	50,856
Transfers	**1,050**	1,809
	110,584	111,800
Benefits *(Note 9)*		
Pensions	**(294,121)**	(291,259)
Refunds and transfers	**(19,063)**	(21,897)
	(313,184)	(313,156)
Net member service activities	**(202,600)**	(201,356)
Administrative Expenses *(Note 11)*	**(47,370)**	(54,824)
Increase in Net Assets Available For Benefits	**683,345**	1,009,304
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	**$ 8,705,953**	$ 8,022,608

The accompanying notes are an integral part of the financial statements

Statement of Changes in Pension Obligations

(Canadian $ thousands) Year ended December 31	**2020**	2019
PENSION OBLIGATIONS, BEGINNING OF YEAR	**$ 5,231,108**	$ 5,032,462
Increase in Pension Obligations		
Interest on pension obligations	**298,173**	291,883
Changes in actuarial assumptions	**90,096**	98,914
Benefits earned	**110,584**	111,800
Net experience losses	**-**	8,670
FlexPen investments *(Note 6)*	**205**	535
	499,058	511,802
Decrease in Pension Obligations		
Benefits *(Note 9)*	**313,184**	313,156
Net experience gains	**24,465**	-
	337,649	313,156
Net Increase in Pension Obligations	**161,409**	198,646
PENSION OBLIGATIONS, END OF YEAR	**$ 5,392,517**	$ 5,231,108

Statement of Changes in Funding Surplus

(Canadian $ thousands) Year ended December 31	**2020**	2019
FUNDING SURPLUS, BEGINNING OF YEAR	**$ 2,791,500**	$ 1,980,842
Increase in Net Assets Available for Benefits	**683,345**	1,009,304
Net Increase in Pension Obligations	**(161,409)**	(198,646)
FUNDING SURPLUS, END OF YEAR *(Note 10)*	**$ 3,313,436**	$ 2,791,500

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, 2020 to June 30, 2020 was 8.13% of earnings up to the maximum public pension plan earnings of $58,700 and 10.69% of earnings in excess of such maximum. The employee contribution rate was increased to 8.27% of earnings up to the maximum public pension plan earnings and 10.87% in excess of such maximum from July 1, 2020 to December 31, 2020. From January 1, 2019 to June 30, 2019 the rate 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. 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, 2020.

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, 2020 (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.

Notes to the Financial Statements
For the year ended December 31, 2020

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.

2020 INVESTMENTS

(Canadian $ thousands)	Fair Value	Cost	Change in Fair Value of Investments[(1)]	Investment Income	Total Return
INVESTMENT ASSETS					
Fixed Income					
Public Debt					
Cash and short-term investments	$ 446,504	$ 446,494	$ 1,005	$ 4,482	$ 5,487
Canadian bonds	3,609,470	2,565,524	339,171	67,868	407,039
Derivatives					
Bond forwards	33,399	-	165,771	-	165,771
Total return swaps	21,228	-	105,786	-	105,786
Private Debt	59,597	59,238	314	5,000	5,314
	4,170,198	3,071,256	612,047	77,350	689,397
Equities					
Public Equity					
Canadian	506,624	461,312	(42,218)	17,499	(24,719)
Non-Canadian	2,564,113	1,709,983	208,392	38,502	246,894
Private Equity	518,123	453,250	(27,219)	31,609	4,390
	3,588,860	2,624,545	138,955	87,610	226,565
Real Assets	956,433	788,285	(47,659)	55,770	8,111
Hedge Funds	-	-	(3,568)	649	(2,919)
Currency forwards	7,431	-	11,162	-	11,162
TOTAL INVESTMENT ASSETS	8,722,922	6,484,086	710,937	221,379	932,316
INVESTMENT LIABILITIES					
Fixed Income					
Securities sold under agreements to repurchase	(52,168)	(52,168)	-	-	-
Options - equity	(461)	(362)	794	-	794
TOTAL INVESTMENT LIABILITIES	(52,629)	(52,530)	794	-	794
TOTAL NET INVESTMENTS	**$ 8,670,293**	**$ 6,431,556**	**$ 711,731**	**$ 221,379**	**$ 933,110**

[(1)] *Includes $389.2 million of change in unrealized market gains and $322.5 million of realized gains.*

3. INVESTMENTS *(cont'd)*

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

Certain amounts below have been re-classified to conform to the current year financial statement presentation.

2019 INVESTMENTS

(Canadian $ thousands)	Fair Value	Cost	Change in Fair Value of Investments[1]	Investment Income	Total Return
INVESTMENT ASSETS					
Fixed Income					
Public Debt					
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
Private Debt	38,431	38,120	166	3,648	3,814
	3,757,173	2,961,935	279,679	91,514	371,193
Equities					
Public Equity					
Canadian	738,298	701,761	83,524	30,541	114,065
Non-Canadian	2,055,452	1,358,956	333,511	48,133	381,644
Private Equity	517,528	427,133	(49,603)	68,878	19,275
	3,311,278	2,487,850	367,432	147,552	514,984
Real Assets	946,745	707,731	(4,490)	77,620	73,130
Hedge funds	46,233	40,000	7,563	882	8,445
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
	(96,208)	(75,885)	284,024	-	284,024
Options – equity	(84)	(107)	2,238	-	2,238
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)*

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) Private debt 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.

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) Public equity 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 assets include 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 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	2020 Notional Value	2020 Net Fair Value	2019 Notional Value	2019 Net Fair Value
Fixed Income				
Bond forwards	**$ 1,592,332**	**$ 33,399**	$ 1,746,915	$ (18,098)
Total return swaps	**1,269,823**	**21,228**	829,787	(2,225)
	2,862,155	**54,627**	2,576,702	(20,323)
Options - equity	**(1,973)**	**(461)**	(7,830)	(84)
Currency forwards	**227,170**	**7,431**	317,138	5,942
TOTAL	**$ 3,087,352**	**$ 61,597**	$ 2,886,010	$ (14,465)

The net fair value of derivative contracts is represented by:

(Canadian $ thousands)

As at December 31	2020	2019
Derivative - related receivables	**$ 62,138**	$ 11,598
Derivative - related payables	**(541)**	(26,063)
TOTAL NET	**$ 61,597**	$ (14,465)

All derivative contracts held at December 31, 2020 and 2019 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, 2020, securities with an estimated fair value of $31.1 million (2019: $17.9 million) were loaned out, while securities contractually receivable as collateral had an estimated fair value of $32.5 million (2019: $18.7 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 **2020**	2019
United States dollar	**$ 2,328,531**	$ 1,779,114
Euro	**183,235**	194,618
Japanese yen	**82,645**	76,131
Hong Kong SAR dollar	**44,272**	21,656
British pound sterling	**37,452**	46,189
Swedish krona	**33,164**	27,607
Swiss franc	**33,016**	25,810
South Korean won	**15,047**	3,239
Mexican peso	**12,570**	11,629
Chinese renminbi	**9,835**	8,494
Indonesian rupiah	**9,073**	8,395
Singapore dollar	**8,846**	9,953
New Taiwan dollar	**7,618**	6,131
Australian dollar	**5,756**	5,262
Czech koruna	**3,786**	3,900
Danish krone	**2,935**	1,840
Norwegian krone	**2,534**	2,554
Brazilian real	**2,483**	3,827
Philippine peso	**1,350**	818
Other	**1,779**	10,999
TOTAL	**$ 2,825,927**	$ 2,248,166

As at December 31, 2020, a 1% increase in the Canadian dollar against all other currencies would decrease the value of the Plan's net investments by $28.3 million or 0.3% (2019: $22.5 million or 0.3%). A 1% decrease in the Canadian dollar against all other currencies would increase the value of the Plan's net investments by $28.3 million or 0.3% (2019: $22.5 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, 2020, 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 $1,066.1 million or 12.3% (2019: $916.9 million or 11.5%) of the Plan's assets. A 1% reduction in nominal interest rates would increase the value of the fixed income investments and derivatives by $1,066.1 million or 12.3% (2019: $916.9 million or 11.5%) 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, 2020 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 13.8% (2019: 13.9%). 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 11.0% (2019: 11.1%).

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, 2020 and 2019 were as follows:

(% of category)	Minimum	Long-term Target	Maximum
Canadian Equities	5	10	15
Non-Canadian 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)	**2020**		2019	
EQUITIES	**Canadian**	**Non-Canadian**	Canadian	Non-Canadian
Consumer Discretionary	**3.1**	**11.2**	2.4	11.6
Consumer Staples	**5.3**	**7.7**	7.5	8.2
Energy	**9.6**	**2.4**	12.4	3.3
Financials	**29.2**	**15.5**	27.5	18.1
Health Care	**0.9**	**13.1**	0.3	12.3
Industrials	**12.8**	**12.3**	9.7	15.5
Information Technology	**9.4**	**21.7**	4.5	16.5
Materials	**11.6**	**4.2**	10.2	4.6
Real Estate	**3.8**	**2.0**	9.1	2.0
Telecommunication Services	**6.7**	**7.3**	9.2	5.6
Utilities	**7.6**	**2.6**	7.2	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)	2020	2019
Canadian Equity		
Market Value	**$ 506,624**	$ 738,298
+ / - 1% change in S&P/TSX	**4,854**	6,860
U.S. Equity		
Market Value	**937,226**	616,506
+ / - 1% change in S&P 500	**8,653**	5,725
Global Equity		
Market Value	**1,626,887**	1,438,946
+ / - 1% change in MSCI ACWI ex-Canada	**$ 12,567**	$ 14,042

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, 2020 and December 31, 2019 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, 2020 the Plan received $29.6 million (2019: received $6.2 million) of collateral in the form of Government of Canada bonds and provincial bonds from its various derivative counterparties and provided $nil (2019: $1.4 million) of collateral to its derivative counterparties. The Plan has not provided any additional collateral (2019: $2.2 million) to the counterparty for the securities sold under agreements to repurchase contracts as at December 31, 2020.

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)	**2020**		2019	
CASH AND SHORT-TERM INVESTMENTS	**Fair Value**	**%**	Fair Value	%
Cash	**$ 413,457**	**92.6**	$ 339,346	76.6
Short-term investments				
Corporate	**33,047**	**7.4**	103,714	23.4
TOTAL	**$ 446,504**	**100.0**	$ 443,060	100.0
Cash	**$ 413,457**	**92.6**	$ 339,346	76.6
Short-term investments				
R-1 (high)	**-**	**-**	35,736	8.0
R-1 (middle)	**-**	**-**	5,236	1.2
R-1 (low)	**33,047**	**7.4**	62,742	14.2
	33,047	**7.4**	103,714	23.4
TOTAL	**$ 446,504**	**100.0**	$ 443,060	100.0

(Canadian $ thousands)	**2020**		2019	
CANADIAN BONDS	**Fair Value**	**%**	Fair Value	%
Government of Canada	**$ 1,053,242**	**29.2**	$ 1,002,174	30.6
Provincial	**1,476,468**	**40.9**	1,292,943	39.5
Corporate	**1,079,760**	**29.9**	980,565	29.9
TOTAL	**$ 3,609,470**	**100.0**	$ 3,275,682	100.0
AAA to AA-	**$ 2,016,252**	**55.9**	$ 1,797,786	54.9
A+ to A-	**1,079,110**	**29.9**	1,015,468	31.0
BBB+ to BBB-	**514,108**	**14.2**	462,428	14.1
TOTAL	**$ 3,609,470**	**100.0**	$ 3,275,682	100.0

The above table does not include derivative or derivative counterparty exposure. The Plan's fixed income derivative exposure of $2.9 billion (2019: $2.6 billion) as at December 31, 2020 is 100.0% (2019: 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 2021**		Due 2020
Accounts payable and accrued liabilities *(Note 7)*	**$**	**13,740**	$	9,279
Due to brokers		**28**		4,767
Derivatives *(Note 3 c)*		**541**		26,063
TOTAL	**$**	**14,309**	$	40,109

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, 2020 and 2019:

2020 INVESTMENTS

(Canadian $ thousands)	Level 1	Level 2	Level 3	Total
INVESTMENT ASSETS				
Fixed Income				
Public Debt				
Cash and short-term investments	$ 446,504	$ -	$ -	$ 446,504
Canadian bonds	-	2,515,627	1,093,843	3,609,470
Derivatives				
Bond forwards	-	33,399	-	33,399
Total return swaps	-	21,228	-	21,228
Private Debt	-	-	59,597	59,597
	446,504	2,570,254	1,153,440	4,170,198
Equities				
Public Equity				
Canadian	80	506,544	-	506,624
Non-Canadian	2,128,792	435,321	-	2,564,113
Private Equity	-	-	518,123	518,123
	2,128,872	941,865	518,123	3,588,860
Real Assets	20,684	-	935,749	956,433
Currency forwards	-	7,431	-	7,431
TOTAL INVESTMENT ASSETS	2,596,060	3,519,550	2,607,312	8,722,922
INVESTMENT LIABILITIES				
Fixed Income				
Securities sold under agreements to repurchase	-	(52,168)	-	(52,168)
Options - equity	(461)	-	-	(461)
TOTAL INVESTMENT LIABILITIES	(461)	(52,168)	-	(52,629)
TOTAL NET INVESTMENTS	**$ 2,595,599**	**$ 3,467,382**	**$ 2,607,312**	**$ 8,670,293**

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)*

2019 INVESTMENTS

(Canadian $ thousands)	Level 1	Level 2	Level 3	Total
INVESTMENT ASSETS				
Fixed Income				
Public Debt				
Cash and short-term investments	$ 437,824	$ 5,236	$ -	$ 443,060
Canadian bonds	-	2,278,689	996,993	3,275,682
Private Debt	-	-	38,431	38,431
	437,824	2,283,925	1,035,424	3,757,173
Equities				
Public Equity				
Canadian	317,309	420,989	-	738,298
Non-Canadian	1,683,196	372,256	-	2,055,452
Private Equity	-	-	517,528	517,528
	2,000,505	793,245	517,528	3,311,278
Real Assets	29,227	-	917,518	946,745
Hedge funds	-	-	46,233	46,233
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)
	-	(96,208)	-	(96,208)
Options - equity	(84)	-	-	(84)
TOTAL INVESTMENT LIABILITIES	(84)	(96,208)	-	(96,292)
TOTAL NET INVESTMENTS	**$ 2,467,472**	**$ 2,986,904**	**$ 2,516,703**	**$ 7,971,079**

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:

2020 INVESTMENTS

(Canadian $ thousands)	Balance at Dec 31, 2019	Purchases	Sales	Realized gain/(loss)	Change in unrealized gain/(loss)	Amortization	Balance at Dec 31, 2020
Fixed Income							
Canadian bonds	$ 996,993	$ -	$ (35,207)	$ 20,931	$ 111,143	$ (17)	$ 1,093,843
Private debt	38,431	60,022	(39,217)	313	48	-	59,597
	1,035,424	60,022	(74,424)	21,244	111,191	(17)	1,153,440
Private equity	517,528	52,574	(26,293)	(390)	(25,296)	-	518,123
Real Assets	917,518	109,386	(57,826)	6,696	(40,025)	-	935,749
Hedge funds	46,233	-	(42,665)	2,665	(6,233)	-	-
TOTAL	**$ 2,516,703**	**$ 221,982**	**$ (201,208)**	**$ 30,215**	**$ 39,637**	**$ (17)**	**$ 2,607,312**

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
Private debt	10,600	28,677	(845)	-	25	(26)	38,431
	887,448	28,677	(1,040)	(18)	120,400	(43)	1,035,424
Private equity	542,704	56,298	(34,786)	19	(46,707)	-	517,528
Real Assets	854,623	115,652	(42,883)	(90)	(9,784)	-	917,518
Hedge funds	38,670	-	-	-	7,563	-	46,233
TOTAL	**$ 2,323,445**	**$ 200,627**	**$ (78,709)**	**$ (89)**	**$ 71,472**	**$ (43)**	**$ 2,516,703**

Total net unrealized gains for Level 3 instruments held at the end of 2020 amounts to $902.4 million (2019: $885.0 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 2019.

5. CONTRIBUTIONS

The following are the contributions for the year:

(Canadian $ thousands)		**2020**		2019
Employee				
- Current Service	**$**	**51,607**	$	51,914
- Past Service		**5,067**		7,221
		56,674		59,135
Employer		**52,860**		50,856
Transfers		**1,050**		1,809
TOTAL	**$**	**110,584**	$	111,800

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)		**2020**		2019
Investment, Beginning of Year	**$**	**4,137**	$	4,407
Capital appreciation		**205**		535
Purchase of additional pension benefits and transfers out		**(509)**		(805)
Investment, End of Year	**$**	**3,833**	$	4,137

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

(Canadian $ thousands)	**2020**	2019
Benefits	**$ 5,436**	$ 6,245
Administrative expenses	**8,304**	3,034
TOTAL	**$ 13,740**	$ 9,279

8. PENSION OBLIGATIONS

Under the PBSA actuarial valuations are required at least annually. The latest actuarial valuation was performed at December 31, 2020 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	
	2020	2019
Asset rate of return	**5.50%**	5.70%
Salary escalation rate (1)	**2.50%**	2.75%
Indexation	**1.86%**	1.86%
Inflation rate	**2.00%**	2.00%
Mortality table	**CBC 2019 Pensioner Mortality (CPM-B projection scale)**	CBC 2019 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 2020, there were net experience gains of $24.5 million (2019: net experience losses of $8.7 million) with respect to plan membership, retirement and termination settlements compared to the assumptions used in the actuarial valuation conducted as at December 31, 2020.

The PBSA requires that the Plan also be valued on a solvency basis, which simulates a plan wind-up. As of December 31, 2020, the date of the last actuarial valuation, the Plan's solvency liabilities were estimated at $8,318 million (2019: $ 7,787 million).

9. BENEFITS

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

(Canadian $ thousands)	**2020**	2019
Retirement benefits	**$ 258,566**	$ 256,704
Death benefits	**35,555**	34,555
	294,121	291,259
Refunds and transfers to other plans	**18,554**	21,092
FlexPen – purchase of additional pension benefits and transfers out *(Note 6)*	**509**	805
	19,063	21,897
TOTAL	**$ 313,184**	$ 313,156

10. FUNDING POSITION

The last actuarial valuation of the Plan was performed as at December 31, 2020 and determined that the Plan had a funding excess of $3,313.4 million (2019: $ 2,791.5 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, 2020 of $381.1 million (2019: surplus of $ 229.3 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 of 102.9% (2019: 3-year average surplus of 101.3%). 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. This scenario was applicable in fiscal year 2019 as the 3-year average funding ratio at the end of 2018 was a deficit. 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 a surplus as at December 31, 2020 there was no special solvency funding requirements by the sponsor in 2020 nor is there in 2021.

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)	**2020**	2019
Fund Administration		
Internal Management		
Salaries and employment costs	**$ 6,679**	$ 5,573
Professional fees	**579**	258
Data processing / technology	**1,065**	1,122
Custodial fees and transaction costs	**623**	828
Office rent	**403**	378
Other	**17**	78
Total Internal Management	**9,366**	8,237
External Management		
Management fees and performance fees	**33,172**	41,693
Custodial fees and transactions costs	**707**	649
Total External Management	**33,879**	42,342
Total Fund Administration	**43,245**	50,579
Pension Benefit Administration		
External administration	**1,562**	1,700
Salaries and employment costs	**430**	507
Professional fees	**22**	21
Data processing / technology	**32**	38
Other	**210**	243
Total Pension Benefit Administration	**2,256**	2,509
Board of Trustees' Expenses		
Professional fees	**514**	535
Other	**97**	145
Total Board of Trustees Expenses	**611**	680
Harmonized sales tax	**1,258**	1,056
TOTAL	**$ 47,370**	$ 54,824

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, 2020, these potential unfunded commitments totaled $656.5 million (2019: $ 535.8 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 réclamations 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. As at December 31, 2020, the amount recorded as a liability for claims under these indemnifications is $nil (2019: $nil).

14. COMPARATIVE AMOUNTS

The 2019 comparative amounts in Note 3 a) Schedule of investments have been re-classified to conform to the current year financial statement presentation.

15. SIGNIFICANT EVENTS

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 $30 MILLION

AS AT DECEMBER 31, 2020
(unaudited)

FIXED INCOME

Issuer	Coupon	Maturity Date	Fair Value ($ millions)
Public Debt			
BlackRock Canada CorePlus Long Bond Fund	n/a	n/a	1,061
Government of Canada	4.00%	1-Dec-31	205
TD *Emerald* Long Bond Broad Market Pooled Fund	n/a	n/a	174
Government of Canada	2.75%	1-Dec-48	162
Province of Quebec	4.25%	1-Dec-31	96
Government of Canada	2.00%	1-Dec-41	96
Government of Canada	2.00%	1-Dec-51	89
Government of Canada	3.00%	1-Dec-36	81
Province of Ontario	2.80%	2-Jun-48	77
Province of Ontario	2.00%	1-Dec-36	74
Government of Canada	1.50%	1-Dec-44	50
Government of Canada	1.25%	1-Dec-47	43
Government of Canada	1.25%	1-Dec-30	41
Province of Ontario	2.90%	1-Dec-46	34
Province of Quebec	3.50%	1-Dec-48	33
Province of Quebec	5.00%	1-Dec-41	31
Province of Ontario	2.65%	1-Dec-50	30

EQUITY

Issuer	Fair Value ($ millions)
Public Equity	
Canadian Equity	
TD *Emerald* Canadian Equity Index Pooled Fund	405
TD *Emerald* Low Volatility Canadian Equity Pooled Fund	101
Non-Canadian Equity	
SPDR S&P 500 ETF Trust Units	338
Wellington Emerging Markets Research Equity Fund	161
TD *Emerald* Hedged Synthetic International Equity Pooled Fund	151
TD *Emerald* Low Volatility All World Equity Pooled Fund	124
Apple Inc.	74
Berkshire Hathaway Inc. – Class B	70
Microsoft Corp.	65
MasterCard Inc. – Class A	56
Johnson & Johnson	43
Alphabet – Class A	41

INVESTMENTS GREATER THAN $30 MILLION (cont'd)

AS AT DECEMBER 31, 2020
(unaudited)

EQUITY (cont'd)

Issuer	Fair Value ($ millions)
Private Equity	
Global Growth Capital Fund	45
Secondary Fund	42
Secondary Fund	40
Asian Venture Capital Fund	40
Asian Growth Capital Fund	34
Secondary Fund	34
Global Growth Capital Fund	31

REAL ASSETS

Issuer	Fair Value ($ millions)
Real Estate	
AEW Core Property Trust	90
Bentall Kennedy Prime Canadian Property fund	88
Morguard Investment Ltd. Res. Prop. (1) Inc. Pooled	65
Triovest Realty Advisors Westhills Equities	59
Minto Properties Multi-Residential Income	44
Strathallen Retail Property Fund LP No. 4	42
Airdrie Flex Industrial Fund	40
Realstar Apartment Partnership II	35
Bridge Multifamily IV International Fund	31
Infrastructure	
Brookfield Infrastructure Fund II	48
John Hancock Infrastructure Fund	41
Timberland & Farmland	
Hancock Timberland & Farmland Fund	52

TOP 10 PUBLIC EQUITY HOLDINGS

AS AT DECEMBER 31, 2020
(unaudited)

AS A PERCENTAGE OF NET ASSETS AVAILABLE FOR BENEFITS

Company	Sector	%
SPDR S&P 500 ETF Trust Units	Broad Index	3.88%
Apple Inc.	Information Technology	0.85%
Berkshire Hathaway Inc. – Class B	Financials	0.81%
Microsoft Corp.	Information Technology	0.75%
MasterCard Inc. – Class A	Financials	0.65%
Johnson & Johnson	Health Care	0.49%
Alphabet Inc. – Class A	Communication	0.47%
UnitedHealth Group	Health Care	0.31%
Danaher Corp.	Health Care	0.24%
JPMorgan Chase & Co.	Financials	0.23%
	Top 10 Public Equity Holdings - Total	**8.68%**

BOARD OF TRUSTEES & MANAGEMENT

BOARD OF TRUSTEES

(as of December 31, 2020)

Sandra Mason
(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

*Effective March 2021, Carol Najm was appointed Vice-President & CFO, CBC/Radio-Canada and to the Board of Trustees. She will assume the position held by Michael Mooney.

MANAGEMENT

Duncan Burrill, CPA, CMA
Managing Director / CEO

Julie Murphy, CPA, CGA
Secretary / Treasurer

INVESTMENT MANAGEMENT TEAM

Patrizia Cappelli, CFA
Portfolio Manager
Domestic Bonds

Koblavi Fiagbedzi, CFA
Portfolio Manager
Real Assets

Edward Golding, CFA
Portfolio Manager
Private Investments

Laura Hurst, CFA
Portfolio Manager
Global Equity

Nadi Tadros, CFA
Portfolio Manager
Global Equity

Robert VandenBygaart, CFA
Portfolio Manager
U.S. Equity

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.