INTERIM CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 and 2020

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of Canadian dollars) (unaudited)

	Note	**June 30, 2021**	December 31, 2020
ASSETS			
Cash		**1,312**	1,021
Amounts receivable from transactions being settled		**4,958**	3,116
Advances to depositors		**275**	281
Investment income, accrued and receivable		**1,133**	1,109
Other assets		**975**	588
Investments	3	**442,043**	405,978
Total assets		**450,696**	412,093
LIABILITIES			
Amounts payable on transactions being settled		**7,332**	3,290
Other financial liabilities		**1,738**	1,205
Investment liabilities	3	**51,906**	42,106
Total liabilities excluding net assets attributable to depositors		**60,976**	46,601
NET ASSETS ATTRIBUTABLE TO DEPOSITORS		**389,720**	365,492

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the six-month periods ended June 30

(in millions of Canadian dollars) (unaudited)

	Note	**2021**	2020
Investment income		**8,494**	5,093
Investment expense		**(249)**	(386)
Net investment income	6	**8,245**	4,707
Operating expenses		**(322)**	(307)
Net income		**7,923**	4,400
Net gains (losses) on financial instruments at fair value	6	**12,343**	(12,637)
Investment result before distributions to depositors	6	**20,266**	(8,237)
Distributions to depositors		**(12,580)**	(8,731)
Net income and comprehensive income attributable to depositors		**7,686**	(16,968)

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

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO DEPOSITORS

For the six-month periods ended June 30

(in millions of Canadian dollars) (unaudited)

	Demand deposits	**Term deposits**	**Distributions payable to depositors**	**Participation deposits**	**Net assets attributable to depositors**
Balance as at December 31, 2020	**4,042**	**7**	**2,653**	**358,790**	**365,492**
Attributions and distributions					
Net income and comprehensive income attributable to depositors	**-**	**-**	**-**	**7,686**	**7,686**
Distributions to depositors	**13,631**	**-**	**(1,051)**	**-**	**12,580**
Participation deposits					
Issuance of participation deposit units	**(20,679)**	**-**	**-**	**20,679**	**-**
Cancellation of participation deposit units	**405**	**-**	**-**	**(405)**	**-**
Net deposits					
Net contributions	**3,962**	**-**	**-**	**-**	**3,962**
BALANCE AS AT JUNE 30, 2021	**1,361**	**7**	**1,602**	**386,750**	**389,720**

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

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

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six-month periods ended June 30

(in millions of Canadian dollars) (unaudited)

	2021	2020
Cash flows from operating activities		
Net income and comprehensive income attributable to depositors	**7,686**	(16,968)
Adjustments for:		
Unrealized net (gains) losses on commercial paper, term notes and loans payable	**(252)**	497
Foreign exchange (gains) losses on commercial paper, term notes and loans payable	**(206)**	590
Distributions to depositors	**12,580**	8,731
Net changes in operating assets and liabilities		
Amounts receivable from transactions being settled	**(1,842)**	73
Advances to depositors	**6**	724
Investment income, accrued and receivable	**(24)**	166
Other assets	**(387)**	(353)
Investments	**(37,394)**	6,035
Amounts payable on transactions being settled	**4,042**	2,085
Other financial liabilities	**533**	210
Investment liabilities	**9,364**	(3,455)
	(5,894)	(1,665)
Cash flows from financing activities		
Net change in commercial paper payable	**2,022**	(3,386)
Issuance of commercial paper payable	**5,607**	5,267
Repayment of commercial paper payable	**(5,057)**	(5,158)
Net change in loans payable	**(454)**	34
Issuance of term notes payable	**1,205**	6,166
Repayment of term notes payable	**(2,429)**	(1,148)
Net contributions	**3,962**	1,091
	4,856	2,866
Net increase (decrease) in cash and cash equivalents	**(1,038)**	1,201
Cash and cash equivalents at the beginning of the period	**2,410**	1,122
Cash and cash equivalents at the end of the period	**1,372**	2,323
Cash and cash equivalents comprise:		
Cash	**1,312**	1,225
Cash equivalents	**60**	1,098
	1,372	2,323
Supplemental information on cash flows from operating activities		
Interest and dividends received	**4,240**	5,146
Interest paid	**(189)**	(369)

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. CONSTITUTION AND NATURE OF OPERATIONS

La Caisse de dépôt et placement du Québec ("CDPQ"), a legal person established in the public interest within the meaning of the *Civil Code of Québec,* is governed by the *Act respecting the Caisse de dépôt et placement du Québec* (CQLR, chapter C-2) (the "Act").

CDPQ is domiciled in Québec, Canada. Its head office is located at 65 Sainte-Anne St., Québec City, Canada and its main office is located at 1000 Place Jean-Paul-Riopelle, Montréal, Canada.

CDPQ's mission is to receive moneys on deposit as provided by the Act and to manage them with a view to achieving an optimal return on depositors' capital within the framework of the depositor investment policies while also contributing to Québec's economic development.

The Board of Directors approved CDPQ's interim consolidated financial statements and the publication thereof on August 13, 2021.

Interim consolidated financial statements

These interim consolidated financial statements have been prepared for the purposes of presenting CDPQ's financial position, financial performance, and cash flows. CDPQ's interim consolidated financial statements include the accounts of the General Fund, of the individual funds, and of the specialized portfolios as well as the accounts of its subsidiaries that exclusively offer services related to financing, administrative and management activities. In preparing the interim consolidated financial statements, all intercompany transactions and balances have been eliminated.

General Fund

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

Specialized portfolios

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

- Short Term Investments (740);
- Rates (765);
- Credit (766);
- Long Term Bonds (764)[1] ;
- Real Return Bonds (762)[1];
- Infrastructure (782);
- Real Estate (710);
- Equity Markets (737);
- Private Equity (780);
- Asset Allocation (771).

[1] Based on their changing needs, depositors investing in the Long Term Bonds (764) and Real Return Bonds (762) specialized portfolios decided to liquidate their positions. The divestment period is expected to span several months and until the end of 2021, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

CDPQ's interim consolidated financial statements for the six-month periods ended June 30, 2021 and 2020 have been prepared in accordance with IAS 34 – *Interim financial reporting,* as issued by the International Accounting Standards Board ("IASB"). The interim consolidated financial statements do not include all of the information and disclosures required in annual financial statements and should be read in conjunction with CDPQ's annual consolidated financial statements for the years ended December 31, 2020 and 2019.

CDPQ's interim consolidated financial statements have been prepared using the same accounting policies as those used to prepare its annual consolidated financial statements for the years ended December 31, 2020 and 2019.

Adoption of new IFRS standards

In August 2020, the IASB issued amendments to IFRS 9 – *Financial instruments*, IAS 39 – *Financial instruments: recognition and measurement*, IFRS 7 – *Financial instruments: disclosures*, IFRS 4 – *Insurance contracts* and IFRS 16 – *Leases* to include changes arising from the interest rate benchmark reform, which took effect January 1, 2021. The amendments relate to replacing current interest rate benchmarks with new interest rate benchmarks and set out the additional disclosure requirements to be provided in connection with this reform. The adoption of these amendments did not have an impact on the interim consolidated financial statements for the six-month period ended June 30, 2021.

Presentation and measurement basis

CDPQ measures all of its financial instruments, including interests in unconsolidated subsidiaries, joint ventures, associates and structured entities, at fair value through profit or loss ("FVTPL"). Subsidiaries that solely provide services related to financing, administrative, and management activities are consolidated in accordance with the guidance set out in IFRS 10 – *Consolidated financial statements.*

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

Significant events

Despite an improvement in the global health crisis caused by the COVID-19 pandemic declared by the World Health Organization in March 2020, financial markets are still subject to high levels of uncertainty and volatility. The significant estimates and assumptions, including those used in measuring investments and analyzing and managing risks, incorporate the pandemic-related uncertainties and factors known to date. Management's best estimates are reflected in the results presented.

3. INVESTMENTS AND INVESTMENT LIABILITIES

a) Investments

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

			June 30, 2021			December 31, 2020
	Canada	**Foreign**	**Fair value**	Canada	Foreign	Fair value
Investments						
Cash equivalents						
Short-term investments	**60**	**-**	**60**	200	-	200
Securities purchased under reverse repurchase agreements	**-**	**-**	**-**	1,189	-	1,189
Total cash equivalents	**60**	**-**	**60**	1,389	-	1,389
Fixed-income securities						
Short-term investments	**36**	**444**	**480**	395	39	434
Securities purchased under reverse repurchase agreements	**14,735**	**6,437**	**21,172**	4,557	1,026	5,583
Corporate debt	**941**	**1,314**	**2,255**	979	1,380	2,359
Bonds						
Governments	**48,148**	**18,014**	**66,162**	41,917	19,411	61,328
Government corporations and other public administrations	**5,842**	**553**	**6,395**	6,604	591	7,195
Corporate sector	**10,444**	**7,869**	**18,313**	11,826	7,104	18,930
Bond funds	**-**	**2,220**	**2,220**	-	1,401	1,401
Total fixed-income securities	**80,146**	**36,851**	**116,997**	66,278	30,952	97,230
Variable-income securities						
Equities						
Public companies	**30,357**	**99,917**	**130,274**	30,746	88,623	119,369
Private companies	**3,492**	**20,547**	**24,039**	3,305	20,127	23,432
Hedge funds	**-**	**486**	**486**	-	428	428
Total variable-income securities	**33,849**	**120,950**	**154,799**	34,051	109,178	143,229
Interests in unconsolidated subsidiaries						
Investments in real estate holdings	**13,878**	**33,421**	**47,299**	13,380	31,780	45,160
Investments in real estate debt	**15,455**	**2,643**	**18,098**	15,261	2,232	17,493
Private equity investments	**9,389**	**32,498**	**41,887**	7,680	32,819	40,499
Infrastructure investments	**5,553**	**22,970**	**28,523**	5,417	20,164	25,581
Investments in fixed-income securities	**3,471**	**20,427**	**23,898**	4,902	19,234	24,136
Investments in hedge funds	**-**	**3,939**	**3,939**	-	3,886	3,886
Stock market investments	**3,820**	**1,124**	**4,944**	2,869	1,614	4,483
Total interests in unconsolidated subsidiaries	**51,566**	**117,022**	**168,588**	49,509	111,729	161,238
Derivative financial instruments (Note 4)	**-**	**1,599**	**1,599**	1	2,891	2,892
Total investments	**165,621**	**276,422**	**442,043**	151,228	254,750	405,978

b) Investment liabilities

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

			June 30, 2021			December 31, 2020
	Canada	**Foreign**	**Fair value**	Canada	Foreign	Fair value
Investment liabilities						
Non-derivative financial liabilities						
Securities sold under repurchase agreements	**16,747**	**2,252**	**18,999**	11,261	3,455	14,716
Securities sold short						
Equities	**104**	**910**	**1,014**	103	26	129
Bonds	**-**	**7,134**	**7,134**	1,610	1,022	2,632
Commercial paper payable	**8,777**	**-**	**8,777**	5,983	-	5,983
Loans payable	**173**	**317**	**490**	514	428	942
Term notes payable	**14,207**	**-**	**14,207**	16,113	-	16,113
Total non-derivative financial liabilities	**40,008**	**10,613**	**50,621**	35,584	4,931	40,515
Derivative financial instruments (Note 4)	**4**	**1,281**	**1,285**	3	1,588	1,591
Total investment liabilities	**40,012**	**11,894**	**51,906**	35,587	6,519	42,106

4. DERIVATIVE FINANCIAL INSTRUMENTS

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

	June 30, 2021			December 31, 2020		
	Fair value		**Notional**	Fair value		Notional
	Assets	**Liabilities**	**amount**	Assets	Liabilities	amount
Exchange markets						
Interest rate derivatives						
Futures contracts	**-**	**-**	**59,789**	-	-	56,619
Equity derivatives						
Futures contracts	**-**	**-**	**20,444**	-	-	23,823
Warrants	**-**	**-**	**46**	1	-	53
Commodity derivatives						
Futures contracts	**-**	**-**	**402**	-	-	844
Total exchange markets	**-**	**-**	**80,681**	1	-	81,339
Over-the-counter markets						
Interest rate derivatives						
Swaps	**186**	**3**	**2,045**	250	-	2,128
Swaps settled through a clearing house	**-**	**-**	**42,961**	-	-	46,698
Options	**75**	**126**	**47,417**	31	32	18,191
Currency derivatives						
Swaps	**111**	**90**	**7,272**	141	130	8,768
Forward contracts	**899**	**646**	**76,231**	1,868	879	97,149
Options	**63**	**91**	**22,730**	48	151	25,707
Credit default derivatives						
Swaps settled through a clearing house	**-**	**-**	**42,687**	-	-	45,485
Options	**13**	**-**	**16,412**	12	-	6,406
Equity derivatives						
Swaps	**142**	**107**	**7,317**	156	166	8,127
Forward contracts	**-**	**-**	**-**	160	-	1,091
Options	**110**	**169**	**16,544**	225	212	21,333
Commodity derivatives						
Forward contracts	**-**	**26**	**634**	-	-	-
Options	**-**	**27**	**877**	-	21	1,867
Total over-the-counter markets	**1,599**	**1,285**	**283,127**	2,891	1,591	282,950
Total derivative financial instruments	**1,599**	**1,285**	**363,808**	2,892	1,591	364,289

5. FAIR VALUE MEASUREMENT

a) Policy, directive, protocols and procedures related to fair value measurement

Fair value is defined as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined for each financial instrument, which could be a stand-alone asset or liability (e.g., a share or bond) or a group of assets and liabilities (e.g., an ownership interest in a subsidiary or associate). Upon initial recognition, the best evidence of the fair value of a financial instrument is the transaction price, which is the fair value of the consideration received or given. Subsequently, the fair value of a financial instrument is obtained using quoted prices in active markets. When there are no quoted prices, fair value is determined using valuation techniques based on observable and unobservable inputs. CDPQ applies appropriate valuation techniques based on a financial instrument's characteristics, the availability of inputs, and the assumptions that would be used by market participants, focusing on maximizing the use of relevant observable inputs while minimizing the use of unobservable inputs.

In accordance with CDPQ's valuation procedures, which are governed by the Investment Valuation Policy, less liquid investments, including, in particular, private equity and infrastructure investments, investments in real estate holdings and in real estate debt, and investments in corporate debt and funds, are subject to a semi-annual valuation. The policy and directive as well as the protocols and procedures related to fair value measurement, as well as valuation techniques, are described in CDPQ's annual consolidated financial statements for the years ended December 31, 2020 and 2019. There have been no significant changes since that time. The fair value measurement policy, directive, protocols and procedures have been applied consistently to all periods.

b) Fair value hierarchy

CDPQ's financial instruments at FVTPL are classified according to the below-described fair value hierarchy, based on the lowest level of significant input used in measuring fair value.

Level 1: The fair value calculation of the financial instrument is based on observable prices (unadjusted) in active markets that the entity can access at the measurement date for identical assets or liabilities.

Level 2: The fair value of the financial instrument is calculated using valuation techniques for which the significant inputs are observable, either directly or indirectly.

Level 3: The fair value of the financial instrument is calculated using valuation techniques for which the significant inputs are unobservable. This level includes financial instruments whose valuation is based on prices observed for similar financial instruments, substantially adjusted to reflect the characteristics specific to the financial instrument being measured and available market data.

Classification into the fair value hierarchy levels is determined upon initial measurement of the financial instrument and is reviewed on each subsequent measurement date. Transfers between levels of the fair value hierarchy are measured at fair value at the beginning of each period.

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

Fair value hierarchy (cont.)

The following tables show an allocation of the fair value of financial instruments into the three levels of the fair value hierarchy:

				June 30, 2021
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Amounts receivable from transactions being settled	-	4,958	-	4,958
Advances to depositors	-	275	-	275
Investment income, accrued and receivable	-	1,133	-	1,133
Investments				
Cash equivalents	-	60	-	60
Short-term investments	-	480	-	480
Securities purchased under reverse repurchase agreements	-	21,172	-	21,172
Corporate debt	-	-	2,255	2,255
Bonds	68,585	24,259	246	93,090
Equities				
Public companies	130,016	258	-	130,274
Private companies	-	6,342	17,697	24,039
Hedge funds	-	403	83	486
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	-	9,299	38,000	47,299
Investments in real estate debt	-	14,311	3,787	18,098
Private equity investments	-	383	41,504	41,887
Infrastructure investments	-	-	28,523	28,523
Investments in fixed-income securities	-	5,019	18,879	23,898
Investments in hedge funds	-	3,939	-	3,939
Stock market investments	-	3,820	1,124	4,944
Derivative financial instruments	-	1,599	-	1,599
	198,601	97,710	152,098	448,409
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled	-	7,332	-	7,332
Other financial liabilities	-	1,738	-	1,738
Investment liabilities				
Securities sold under repurchase agreements	-	18,999	-	18,999
Securities sold short	8,148	-	-	8,148
Commercial paper payable	-	8,777	-	8,777
Loans payable	-	490	-	490
Term notes payable	-	14,207	-	14,207
Derivative financial instruments	-	1,285	-	1,285
	8,148	52,828	-	60,976
Net assets attributable to depositors				
Demand deposits	-	1,361	-	1,361
Term deposits	-	7	-	7
Distributions payable to depositors	-	1,602	-	1,602
Participation deposits	-	386,750	-	386,750
	-	389,720	-	389,720

Transfers between levels of the fair value hierarchy

As at June 30, 2021, due to changes in the availability of observable inputs given changing market conditions, financial instruments with a value of $849 million were transferred from Level 1 to Level 2, of $1,022 million from Level 2 to Level 1, and of $259 million from Level 3 to Level 2.

Fair value hierarchy (cont.)

				December 31, 2020
	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts receivable from transactions being settled	-	3,116	-	3,116
Advances to depositors	-	281	-	281
Investment income, accrued and receivable	-	1,109	-	1,109
Investments				
Cash equivalents	-	1,389	-	1,389
Short-term investments	-	434	-	434
Securities purchased under reverse repurchase agreements	-	5,583	-	5,583
Corporate debt	-	-	2,359	2,359
Bonds	63,825	24,804	225	88,854
Equities				
Public companies	118,759	610	-	119,369
Private companies	-	6,715	16,717	23,432
Hedge funds	-	395	33	428
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	-	9,755	35,405	45,160
Investments in real estate debt	-	13,768	3,725	17,493
Private equity investments	-	-	40,499	40,499
Infrastructure investments	-	-	25,581	25,581
Investments in fixed-income securities	-	5,122	19,014	24,136
Investments in hedge funds	-	3,886	-	3,886
Stock market investments	-	2,869	1,614	4,483
Derivative financial instruments	1	2,891	-	2,892
	182,585	82,727	145,172	410,484
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled	-	3,290	-	3,290
Other financial liabilities	-	1,205	-	1,205
Investment liabilities				
Securities sold under repurchase agreements	-	14,716	-	14,716
Securities sold short	2,761	-	-	2,761
Commercial paper payable	-	5,983	-	5,983
Loans payable	-	942	-	942
Term notes payable	-	16,113	-	16,113
Derivative financial instruments	-	1,591	-	1,591
	2,761	43,840	-	46,601
Net assets attributable to depositors				
Demand deposits	-	4,042	-	4,042
Term deposits	-	7	-	7
Distributions payable to depositors	-	2,653	-	2,653
Participation deposits	-	358,790	-	358,790
	-	365,492	-	365,492

Transfers between levels of the fair value hierarchy

As at December 31, 2020, due to changes in the availability of observable inputs given changing market conditions, financial instruments with a value of $989 million were transferred from Level 1 to Level 2 and of $771 million from Level 2 to Level 1. Moreover, due to a loss of significant influence in an associate whose securities are quoted, financial instruments valued at $916 million were transferred from Level 3 to Level 1.

c) Level 3: Reconciliation between opening and closing balances

For financial instruments classified in Level 3 of the hierarchy, reconciliations between the opening and closing balances as at June 30, 2021 and 2020 are as follows:

								2021
	Opening balance (assets/ (liabilities))	**Gains (losses) recognized in comprehensive income[1]**	**Purchases**	**Sales**	**Settlements**	**Transfers**	**Closing balance (assets/ (liabilities))**	**Unrealized gains (losses) on financial instruments held at period-end[1 and 2]**
Corporate debt	**2,359**	**(68)**	**20**	**(4)**	**(52)**	**-**	**2,255**	**1**
Bonds	**225**	**2**	**24**	**-**	**(5)**	**-**	**246**	**89**
Equities	**16,750**	**1,036**	**367**	**(373)**	**-**	**-**	**17,780**	**1,495**
Interests in unconsolidated subsidiaries	**125,838**	**3,232**	**6,419**	**(3,413)**	**-**	**(259)**	**131,817**	**3,987**

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

[1] Presented under "Net gains (losses) on financial instruments at fair value" in the Interim Consolidated Statements of Comprehensive Income.

[2] Includes the change in fair value resulting from measuring financial instruments denominated in their original currency and excludes the amounts of gains (losses) resulting from translating financial instruments denominated in foreign currencies.

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

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

The following tables show quantitative information on the primary valuation techniques and unobservable inputs for the main financial instruments classified in Level 3 of the fair value hierarchy that are subject to the sensitivity analysis in Note 5e as well as those that are excluded from the analysis:

					June 30, 2021
	Fair value	**Valuation techniques**	**Unobservable inputs**	**Range**	**Weighted average**
Included in the sensitivity analysis					
Corporate debt	**2,238**	**Discounted cash flows**	**Credit spreads**	**0.8% to 3.1%**	**1.8%**
			Discount rates	**5.5% to 11.0%**	**8.0%**
Equities					
Private equity investments	**5,634**	**Comparable company multiples**	**EBITDA multiples**	**7.5 to 16.0**	**12.3**
Infrastructure investments	**5,286**	**Discounted cash flows**	**Discount rates**	**6.5% to 13.3%**	**10.0%**
Interests in unconsolidated subsidiaries					
Investments in real estate holdings	**38,000**	**Discounted cash flows**	**Discount rates**	**4.0% to 13.8%**	**6.4%**
			Credit spreads	**0.0% to 8.6%**	**1.9%**
		Capitalization of revenues	**Capitalization rate**	**2.0% to 10.7%**	**5.3%**
		Net real estate assets	**Discounts to net asset value**	**0.0% to 17.2%**	**3.0%**
Private equity investments	**17,886**	**Comparable company multiples**	**EBITDA multiples**	**6.4 to 15.7**	**12.0**
Infrastructure investments	**20,515**	**Discounted cash flows**	**Discount rates**	**6.0% to 14.0%**	**9.5%**
Investments in fixed-income securities	**13,843**	**Discounted cash flows**	**Discount rates**	**7.2%**	**n.a.**
			Credit spreads	**1.3% to 8.6%**	**4.6%**
	103,402				
Excluded from the sensitivity analysis					
Financial instruments[1]	**48,696**	**Recent transactions[2]**	**n.a.**	**n.a.**	**n.a.**
		Broker quotes[3]	**n.a.**	**n.a.**	**n.a.**
		Net assets[3]	**n.a.**	**n.a.**	**n.a.**
Net financial instruments classified in Level 3	**152,098**				

n.a.: not applicable

[1] The fair value of financial instruments presented in this item includes corporate debt, bonds, equities and interests in unconsolidated subsidiaries.

[2] When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. Consequently, CDPQ did not conduct a sensitivity analysis.

[3] When fair value is determined using broker quotes or net asset value, this value is the only reasonable indication of fair value. Consequently, CDPQ is unable to conduct a sensitivity analysis.

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

					December 31, 2020
	Fair value	Valuation techniques	Unobservable inputs	Range	Weighted average
Included in the sensitivity analysis					
Corporate debt	2,303	Discounted cash flows	Credit spreads	0.6% to 3.4%	1.9%
			Discount rates	5.5% to 11.0%	8.1%
Equities					
Private equity investments	4,953	Comparable company multiples	EBITDA multiples	7.8 to 16.0	11.8
Infrastructure investments	5,145	Discounted cash flows	Discount rates	6.5% to 13.3%	9.9%
Interests in unconsolidated subsidiaries					
Investments in real estate holdings	35,405	Discounted cash flows	Discount rates	4.1% to 13.8%	6.5%
			Credit spreads	0.0% to 6.8%	2.0%
		Capitalization of revenues	Capitalization rate	2.1% to 10.7%	5.3%
		Net real estate assets	Discounts to net asset value	0.0% to 14.4%	4.0%
Private equity investments	12,471	Comparable company multiples	EBITDA multiples	6.3 to 15.6	11.9
Infrastructure investments	19,027	Discounted cash flows	Discount rates	6.0% to 14.0%	9.1%
Investments in fixed-income securities	14,066	Discounted cash flows	Discount rates	7.0%	n.a.
			Credit spreads	1.1% to 8.8%	4.5%
	93,370				
Excluded from the sensitivity analysis					
Financial instruments[1]	51,802	Recent transactions[2]	n.a.	n.a.	n.a.
		Broker quotes[3]	n.a.	n.a.	n.a.
		Net assets[3]	n.a.	n.a.	n.a.
Net financial instruments classified in Level 3	145,172				

n.a.: not applicable

[1] The fair value of financial instruments presented in this item includes corporate debt, bonds, equities and interests in unconsolidated subsidiaries.

[2] When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. Consequently, CDPQ did not conduct a sensitivity analysis.

[3] When fair value is determined using broker quotes or net asset value, this value is the only reasonable indication of fair value. Consequently, CDPQ is unable to conduct a sensitivity analysis.

e) Sensitivity analysis of fair value

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

		June 30, 2021		December 31, 2020
	Increase	**Decrease**	Increase	Decrease
Sensitivity of fair value	**6,662**	**(6,414)**	6,324	(6,099)

There is a correlation between unobservable inputs and the determination of fair value. Therefore, an increase (decrease) in discount rates, credit spreads, capitalization rates and discounts to net asset value would result in a decrease (increase) in fair value. Furthermore, an increase (decrease) in EBITDA multiples would result in an increase (decrease) in fair value. There is no predictable correlation between unobservable inputs.

6. INVESTMENT RESULT BEFORE DISTRIBUTIONS TO DEPOSITORS

The following table shows the net investment income, net gains (losses) on financial instruments at FVTPL as well as operating expenses:

	Six-month period ended June 30, 2021			Six-month period ended June 30, 2020		
	Net investment income	**Net gains (losses)**	**Total**	Net investment income	Net gains (losses)	Total
Cash management activities	**2**	**(1)**	**1**	6	1	7
Investing activities						
Short-term investments	**-**	**(1)**	**(1)**	-	5	5
Securities purchased under reverse repurchase agreements	**19**	**(116)**	**(97)**	46	205	251
Corporate debt	**57**	**(68)**	**(11)**	49	37	86
Bonds	**1,139**	**(5,644)**	**(4,505)**	1,244	5,620	6,864
Equities	**1,790**	**13,390**	**15,180**	1,920	(10,323)	(8,403)
Interests in unconsolidated subsidiaries	**5,479**	**2,983**	**8,462**	1,826	(4,838)	(3,012)
Net derivative financial instruments	**-**	**521**	**521**	-	(725)	(725)
Other	**8**	**(98)**	**(90)**	2	52	54
	8,494	**10,966**	**19,460**	5,093	(9,966)	(4,873)
Investment liability activities						
Securities sold under repurchase agreements	**(25)**	**75**	**50**	(116)	(824)	(940)
Securities sold short	**(12)**	**547**	**535**	(22)	(333)	(355)
Financing activities						
Commercial paper payable	**-**	**223**	**223**	-	(352)	(352)
Loans payable	**(1)**	**11**	**10**	(2)	(24)	(26)
Term notes payable	**(166)**	**682**	**516**	(211)	(998)	(1,209)
Other						
External management fees	**(45)**	**(49)**	**(94)**	(35)	(30)	(65)
Transaction costs	**-**	**(112)**	**(112)**	-	(110)	(110)
	(249)	**1,377**	**1,128**	(386)	(2,671)	(3,057)
	8,245	**12,343**	**20,588**	4,707	(12,637)	(7,930)
Operating expenses			**(322)**			(307)
Investment result before distributions to depositors			**20,266**			(8,237)

7. SEGMENT INFORMATION

CDPQ enables its depositors to allocate their funds to specialized portfolios that hold securities of the same type. These portfolios represent operating segments that have been grouped into three separate segments according to management approach, economic characteristics, and performance targets:

- Fixed Income: This segment's objective is to reduce the overall risk level of CDPQ's portfolio and match its depositors' assets and liabilities while providing a significant source of liquidity. This segment consists of the Rates, Credit, Short Term Investments, Long Term Bonds, and Real Return Bonds specialized portfolios.
- Real Assets: This segment's objective is to expose CDPQ to markets for which investment income is indexed to inflation and to partially hedge the inflation risk associated with the liabilities of several depositors. This segment consists of the Real Estate and Infrastructure specialized portfolios.
- Equities: This segment's objective is to increase the depositors' long-term target returns. This segment consists of the Equity Markets and Private Equity specialized portfolios.

The following table shows the allocation of net assets attributable to depositors according to each CDPQ segment:

	June 30, 2021	December 31, 2020
Fixed Income	**121,604**	110,237
Real Assets	**73,186**	67,176
Equities	**191,660**	182,257
Other[1]	**3,270**	5,822
Net assets attributable to depositors	**389,720**	365,492

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

	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Fixed Income	**(2,004)**	3,972
Real Assets	**2,811**	(5,107)
Equities	**20,530**	(8,365)
Other[1]	**(1,071)**	1,263
Investment result before distributions to depositors	**20,266**	(8,237)

[1] The Other item includes the Asset Allocation specialized portfolio, cash activities, and the customized operations of individual funds, which consist of direct holdings of derivative financial instruments by the individual funds for the management of the desired exposure by each depositor.

8. RISK IDENTIFICATION AND MANAGEMENT

Risk management policies, directives and procedures related to investment activities

CDPQ is responsible for managing deposits in accordance with service agreements and depositor investment policies, the investment policies for specialized portfolios and the integrated risk management policy. To do so, it has implemented various policies, directives and procedures to oversee the management of the risks relating to its operations.

In addition to the risk management policies, directives and procedures related to the investment activities described in CDPQ's annual consolidated financial statements for the years ended December 31, 2020 and 2019, a description and quantification of the risks are presented in the following sections.

Market risk

Market risk is the risk of financial loss arising from fluctuations in the fair value of financial instruments. Volatility in financial instrument prices stems from changes in market risk factors, in particular interest rates, credit spreads, exchange rates, share prices and commodity prices. CDPQ uses derivative financial instruments to manage market risks.

CDPQ manages all market risks according to an integrated approach for all specialized portfolios. The main factors contributing to risk, such as industry sector, geographic region and issuer, are taken into account. CDPQ's market risks are managed and calculated according to factors that can influence the fair value of investments and investment liabilities.

CDPQ measures its market risk using Value-at-Risk (VaR), which is based on a statistical estimate of the volatility of the fair value of each position and of correlations between market risk factors. VaR is a statistical estimate of the potential financial loss that could be incurred by CDPQ's actual portfolio, based on a predetermined confidence level and a given exposure period. The market VaR is estimated with a 95% confidence level over an exposure period of one year. Moreover, due to the methodology, the effects on the portfolio of the unfavourable events seen over a one-month horizon are repeated several times during the year. To summarize, VaR indicates the level of loss that the actual portfolio of CDPQ could exceed in 5% of cases over the forthcoming year. CDPQ estimates VaR for each instrument held in its specialized portfolios and aggregates the information for CDPQ's actual portfolio.

The historical-simulation method is used to measure VaR. This method is described in CDPQ's annual consolidated financial statements for the years ended December 31, 2020 and 2019. There have been no changes since that time.

Two risk measures are calculated and analyzed:

- The absolute risk of the actual portfolio represents the total risk associated with the categories of financial instruments that make up CDPQ's actual portfolio;
- The absolute risk of the benchmark portfolio targeted by depositors represents the total risk of the benchmark indexes associated with the categories of financial instruments that make up CDPQ's benchmark portfolio.

The absolute risks of CDPQ's actual and benchmark portfolios are measured regularly and used to calculate the absolute risk ratio, which is subject to certain limitations. The absolute risk ratio is obtained by dividing the absolute risk of the actual portfolio by the absolute risk of the benchmark portfolio.

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

			June 30, 2021			December 31, 2020
	Absolute risk of the actual portfolio	**Absolute risk of the benchmark portfolio**	**Absolute risk ratio**	Absolute risk of the actual portfolio	Absolute risk of the benchmark portfolio	Absolute risk ratio
Value at risk	**14.3%**	**13.4%**	**1.06**	14.0%	13.6%	1.03

Moreover, when managing market risk, CDPQ uses stress tests that allow it to evaluate the consequences of specific circumstances on the returns of CDPQ's actual portfolio based on historical, hypothetical or risk factor sensitivity scenarios. Using various types of scenarios, stress tests measure the gains or losses in value of a financial instrument following a change in one or more often-related risk factors, such as share prices, interest rates, rate spreads, exchange rates, commodity prices and market volatility. The hypothetical scenarios are also continuously enriched to integrate new issues, such as the impact of the COVID-19 pandemic on the global economy.

Market risk (cont.)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk is integrated into the VaR measurement.

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

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

The net exposure to foreign currencies takes into account the effects of currency derivatives, natural hedging and the underlying investments in currencies of unconsolidated subsidiaries whose currency risk is managed by CDPQ. CDPQ's net exposure to foreign currencies, as a percentage of net assets including purchases and cancellations of participation units of the specialized portfolios completed at the beginning of each month, is as follows:

	June 30, 2021	December 31, 2020
Canadian dollar	**46%**	53%
U.S. dollar	**27%**	23%
Euro	**6%**	4%
Pound sterling	**3%**	4%
Mexican peso	**2%**	2%
Brazilian real	**2%**	2%
Indian rupee	**2%**	2%
Chinese yuan	**2%**	2%
Other	**10%**	8%
	100%	100%

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk is integrated into the VaR measurement.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors that affect all similar financial instruments traded on the market. This risk is integrated into the VaR measurement.

Concentration risk

CDPQ analyzes overall concentration risk for the entire group of specialized portfolios it manages. The integrated risk management policy sets out exposure limits according to category of financial instrument and according to issuer for growth markets and for certain countries. Moreover, the investment policies of the specialized portfolios set out specific limits for each issuer, industry sector, and geographic region.

The concentration limit by issuer is 3% of CDPQ's total assets, with the exception of securities issued by the Canadian or U.S. governments or by their agencies and that feature an explicit guarantee or those issued by a Canadian province or territory of Canada or a ministry or agency thereof or by sovereign issuers rated AAA, which are not included in the concentration limit. Concentration by issuer is monitored monthly or upon initiation of a transaction requiring approval of the Investment-Risk Committee or the Board of Directors, as appropriate.

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

	June 30, 2021	December 31, 2020
United States	**37%**	35%
Canada	**33%**	32%
Europe	**13%**	14%
Asia Pacific[1]	**11%**	12%
Latin America[1]	**4%**	4%
Other[1]	**2%**	3%
	100%	100%

[1] The comparative information has been restated in order to ensure consistency with the new geographic groups presented.

The following table shows the principal industry sector concentrations as a percentage of total net exposure, established according to the industry sector in which the issuers operate, after the effects of certain derivative financial instruments and including the underlying investments in unconsolidated subsidiaries whose concentration risk is managed by CDPQ:

	June 30, 2021	December 31, 2020
Industry sector		
Real estate	**14%**	14%
Industrials	**11%**	11%
Financials	**9%**	10%
Information technology	**8%**	7%
Consumer discretionary	**6%**	6%
Utilities	**5%**	5%
Health care	**5%**	5%
Consumer staples	**3%**	4%
Real estate debt	**4%**	4%
Communication services	**5%**	4%
Energy	**3%**	3%
Materials	**2%**	2%
Other	**2%**	2%
Government sector		
Government of the United States	**9%**	9%
Government of Canada	**8%**	7%
Government of Québec	**3%**	3%
Government corporations and other public administrations in Québec	**1%**	2%
Other	**2%**	2%
	100%	100%

Credit risk

Credit risk is the possibility of incurring a loss in value should a borrower, endorser, or guarantor experience a deterioration in financial position, fail to meet an obligation to repay a loan, or fail to meet any other financial commitment.

Maximum credit risk exposure is measured based on the fair value of financial instruments without taking into account guarantees or other credit enhancements. For the other items, the maximum exposure to credit risk is the total amount guaranteed or committed.

The following table shows the maximum exposure to credit risk:

	June 30, 2021	December 31, 2020
Cash	**1,312**	1,021
Amounts receivable from transactions being settled	**4,958**	3,116
Advances to depositors	**275**	281
Investment income, accrued and receivable	**1,133**	1,109
Investments		
Cash equivalents	**60**	1,389
Fixed-income securities	**116,997**	97,230
Interests in unconsolidated subsidiaries in the form of debt instruments	**30,086**	30,525
Derivative financial instruments	**1,599**	2,892
	156,420	137,563
Other items		
Financial guarantees (Note 10)	**3,069**	1,976
	159,489	139,539

Concentration of credit risk

A credit risk concentration analysis measures the fair value of all financial instruments related to a same issuer. The investment policy of the specialized portfolios sets out concentration limits according to credit rating. The credit risk analysis considers the probability of default and the recovery rate on debt securities held by CDPQ and monitors changes in the credit quality of issuers.

The following table shows the credit risk concentration according to the credit ratings of issuers of fixed-income securities and certain derivative financial instruments used to manage credit risk, as a percentage of the total exposure to credit concentration risk:

	June 30, 2021	December 31, 2020
Credit rating		
AAA - AA	**62%**	61%
A	**5%**	5%
BBB	**12%**	13%
BB or lower	**16%**	17%
No credit rating	**5%**	4%
	100%	100%

The credit ratings of securities issued or guaranteed by governments are obtained from recognized credit rating agencies. For corporate sector securities, credit ratings are determined using an internal rating process that monitors changes in the credit cycle annually when the necessary information is available. Otherwise, CDPQ uses recognized credit rating agencies.

Liquidity risk

Liquidity risk is the possibility of CDPQ not always being able to honour its financial liability commitments without having to obtain funds at abnormally high prices or having to sell assets through forced liquidation. It is also the risk of CDPQ not being able to quickly sell investments without having a significant unfavourable effect on the price of the investment in question.

Liquidity is managed across all of CDPQ's cash activities. Liquidity status and compliance with established rules are analyzed on a daily basis. Managers are responsible for evaluating the liquidity of the markets in which CDPQ obtains financing for its operations.

To ensure that sources of liquidity and potential liquidity requirements are properly aligned, CDPQ has a number of sources of liquidity in addition to its cash and cash equivalents, including receipt of investment income, the sale of bonds, sales under repurchase agreements, and liquid money market securities. In addition, CDPQ may issue commercial paper and term notes as well as a committed credit facility totalling US$4 billion to meet its contractual commitments and financial obligations. As at June 30, 2021, CDPQ had close to $61 billion in liquidity in the form of government bonds and money market securities ($50 billion as at December 31, 2020).

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

An analysis of undiscounted contractual cash flows of financial liabilities, shown in the table below, is a component of liquidity and financing management. However, this by-maturity allocation is not necessarily representative of the manner in which CDPQ manages its liquidity risk and financing requirements.

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

					June 30, 2021
	On demand	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Non-derivative financial liabilities					
Amounts payable on transactions being settled	**-**	**7,332**	**-**	**-**	**7,332**
Other financial liabilities	**-**	**1,263**	**65**	**443**	**1,771**
Investment liabilities					
Securities sold under repurchase agreements	**-**	**19,002**	**-**	**-**	**19,002**
Securities sold short	**-**	**8,148**	**-**	**-**	**8,148**
Commercial paper payable	**-**	**8,779**	**-**	**-**	**8,779**
Loans payable	**-**	**490**	**-**	**-**	**490**
Term notes payable	**-**	**2,774**	**10,074**	**2,553**	**15,401**
Net assets attributable to depositors					
Demand and term deposits	**1,361**	**7**	**-**	**-**	**1,368**
Distributions payable to depositors	**-**	**1,602**	**-**	**-**	**1,602**
	1,361	**49,397**	**10,139**	**2,996**	**63,893**
Derivative financial instruments					
Derivative financial instruments with net settlement	**-**	**11**	**(74)**	**(92)**	**(155)**
Derivative financial instruments with gross settlement					
Contractual cash flows receivable	**-**	**(94,432)**	**(5,436)**	**(844)**	**(100,712)**
Contractual cash flows payable	**-**	**94,227**	**5,400**	**885**	**100,512**
	-	**(194)**	**(110)**	**(51)**	**(355)**
Other items					
Commitments (Note 10)	**8**	**25,898**	**71**	**419**	**26,396**
Financial guarantees (Note 10)	**-**	**2,026**	**537**	**506**	**3,069**
	8	**27,924**	**608**	**925**	**29,465**
	1,369	**77,127**	**10,637**	**3,870**	**93,003**

Liquidity risk (cont.)

					December 31, 2020
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivative financial liabilities					
Amounts payable on transactions being settled	-	3,290	-	-	3,290
Other financial liabilities	-	749	84	451	1,284
Investment liabilities					
Securities sold under repurchase agreements	-	14,721	-	-	14,721
Securities sold short	-	2,761	-	-	2,761
Commercial paper payable	-	5,985	-	-	5,985
Loans payable	-	942	-	-	942
Term notes payable	-	2,867	11,633	2,549	17,049
Net assets attributable to depositors					
Demand and term deposits	4,042	7	-	-	4,049
Distributions payable to depositors	-	2,653	-	-	2,653
	4,042	33,975	11,717	3,000	52,734
Derivative financial instruments					
Derivative financial instruments with net settlement	-	18	(107)	(147)	(236)
Derivative financial instruments with gross settlement					
Contractual cash flows receivable	-	(120,747)	(5,625)	(771)	(127,143)
Contractual cash flows payable	-	119,727	5,649	807	126,183
	-	(1,002)	(83)	(111)	(1,196)
Other items					
Commitments (Note 10)	-	21,021	75	426	21,522
Financial guarantees (Note 10)	-	1,446	440	90	1,976
	-	22,467	515	516	23,498
	4,042	55,440	12,149	3,405	75,036

Moreover, concerning net assets attributable to depositors, the *Regulation respecting the terms and conditions of deposits, funds and portfolios of the Caisse de dépôt et placement du Québec* states that CDPQ may set monthly limits for cancelling participation units, i.e., a depositor is limited to a maximum reimbursement of all their participation units in all of CDPQ's specialized portfolios of $50 million. Any participation units that are not cancelled given the maximum amount permitted are carried forward to the first day of the subsequent years and are cancelled as soon as the limit permits. The purpose of the limits is to ensure optimal management of CDPQ's overall liquidity. Moreover, substantially all depositors are required to invest with CDPQ in accordance with the Act or the respective applicable legislation.

Liquidity risk (cont.)

Financing-liquidity risk

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

				June 30, 2021
	Currency	**Nominal value**[1]	**Maturity**	**Interest rate**
Loans payable	**USD**	**317**	**Less than one year**	**0.07%**
	CAD	**173**	**Less than one year**	**0.18%**
		490		
Commercial paper payable	**CAD**	**671**	**Less than one year**	**0.16%**
	USD	**8,107**	**Less than one year**	**0.15%**
		8,778		
Term notes payable[2]	**USD**	**2,477**	**March 2022**	**2.75%**
	USD	**2,477**	**April 2023**	**1.00%**
	USD	**2,477**	**July 2024**	**3.15%**
	USD	**3,095**	**June 2025**	**0.88%**
	USD	**1,238**	**May 2026**	**1.00%**
	USD	**1,548**	**November 2039**	**5.60%**
		13,312		

				December 31, 2020
	Currency	Nominal value[1]	Maturity	Interest rate
Loans payable	USD	428	Less than one year	0.54%
	CAD	514	Less than one year	0.56%
		942		
Commercial paper payable	CAD	707	Less than one year	0.20%
	USD	5,279	Less than one year	0.30%
		5,986		
Term notes payable	USD	2,548	June 2021	2.13%
	USD	2,548	March 2022	2.75%
	USD	2,548	April 2023	1.00%
	USD	2,548	July 2024	3.15%
	USD	3,185	June 2025	0.88%
	USD	1,593	November 2039	5.60%
		14,970		

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

[2] Term notes include $1,239 million in green bonds that will be allocated to a selection of investments aligned with eligible projects under Green Bond Principles or with the sector criteria set out under the Climate Bonds Initiative.

Commercial paper is issued at fixed rates, with maturities not exceeding 12 months, guaranteed by CDPQ's assets. In accordance with the limit prescribed in the commercial paper issuance information document, the nominal value for all outstanding commercial paper may never exceed US$10 billion for the United States program, and the equivalent of CA$3 billion for commercial paper issued in Canada and abroad, excluding the United States.

Term notes are repayable at maturity and guaranteed by CDPQ's assets.

Furthermore, CDPQ has a committed credit facility with a banking syndicate for a total amount equivalent to CA$5 billion, which is renewable annually for a term of two years. The credit facility bears interest at a variable rate and is entirely secured, unconditionally and irrevocably, by CDPQ. As at June 30, 2021 and as at December 31, 2020, no amount had been drawn on this credit facility.

9. RELATED PARTY DISCLOSURES

Related party transactions

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

CDPQ enters into various transactions with related parties. These transactions are concluded under the same conditions as those prevailing on the market with unrelated parties, are measured at fair value, and are reflected in the Interim Consolidated Statements of Comprehensive Income according to the nature of the transactions. Given the very nature of CDPQ's activities as an investment entity, it may make investments in several investment categories, including investments in unconsolidated subsidiaries, joint ventures and associates.

Other related parties

CDPQ is governed by the Act, and the Government of Québec appoints the Board of Director members, at least two-thirds of whom must be independent. The Government of Québec also approves the appointment of the President and Chief Executive Officer. Consequently, CDPQ has availed itself of the exemption set out in IAS 24 – *Related party disclosures* regarding the disclosure of transactions with a related government and with any entities related to the related government. The transactions carried out with the Government of Québec and its related entities are investment activities involving bonds issued by or guaranteed by the government and are carried out under normal market conditions through external brokers.

10. COMMITMENTS AND FINANCIAL GUARANTEES

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

For CDPQ, financial guarantees consist of providing guarantees, to financial institutions and corporations, on derivative financial instrument transactions, repayment of loans taken by companies in which it has an economic interest, and certain letters of credit of its subsidiaries. As part of certain investment transactions, CDPQ may also provide guarantees or issue letters of credit to third parties. The maturities of the commitments and financial guarantees are presented in Note 8.

Commitments and financial guarantees are detailed as follows:

	June 30, 2021	December 31, 2020
Investment purchase commitments	**25,887**	21,002
Commitments under leases	**509**	520
Financial guarantees	**3,069**	1,976
	29,465	23,498

Litigation

In the normal course of business, CDPQ may be subject to legal actions. Although CDPQ cannot predict the outcomes of any ongoing legal proceedings as at June 30, 2021, it has no reason to believe that the settlement of any one of these proceedings could have a material impact on its financial position.