Caisse de dépôt et placement du Québec

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 and 2018

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of Canadian dollars) (unaudited)

	Note	**June 30, 2019**	December 31, 2018
ASSETS			
Cash		**1,135**	675
Amounts receivable from transactions being settled		**5,789**	4,587
Advances to depositors		**164**	903
Investment income, accrued and receivable		**1,448**	1,352
Other assets		**890**	482
Investments	3	**375,543**	342,004
Total assets		**384,969**	350,003
LIABILITIES			
Amounts payable on transactions being settled		**6,786**	1,113
Other financial liabilities		**1,500**	1,172
Investment liabilities	3	**49,949**	38,207
Total liabilities excluding net assets attributable to depositors		**58,235**	40,492
NET ASSETS ATTRIBUTABLE TO DEPOSITORS		**326,734**	309,511

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

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the six-month periods ended June 30

(in millions of Canadian dollars) (unaudited)

	Note	**2019**	2018
Investment income	6	**5,167**	4,362
Investment expense	6	**(429)**	(397)
Net investment income	6	**4,738**	3,965
Operating expenses		**(315)**	(280)
Net income		**4,423**	3,685
Net gains on financial instruments at fair value	6	**13,949**	5,717
Investment result before distributions to depositors	6	**18,372**	9,402
Distributions to depositors		**(7,143)**	(5,061)
Net income and comprehensive income attributable to depositors		**11,229**	4,341

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

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

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

	Demand deposits	Term deposits	Distributions payable to depositors	Participation deposits	Net assets attributable to depositors
Balance as at December 31, 2017	88	6	1,975	296,443	298,512
Attributions and distributions					
Net income and comprehensive income attributable to depositors	-	-	-	4,341	4,341
Distributions to depositors	5,862	-	(801)	-	5,061
Participation deposits					
Issuance of participation deposit units	(7,354)	-	-	7,354	-
Cancellation of participation deposit units	1,334	-	-	(1,334)	-
Net deposits					
Net contributions	417	-	-	-	417
BALANCE AS AT JUNE 30, 2018	347	6	1,174	306,804	308,331

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six-month periods ended June 30

(in millions of Canadian dollars) (unaudited)

	2019	2018
Cash flows from operating activities		
Net income and comprehensive income attributable to depositors	**11,229**	4,341
Adjustments for:		
Unrealized net (gains) losses on commercial paper, term notes and loans payable	**(408)**	309
Distributions to depositors	**7,143**	5,061
Net changes in operating assets and liabilities		
Amounts receivable from transactions being settled	**(1,202)**	(3,216)
Advances to depositors	**739**	991
Investment income, accrued and receivable	**(96)**	111
Other assets	**(106)**	(600)
Investments	**(32,957)**	(8,971)
Amounts payable on transactions being settled	**5,673**	1,789
Other financial liabilities	**26**	188
Investment liabilities	**7,241**	73
	(2,718)	76
Cash flows from financing activities		
Net change in commercial paper payable	**(2,920)**	1,646
Issuance of commercial paper payable	**5,002**	2,509
Repayment of commercial paper payable	**(2,903)**	(3,479)
Net change in loans payable	**417**	(108)
Issuance of term notes payable	**5,313**	-
Net contributions (net withdrawals)	**(1,149)**	417
	3,760	985
Net increase in cash and cash equivalents	**1,042**	1,061
Cash and cash equivalents at the beginning of the period	**1,035**	947
Cash and cash equivalents at the end of the period	**2,077**	2,008
Cash and cash equivalents comprise:		
Cash	**1,135**	809
Investments		
Short-term investments	**239**	105
Securities purchased under reverse repurchase agreements	**703**	1,094
	2,077	2,008
Supplemental information on cash flows from operating activities		
Interest and dividends received	**4,966**	4,547
Interest paid	**(373)**	(349)
Non-cash transactions		
Lease liabilities in consideration of right-of-use assets	**302**	-

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. CONSTITUTION AND NATURE OF OPERATIONS

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

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

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

The Board of Directors approved la Caisse’s interim consolidated financial statements and the publication thereof on July 24, 2019.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

General Fund

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

Specialized Portfolios

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

La Caisse’s interim consolidated financial statements for the six-month periods ended June 30, 2019 and 2018 have been prepared in accordance with IAS 34 – *Interim Financial Reporting,* as published by the International Accounting Standards Board (IASB). The interim consolidated financial statements do not include all of the information and disclosures required in annual financial statements and should be read in conjunction with la Caisse’s annual consolidated financial statements for the years ended December 31, 2018 and 2017.

La Caisse’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, 2018 and 2017, except for the changes made to the accounting policies on leases.

ADOPTION OF NEW IFRS

In January 2016, the IASB issued the final version of IFRS 16 – *Leases,* which replaces the current standard and interpretations on lease accounting and measurement. IFRS 16 establishes a single lease accounting model for lessees. Under this model, la Caisse recognizes most leases on their Interim Consolidated Statements of Financial Position. La Caisse elected to apply the standard retrospectively with the cumulative effect of initially applying IFRS 16 recognized as at January 1, 2019. The adoption of this standard resulted in a $307 million increase in assets and liabilities as at January 1, 2019, calculated by discounting future lease payments using la Caisse’s incremental borrowing rate.

PRESENTATION AND MEASUREMENT BASIS

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

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

3. INVESTMENTS AND INVESTMENT LIABILITIES

a) Investments

The following table presents the fair values of the investments. The geographic allocation is determined according to the country of the issuer's principal place of business. The 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, 2019			December 31, 2018
	Canada	**Foreign**	**Fair value**	Canada	Foreign	Fair value
Investments						
Cash equivalents						
Short-term investments	**239**	**-**	**239**	-	-	-
Securities purchased under reverse repurchase agreements	**703**	**-**	**703**	360	-	360
Total cash equivalents	**942**	**-**	**942**	360	-	360
Fixed-income securities						
Short-term investments	**5**	**135**	**140**	116	106	222
Securities purchased under reverse repurchase agreements	**7,284**	**4,639**	**11,923**	4,540	3,735	8,275
Corporate debt	**810**	**1,040**	**1,850**	793	1,356	2,149
Bonds						
Governments	**39,786**	**18,447**	**58,233**	33,840	9,299	43,139
Government corporations and other public administrations	**6,278**	**764**	**7,042**	5,940	393	6,333
Corporate sector	**10,862**	**8,612**	**19,474**	9,944	9,042	18,986
Bond funds	**-**	**1,636**	**1,636**	-	1,552	1,552
Total fixed-income securities	**65,025**	**35,273**	**100,298**	55,173	25,483	80,656
Variable-income securities						
Equities and convertible securities						
Public companies	**28,924**	**84,205**	**113,129**	26,042	80,230	106,272
Private companies	**3,225**	**15,167**	**18,392**	3,600	13,498	17,098
Hedge funds	**-**	**2,028**	**2,028**	-	2,247	2,247
Total variable-income securities	**32,149**	**101,400**	**133,549**	29,642	95,975	125,617
Interests in unconsolidated subsidiaries						
Investments in real estate holdings	**18,508**	**31,110**	**49,618**	18,343	32,228	50,571
Investments in real estate debt	**14,158**	**746**	**14,904**	13,395	-	13,395
Private equity investments	**3,322**	**24,735**	**28,057**	2,989	23,286	26,275
Infrastructure investments	**3,225**	**18,368**	**21,593**	2,991	16,586	19,577
Investments in fixed-income securities	**4,356**	**12,859**	**17,215**	4,019	11,924	15,943
Investments in hedge funds	**91**	**4,701**	**4,792**	108	5,501	5,609
Stock market investments	**1,025**	**1,895**	**2,920**	1,041	1,753	2,794
Total interests in unconsolidated subsidiaries	**44,685**	**94,414**	**139,099**	42,886	91,278	134,164
Derivative financial instruments *(Note 4)*	**32**	**1,623**	**1,655**	28	1,179	1,207
Total investments	**142,833**	**232,710**	**375,543**	128,089	213,915	342,004

The total acquisition cost of the investments amounts to $316,365 million as at June 30, 2019 ($289,453 million as at December 31, 2018).

b) Investment Liabilities

The following table presents 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, 2019			December 31, 2018
	Canada	**Foreign**	**Fair value**	Canada	Foreign	Fair value
Investment liabilities						
Non-derivative financial liabilities						
Securities sold under repurchase agreements	**13,310**	**7,242**	**20,552**	9,856	2,683	12,539
Securities sold short						
Equities	**98**	**12**	**110**	91	433	524
Bonds	**3,879**	**4,250**	**8,129**	3,976	3,302	7,278
Commercial paper payable	**4,883**	**-**	**4,883**	5,921	-	5,921
Loans payable	**279**	**420**	**699**	128	162	290
Term notes payable	**14,728**	**-**	**14,728**	9,598	-	9,598
Total non-derivative financial liabilities	**37,177**	**11,924**	**49,101**	29,570	6,580	36,150
Derivative financial instruments *(Note 4)*	**39**	**809**	**848**	35	2,022	2,057
Total investment liabilities	**37,216**	**12,733**	**49,949**	29,605	8,602	38,207

The total acquisition cost of the investment liabilities amounts to $47,238 million as at June 30, 2019 ($33,493 million as at December 31, 2018).

4. DERIVATIVE FINANCIAL INSTRUMENTS

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

	June 30, 2019			December 31, 2018		
		Fair value	**Notional**		Fair value	Notional
	Assets	**Liabilities**	**amount**	Assets	Liabilities	amount
Exchange markets						
Interest rate derivatives						
Futures contracts	**-**	**-**	**125,375**	-	-	120,930
Equity derivatives						
Futures contracts	**-**	**-**	**16,847**	-	-	24,394
Options	**18**	**-**	**851**	61	29	1,080
Warrants	**1**	**-**	**24**	1	-	15
Commodity derivatives						
Futures contracts	**1**	**-**	**407**	3	1	845
Total exchange markets	**20**	**-**	**143,504**	65	30	147,264
Over-the-counter markets						
Interest rate derivatives						
Swaps	**148**	**-**	**2,581**	65	3	1,860
Swaps settled through a clearing house	**-**	**-**	**80,155**	-	-	115,320
Forward contracts	**32**	**15**	**1,646**	28	4	4,376
Options	**223**	**50**	**20,842**	152	5	2,807
Currency derivatives						
Swaps	**33**	**41**	**2,396**	-	107	1,695
Forward contracts	**852**	**386**	**83,441**	333	1,332	59,226
Options	**62**	**31**	**13,019**	164	72	18,361
Credit default derivatives						
Swaps settled through a clearing house	**-**	**-**	**13,526**	-	-	18,805
Equity derivatives						
Swaps	**171**	**189**	**9,784**	311	389	14,149
Options	**114**	**136**	**14,702**	89	115	7,630
Warrants	**-**	**-**	**15**	-	-	3
Total over-the-counter markets	**1,635**	**848**	**242,107**	1,142	2,027	244,232
Total derivative financial instruments	**1,655**	**848**	**385,611**	1,207	2,057	391,496

5. FAIR VALUE MEASUREMENT

a) Policies, Directives, Protocols and Procedures Related to Fair Value Measurement

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

The policies, directives, protocols and procedures related to fair value measurement, as well as the fair value valuation techniques, are described in la Caisse's annual consolidated financial statements for the years ended December 31, 2018 and 2017. There have been no changes since that time. The fair value measurement policies, directives, protocols and procedures have been applied consistently to all the periods.

b) Fair Value Hierarchy

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

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

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

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

Fair Value Hierarchy (cont.)

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

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

				June 30, 2019
	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts receivable from transactions being settled	-	5,789	-	5,789
Advances to depositors	-	164	-	164
Investment income, accrued and receivable	-	1,448	-	1,448
Investments				
Cash equivalents	-	942	-	942
Short-term investments	-	140	-	140
Securities purchased under reverse repurchase agreements	-	11,923	-	11,923
Corporate debt	-	57	1,793	1,850
Bonds	-	85,285	1,100	86,385
Equities and convertible securities				
Public companies	111,879	127	1,123	113,129
Private companies	-	2,490	15,902	18,392
Hedge funds	-	1,732	296	2,028
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	-	10,062	39,556	49,618
Investments in real estate debt	-	12,070	2,834	14,904
Private equity investments	-	-	28,057	28,057
Infrastructure investments	-	-	21,593	21,593
Investments in fixed-income securities	-	7,913	9,302	17,215
Investments in hedge funds	-	4,792	-	4,792
Stock market investments	-	1,025	1,895	2,920
Derivative financial instruments	19	1,636	-	1,655
	111,898	147,595	123,451	382,944
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled	-	6,786	-	6,786
Other financial liabilities	-	1,500	-	1,500
Investment liabilities				
Securities sold under repurchase agreements	-	20,552	-	20,552
Securities sold short	104	8,129	6	8,239
Commercial paper payable	-	4,883	-	4,883
Loans payable	-	699	-	699
Term notes payable	-	14,728	-	14,728
Derivative financial instruments	1	835	12	848
	105	58,112	18	58,235
Net assets attributable to depositors				
Demand deposits	-	980	-	980
Term deposits	-	6	-	6
Distributions payable to depositors	-	1,300	-	1,300
Participation deposits	-	324,448	-	324,448
	-	326,734	-	326,734

Fair Value Hierarchy (cont.)

				December 31, 2018
	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts receivable from transactions being settled	-	4,587	-	4,587
Advances to depositors	-	903	-	903
Investment income, accrued and receivable	-	1,352	-	1,352
Investments				
Cash equivalents	-	360	-	360
Short-term investments	-	222	-	222
Securities purchased under reverse repurchase agreements	-	8,275	-	8,275
Corporate debt	-	76	2,073	2,149
Bonds	-	69,288	722	70,010
Equities and convertible securities				
Public companies	105,631	641	-	106,272
Private companies	-	1,138	15,960	17,098
Hedge funds	-	1,947	300	2,247
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	-	12,254	38,317	50,571
Investments in real estate debt	-	10,613	2,782	13,395
Private equity investments	-	-	26,275	26,275
Infrastructure investments	-	-	19,577	19,577
Investments in fixed-income securities	-	7,174	8,769	15,943
Investments in hedge funds	-	5,609	-	5,609
Stock market investments	-	1,041	1,753	2,794
Derivative financial instruments	65	1,142	-	1,207
	105,696	126,622	116,528	348,846
Financial liabilities excluding net assets attributable to depositors				
Amounts payable on transactions being settled	-	1,113	-	1,113
Other financial liabilities	-	1,172	-	1,172
Investment liabilities				
Securities sold under repurchase agreements	-	12,539	-	12,539
Securities sold short	516	7,278	8	7,802
Commercial paper payable	-	5,921	-	5,921
Loans payable	-	290	-	290
Term notes payable	-	9,598	-	9,598
Derivative financial instruments	30	2,007	20	2,057
	546	39,918	28	40,492
Net assets attributable to depositors				
Demand deposits	-	712	-	712
Term deposits	-	6	-	6
Distributions payable to depositors	-	2,506	-	2,506
Participation deposits	-	306,287	-	306,287
	-	309,511	-	309,511

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, 2019 and 2018 are as follows:

								2019
	Opening balance (assets/(liabilities))	**Gains (losses) recognized in comprehensive income[2]**	**Purchases**	**Sales**	**Settlements**	**Transfers**	**Closing balance (assets/(liabilities))**	**Unrealized gains (losses) on financial instruments held at period-end[2]**
Corporate debt	**2,073**	**1**	**130**	**(58)**	**(184)**	**(169)**	**1,793**	**(15)**
Bonds	**722**	**23**	**377**	**(16)**	**(6)**	**-**	**1,100**	**24**
Equities and convertible securities	**16,260**	**(71)**	**2,743**	**(1,285)**	**-**	**(326)**	**17,321**	**(179)**
Interests in unconsolidated subsidiaries	**97,473**	**(1,741)**	**8,452**	**(947)**	**-**	**-**	**103,237**	**(1,741)**
Derivative financial instruments[1]	**(20)**	**(2)**	**-**	**-**	**10**	**-**	**(12)**	**(2)**
Securities sold short	**(8)**	**2**	**-**	**-**	**-**	**-**	**(6)**	**2**

Transfers between levels of the fair value hierarchy

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

								2018
	Opening balance (assets/(liabilities))	Gains (losses) recognized in comprehensive income[2]	Purchases	Sales	Settlements	Transfers	Closing balance (assets/(liabilities))	Unrealized gains (losses) on financial instruments held at period-end[2]
Corporate debt	2,014	8	40	(3)	(23)	-	2,036	8
Bonds	143	7	13	-	(8)	-	155	8
Equities and convertible securities	15,318	1,073	2,027	(1,420)	-	(417)	16,581	872
Interests in unconsolidated subsidiaries	73,906	3,930	6,090	(2,278)	-	62	81,710	3,909
Derivative financial instruments[1]	(28)	(1)	-	(1)	11	-	(19)	(1)
Securities sold short	(6)	(1)	-	-	-	-	(7)	(1)

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

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

Transfers between levels of the fair value hierarchy

During the period ended June 30, 2018, due to changes in the availability of observable inputs given changing market conditions, financial instruments with a value of $242 million were transferred from Level 1 to Level 2, of $62 million from Level 1 to Level 3, of $388 million from Level 2 to Level 1, and of $417 million from Level 3 to Level 2.

d) Level 3: Fair Value Measurement Based on Reasonably Possible Alternative Assumptions

The following tables present 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, 2019
	Fair value	**Valuation techniques**	**Unobservable inputs**	**Range (weighted average)**
Included in the sensitivity analysis				
Corporate debt	**1,793**	**Discounted cash flows**	**Credit spreads**	**0.9% to 2.7% (1.5%)**
			Discount rates	**6.0% to 9.3% (7.3%)**
Bonds	**425**	**Discounted cash flows**	**Credit spreads**	**0.6% to 3.4% (3.1%)**
Equities				
Private equity investments	**5,308**	**Comparable company multiples**	**EBITDA multiples**	**8.7 to 16.5 (12.1)**
Infrastructure investments	**3,678**	**Discounted cash flows**	**Discount rates**	**6.0% to 10.0% (9.5%)**
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	**39,556**	**Comparable company multiples**	**Price-to-book value ratios**	**1.06**
		Discounted cash flows	**Discount rates**	**4.8% to 13.3% (6.4%)**
			Credit spreads	**0.0% to 10.3% (1.5%)**
		Capitalization of revenue	**Capitalization rates**	**4.1% to 12.6% (5.3%)**
		Net real estate assets	**Discounts to net asset value**	**0.0% to 14.0% (4.1%)**
Private equity investments	**9,840**	**Comparable company multiples**	**EBITDA multiples**	**7.5 to 13.0 (12.0)**
Infrastructure investments	**13,817**	**Discounted cash flows**	**Discount rates**	**6.2% to 16.5% (8.9%)**
Investments in fixed-income securities	**7,927**	**Discounted cash flows**	**Discount rates**	**6.8%**
			Credit spreads	**1.5% to 10.2% (3.9%)**
	82,344			
Excluded from the sensitivity analysis				
Financial instruments[1]	**41,089**	**Recent transactions[2]** **Broker quotes[3]** **Net assets[3]**	**n.a.** **n.a.** **n.a.**	**n.a.** **n.a.** **n.a.**
Net financial instruments classified in Level 3	**123,433**			

n.a.: not applicable

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

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

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

Level 3: Fair Value Measurement Based on Reasonably Possible Alternative Assumptions (cont.)

				December 31, 2018
	Fair value	Valuation techniques	Unobservable inputs	Range (weighted average)
Included in the sensitivity analysis				
Corporate debt	1,861	Discounted cash flows	Credit spreads	1.2% to 11.1% (3.9%)
			Discount rates	7.5% to 9.3% (7.8%)
Equities				
Private equity investments	5,191	Comparable company multiples	EBITDA multiples	6.8 to 16.5 (11.4)
Infrastructure investments	3,642	Discounted cash flows	Discount rates	6.0% to 10.3% (9.7%)
Interests in unconsolidated subsidiaries				
Investments in real estate holdings	38,317	Comparable company multiples	Price-to-book - value ratios	1.06
		Discounted cash flows	Discount rates	4.8% to 13.3% (6.4%)
			Credit spreads	0.0% to 12.0% (1.6%)
		Capitalization of revenue	Capitalization rates	4.1% to 12.6% (5.3%)
		Net real estate assets	Discounts to net asset value	0.0% to 17.5% (5.1%)
Private equity investments	4,263	Comparable company multiples	EBITDA multiples	8.5 to 13.0 (12.2)
Infrastructure investments	10,682	Discounted cash flows	Discount rates	7.2% to 13.0% (9.0%)
Investments in fixed-income securities	6,525	Discounted cash flows	Discount rates	6.4%
			Credit spreads	0.9% to 9.4% (4.6%)
	70,481			
Excluded from the sensitivity analysis				
Financial instruments[1]	46,019	Recent transactions[2] Broker quotes[3] Net assets[3]	n.a. n.a. n.a.	n.a. n.a. n.a.
Net financial instruments classified in Level 3	116,500			

n.a.: not applicable

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

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

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

e) Sensitivity Analysis of Fair Value

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

	June 30, 2019		December 31, 2018	
	Increase	**Decrease**	Increase	Decrease
Sensitivity of fair value	**5,116**	**(4,502)**	4,691	(4,348)

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

6. INVESTMENT RESULT BEFORE DISTRIBUTIONS TO DEPOSITORS

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

	Six-month period ended June 30, 2019			Six-month period ended June 30, 2018		
	Net investment income	**Net gains (losses)[1]**	**Total**	Net investment income	Net gains (losses)[1]	Total
Cash management activities	**25**	**(4)**	**21**	8	-	8
Investing activities						
Short-term investments	**1**	**(6)**	**(5)**	4	6	10
Securities purchased under reverse repurchase agreements	**54**	**(190)**	**(136)**	55	165	220
Corporate debt	**46**	**23**	**69**	77	28	105
Bonds	**1,307**	**3,985**	**5,292**	1,115	(144)	971
Equities and convertible securities	**2,241**	**11,064**	**13,305**	2,010	2,463	4,473
Interests in unconsolidated subsidiaries	**1,490**	**(1,622)**	**(132)**	1,091	4,660	5,751
Net derivative financial instruments	**-**	**471**	**471**	-	(409)	(409)
Other	**3**	**(33)**	**(30)**	2	29	31
	5,167	**13,688**	**18,855**	4,362	6,798	11,160
Investment liability activities						
Securities sold under repurchase agreements	**(159)**	**272**	**113**	(110)	(176)	(286)
Securities sold short	**(29)**	**(214)**	**(243)**	(29)	(430)	(459)
Financing activities						
Commercial paper payable	**-**	**132**	**132**	(47)	(211)	(258)
Loans payable	**(2)**	**10**	**8**	(1)	(6)	(7)
Term notes payable	**(203)**	**183**	**(20)**	(181)	(152)	(333)
Other						
External management fees	**(36)**	**(20)**	**(56)**	(29)	(34)	(63)
Transaction costs	**-**	**(102)**	**(102)**	-	(72)	(72)
	(429)	**261**	**(168)**	(397)	(1,081)	(1,478)
	4,738	**13,949**	**18,687**	3,965	5,717	9,682
Operating expenses			**(315)**			(280)
Investment result before distributions to depositors			**18,372**			9,402

[1] For the period ended June 30, 2019, net gains (losses) included $5,319 million in net realized gains and $8,630 million in net unrealized losses (for the period ended June 30, 2018, net realized gains of $3,962 million and net unrealized gains of $1,755 million).

7. SEGMENT INFORMATION

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

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

The following table presents the allocation of net assets attributable to depositors according to each Caisse segment:

	June 30, 2019	December 31, 2018
Fixed Income	**99,040**	94,285
Real Assets	**64,212**	60,966
Equities	**160,434**	151,228
Other[1]	**3,048**	3,032
Net assets attributable to depositors	**326,734**	309,511

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

	June 30, 2019	June 30, 2018
Fixed Income	**6,432**	1,021
Real Assets	**(931)**	2,581
Equities	**12,607**	5,592
Other[1]	**264**	208
Investment result before distributions to depositors	**18,372**	9,402

[1] The Other item includes the Active Overlay Strategies and Asset Allocation specialized portfolios, cash activities, and the customized operations of individual funds.

8. RISK IDENTIFICATION AND MANAGEMENT

Risk Management Policies, Directives and Procedures Related to Investment Activities

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

The risk management policies, directives and procedures related to investment activities are described in la Caisse's annual consolidated financial statements for the years ended December 31, 2018 and 2017. There have been no changes since that time.

Market Risk

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

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

La Caisse measures its market risk using Value-at-Risk (VaR), which is based on a statistical estimate of the volatility of the fair value of each position and of correlations between market risk factors. VaR is a statistical estimate of the potential financial loss that could be incurred by la Caisse's actual portfolio, based on a predetermined confidence level and a given exposure period. The market VaR is estimated with a 95% confidence level over an exposure period of one year. To summarize, VaR indicates the level of loss that the actual portfolio of la Caisse could exceed in 5% of cases. La Caisse estimates VaR for each instrument held in its specialized portfolios and aggregates the information for la Caisse's actual portfolio.

The historical-simulation method is used to measure VaR. This method is described in la Caisse's annual consolidated financial statements for the years ended December 31, 2018 and 2017. 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 la Caisse's actual portfolio.
- The absolute risk of the benchmark portfolio targeted by depositors represents the total risk of the benchmark indexes associated with the categories of financial instruments that make up la Caisse's benchmark portfolio.

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

The absolute risk of the actual portfolio and the absolute risk of the benchmark portfolio, including the risk associated with the underlying investments of unconsolidated subsidiaries whose risk is managed by la Caisse, as a percentage of net assets, according to a 95% confidence level and a history of 3,000 days, are as follows:

			June 30, 2019			December 31, 2018
	Absolute risk of the actual portfolio	**Absolute risk of the benchmark portfolio**	**Absolute risk ratio**	Absolute risk of the actual portfolio	Absolute risk of the benchmark portfolio	Absolute risk ratio
Value at risk	**13.8%**	**14.1%**	**0.98**	13.7%	13.8%	0.99

Market Risk (cont.)

Currency risk

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

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

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

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

	June 30, 2019	December 31, 2018
Canadian dollar	**51%**	45%
U.S. dollar	**22%**	27%
Euro	**6%**	7%
Pound sterling	**4%**	4%
Yen	**2%**	2%
Australian dollar	**1%**	1%
Other	**14%**	14%
	100%	100%

Interest rate risk

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

Price risk

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

Concentration Risk

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

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

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

	June 30, 2019	December 31, 2018
Canada	**34%**	36%
United States	**33%**	30%
Europe	**14%**	14%
Growth markets	**14%**	14%
Other	**5%**	6%
	100%	100%

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

	June 30, 2019	December 31, 2018
Industry sector		
Real estate	**17%**	19%
Financials	**10%**	9%
Industrials	**11%**	12%
Consumer discretionary	**6%**	5%
Information technology	**6%**	6%
Energy	**5%**	5%
Consumer staples	**5%**	5%
Utilities	**6%**	6%
Real estate debt	**4%**	4%
Health care	**4%**	5%
Telecommunication services	**4%**	4%
Materials	**2%**	2%
Other	**2%**	3%
Government sector		
Government of Canada	**5%**	5%
Government of the United States	**5%**	1%
Government of Québec	**3%**	4%
Government corporations and other public administrations in Québec	**2%**	2%
Other	**3%**	3%
	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 presents the maximum exposure to credit risk:

	June 30, 2019	December 31, 2018
Cash	**1,135**	675
Amounts receivable from transactions being settled	**5,789**	4,587
Advances to depositors	**164**	903
Investment income, accrued and receivable	**1,448**	1,352
Investments		
Cash equivalents	**942**	360
Fixed-income securities	**100,298**	80,656
Interests in unconsolidated subsidiaries in the form of debt instruments	**28,322**	27,922
Derivative financial instruments	**1,655**	1,207
	139,753	117,662
Other items		
Financial guarantees *(Note 10)*	**599**	397
	140,352	118,059

Concentration of credit risk

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

The following table presents 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, 2019	December 31, 2018
Credit rating		
AAA – AA	**35%**	26%
A	**27%**	32%
BBB	**17%**	18%
BB or lower	**17%**	19%
No credit rating	**4%**	5%
	100%	100%

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

Liquidity Risk

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

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

To ensure that sources of liquidity and potential liquidity requirements are properly aligned, la Caisse has a number of sources of liquidity in addition to its cash and cash equivalents, including receipt of investment income, the sale of bonds, sales under repurchase agreements, and liquid money market securities. In addition, la Caisse may issue commercial paper and term notes payable as well as a committed credit facility totalling US$4 billion to meet its contractual commitments and financial obligations. As at June 30, 2019, la Caisse had close to $46 billion in liquidity in the form of government bonds and money market securities ($37 billion as at December 31, 2018).

Furthermore, to manage liquidity risk, la Caisse conducts simulations of scenarios over different horizons and examines events that could lead to a liquidity crisis.

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

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

					June 30, 2019
	On demand	Less than 1 year	1 year to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Amounts payable on transactions being settled	-	(6,786)	-	-	(6,786)
Other financial liabilities	-	(1,052)	(53)	(470)	(1,575)
Investment liabilities					
Securities sold under repurchase agreements	-	(20,662)	-	-	(20,662)
Securities sold short	-	(208)	(2,055)	(6,992)	(9,255)
Commercial paper payable	-	(4,905)	-	-	(4,905)
Loans payable	-	(699)	-	-	(699)
Term notes payable	-	(3,860)	(7,119)	(5,447)	(16,426)
Net assets attributable to depositors					
Demand and term deposits	(980)	(6)	-	-	(986)
Distributions payable to depositors	-	(1,300)	-	-	(1,300)
	(980)	(39,478)	(9,227)	(12,909)	(62,594)
Derivative financial instruments					
Derivative instruments with net settlement	-	(542)	281	87	(174)
Derivative instruments with gross settlement					
Contractual cash flows receivable	-	92,199	1,826	974	94,999
Contractual cash flows payable	-	(91,700)	(1,828)	(1,023)	(94,551)
	-	(43)	279	38	274
Other items					
Commitments *(Note 10)*	(10)	(20,438)	(78)	(422)	(20,948)
Financial guarantees *(Note 10)*	-	(104)	(291)	(204)	(599)
	(10)	(20,542)	(369)	(626)	(21,547)
	(990)	(60,063)	(9,317)	(13,497)	(83,867)

Liquidity Risk (cont.)

					December 31, 2018
	On demand	Less than 1 year	1 year to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Amounts payable on transactions being settled	-	(1,113)	-	-	(1,113)
Other financial liabilities	-	(881)	-	-	(881)
Investment liabilities					
Securities sold under repurchase agreements	-	(12,562)	-	-	(12,562)
Securities sold short	-	(659)	(3,802)	(5,540)	(10,001)
Commercial paper payable	-	(5,939)	-	-	(5,939)
Loans payable	-	(290)	-	-	(290)
Term notes payable	-	(2,746)	(3,019)	(5,680)	(11,445)
Net assets attributable to depositors					
Demand and term deposits	(712)	(6)	-	-	(718)
Distributions payable to depositors	-	(2,506)	-	-	(2,506)
	(712)	(26,702)	(6,821)	(11,220)	(45,455)
Derivative financial instruments					
Derivative instruments with net settlement	-	(4,409)	157	50	(4,202)
Derivative instruments with gross settlement					
Contractual cash flows receivable	-	72,651	1,245	1,016	74,912
Contractual cash flows payable	-	(73,629)	(1,274)	(1,105)	(76,008)
	-	(5,387)	128	(39)	(5,298)
Other items					
Commitments *(Note 10)*	(11)	(18,474)	(134)	(347)	(18,966)
Financial guarantees *(Note 10)*	-	(40)	(357)	-	(397)
	(11)	(18,514)	(491)	(347)	(19,363)
	(723)	(50,603)	(7,184)	(11,606)	(70,116)

Moreover, concerning net assets attributable to holders of participation deposits, the *Regulation respecting the terms and conditions of deposits, funds and portfolios of the Caisse* sets monthly limits for cancelling participation units, i.e., a depositor is limited to a maximum reimbursement of all their participation units in all of la Caisse's specialized portfolios of $50 million ($15 million as at December 31, 2018) plus the proceeds of $2 million multiplied by the number of months that have elapsed since receipt of the notice of withdrawal. Any participation units that are not cancelled given the maximum amount permitted is carried forward to the first day of the subsequent month and are cancelled as soon as the limit permits. The purpose of the limits is to ensure optimal management of la Caisse's overall liquidity. Moreover, substantially all depositors are required to invest with la Caisse in accordance with the Act or the respective applicable legislation.

Liquidity Risk (cont.)

Financing-liquidity risk

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

				June 30, 2019
	Currency	**Nominal value[1]**	**Maturity**	**Interest rate**
Loans payable	**USD**	**699**	**Less than one year**	**2.37%**
		699		
Commercial paper payable	**CAD**	**1,000**	**Less than one year**	**1.80%**
	USD	**3,911**	**Less than one year**	**2.59%**
		4,911		
Term notes payable	**USD**	**2,286**	**November 2019**	**4.40%**
	EUR	**1,116**	**June 2020**	**3.50%**
	CAD	**1,000**	**July 2020**	**4.60%**
	USD	**2,614**	**June 2021**	**2.13%**
	USD	**2,614**	**March 2022**	**2.75%**
	USD	**2,614**	**July 2024**	**3.15%**
	USD	**1,633**	**November 2039**	**5.60%**
		13,877		

				December 31, 2018
	Currency	Nominal value[1]	Maturity	Interest rate
Loans payable	USD	290	Less than one year	2.37%
		290		
Commercial paper payable	CAD	1,000	Less than one year	1.90%
	USD	4,945	Less than one year	2.60%
		5,945		
Term notes payable	USD	2,390	November 2019	4.40%
	EUR	1,171	June 2020	3.50%
	CAD	1,000	July 2020	4.60%
	USD	2,732	July 2024	3.15%
	USD	1,707	November 2039	5.60%
		9,000		

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

Commercial paper payable is issued at fixed rates, with maturities not exceeding 12 months, guaranteed by la Caisse's assets. The nominal value for all outstanding commercial paper may never exceed CA$3 billion and US$5 billion in accordance with the limit prescribed in the commercial paper issuance information document.

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

Furthermore, la Caisse has a committed credit facility with a banking syndicate for an amount of CA$5 billion, i.e., in two tranches of US$2 billion that are renewable after two and three years, respectively. The credit facility bears interest at a variable rate and is entirely secured, unconditionally and irrevocably, by la Caisse. As at June 30, 2019 and as at December 31, 2018, no amount had been drawn on this credit facility.

9. RELATED PARTY DISCLOSURES

Related party transactions

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

La Caisse enters into various transactions with related parties. These transactions are concluded under the same conditions as those prevailing in the market with unrelated parties and are measured at fair value. Given the very nature of la Caisse's activities as an investment entity, it may make investments in several investment categories, including investments in unconsolidated subsidiaries, joint ventures and associates.

Other related parties

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

10. COMMITMENTS AND FINANCIAL GUARANTEES

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

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

Commitments and financial guarantees are detailed as follows:

	June 30, 2019	December 31, 2018
Investment purchase commitments	**20,427**	18,450
Commitments under leases	**521**	516
Financial guarantees	**599**	397
	21,547	19,363

Litigation

In the normal course of business, la Caisse may be subject to legal actions. Although la Caisse cannot predict the outcomes of any ongoing legal proceedings as at June 30, 2019, it has no reason to believe that the settlement of any one of these proceedings could have a material impact on its financial position.