



Caisse de dépôt et placement
du Québec

**Address by
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Check against delivery**

Good afternoon,

First, I'd like to say that when Richard asked me to take over for a short period, I agreed to do so with pleasure.

Despite the unusual turbulence on the markets, the organization has clear priorities, and that facilitates my work.

Moreover, having witnessed Mr. Guay's work over the past few months, I felt it was entirely normal that I give him a hand in these circumstances.

The first point I would like to make concerns the Caisse's liquidity.

Rumors are circulating to the effect that the Caisse may have liquidity problems.

It is important to reassure everyone in this regard.

The Caisse currently has a high level of liquidity that enables it to meet all its obligations – to its depositors and its business partners alike.

The Caisse currently has about \$20 billion of liquidity, an amount that corresponds, for all practical purposes, to its historic level.

This level of liquidity is fully sufficient, given that the amounts the Caisse receives from its depositors on an ongoing basis exceeds withdrawals. This positive flow will continue for several years to come.

Moreover, in the current financial crisis, maintaining a high level of liquidity is one of the strategies adopted by the Caisse.

To summarize, the Caisse has no liquidity problems. The Caisse has strategies to keep its liquidity at a high level and it is fully capable of meeting its obligations to its depositors.

Second, I would like to talk about the adoption of Index-based management for certain international equity portfolios.

This change is part of a process that was begun a long time ago.

Those of you who follow the Caisse on a regular basis know that, in good years and bad years, these portfolios post returns that are roughly equivalent to their benchmark indexes, which is not in accordance with our objectives.

This matter was discussed on a regular basis with the depositors over a long period. We tested various strategies. Ultimately, we decided to go back to index-based management, which will be advantageous for the depositors.

In this respect, the Caisse does not really stand out. Most other fund managers have already adopted index management for international equities.

It is unfortunate that this decision has been interpreted as being due to the current context. In fact, if the markets were up, the same decision would have been made.

We would like to make it clear that this index management will be done in house. We will not be outsourcing it.

Finally, a word about the ABCP situation.

This matter is progressing under the leadership of the Crawford committee. Our position on the matter is still the same: the assets should generate the expected return on maturity.

Thank you very much for your attention.

Mr. Brunet and I will take your questions now.