News Release

UNDER EMBARGO UNTIL FEBRUARY 25, AT 11:00 A.M.

CDPQ posts 7.7% return in 2020, 7.8% return over five years

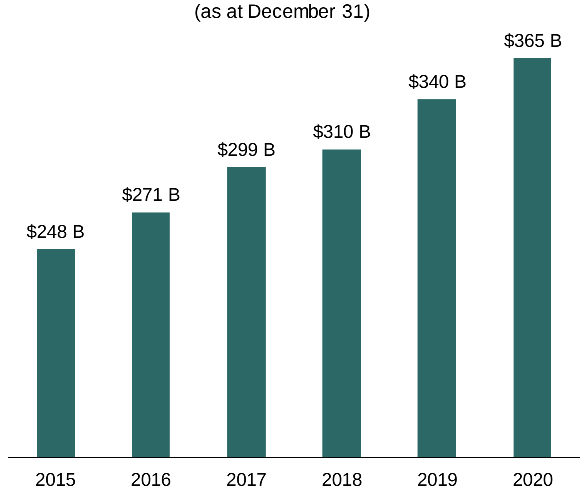
- Depositors' net assets reached $365.5 billion
- A 7.8% return over five years, slightly above the 7.6% return of its benchmark index
- Nearly $200 billion in investment results over ten years

Montréal, February 25, 2021 – Caisse de dépôt et placement du Québec (CDPQ) today released its financial results for the year ended December 31, 2020. The weighted average return on its depositors' funds was 7.7% in 2020, which represents $24.8 billion in investment results. The annualized return over five and ten years was 7.8% and 8.6%, respectively.

The returns of CDPQ's eight main depositors ranged from 6.5% to 9.0% for the year. Their investment policies, which vary based on their return objectives, risk tolerance and investment horizons, account for this difference. Over five years, their annualized returns were between 7.0% and 8.3%, and between 8.0% and 9.3% over ten years. As a reminder, over the long term, depositors require a 6% return on average.

As at December 31, 2020, CDPQ's net assets totalled $365.5 billion, up $117.5 billion over five years, with investment results of $110.7 billion and net deposits of $6.8 billion. Over ten years, investment results were $198.0 billion and net deposits were $15.7 billion.

Change in Net Assets Over Five Years
(as at December 31)



CDPQ generated $1.7 billion in value added for its depositors over five years, compared to its benchmark portfolio, and $9.3 billion over ten years.

In an atypical year, CDPQ's return is 1.5% lower than its benchmark, primarily due to the Real Estate portfolio's underperformance, which was caused by the pandemic's impact on its shopping centres and office buildings. Conversely, the Infrastructure portfolio outperformed its benchmark index. The Fixed Income asset class also exceeded its benchmark index, while the Equities asset class posted a performance in line with its benchmark index.

"In an unprecedented environment characterized by sharp contrasts between the various asset classes, CDPQ delivered returns that, overall, meet the needs of its depositors," said Charles Emond, President and Chief Executive Officer of CDPQ. "In 2020, our Private Equity investments generated a high return and our private credit strategy in Fixed Income continued to provide attractive value added. Our Infrastructure portfolio showed resilience, due to its diversification, and our teams concluded several key transactions in a competitive market. That said, we are working to better position some of our activities for the coming years. In Real Estate, certain sectors continue to struggle with significant challenges that the pandemic has only intensified. During the year, we continued to transition this portfolio, including through various acquisitions in promising sectors," he added.

CDPQ generated its 2020 returns in extraordinary market conditions. Global stock markets first experienced an extreme and unusual fall, but quickly recovered in the second quarter of the year, benefiting from exceptional governmental and central bank measures to keep the economy afloat. A few tech stocks were boosted by the acceleration of trends in the wake of the pandemic, to the extent that they now hold a record weight in global indexes. The year closed on a high from the announcement of new vaccines. At the same time, uncertainty precipitated the downward trend in yields, which was good for bond markets. In contrast, certain real assets—especially shopping centres, office buildings and transportation infrastructure—were and remain hard hit by confinement measures around the world.

"The pandemic shook the global economy in 2020, even further illustrating the disparity between market valuations and companies' real growth. The coming years will be challenging due to the ensuing economic consequences, extremely low interest rates and high valuations in multiple sectors. We must continue to rigorously manage our assets and focus on diversification to create value over the long term, while keeping up with developing trends," concluded Mr. Emond.

Measures to address the crisis and new initiatives to seize future opportunities

Two major phases characterized 2020: one, during the first six months, when CDPQ quickly adopted various measures to address the crisis, protect depositors' capital and act on investment opportunities. In the second half of the year, CDPQ focused on implementing new approaches, notably in technology and for its international activities, in order to maximize its teams' impact.

From the start of the crisis, CDPQ was fully operational and took concrete measures to further increase coordination between its portfolios, to target sectors of the future and potential risks and act on investment opportunities. These measures included:

- An in-depth review of all portfolio assets
- Globally coordinated steering of the strategy, portfolio construction and risk management activities
- Cautious liquidity management
- An exhaustive assessment of the refinancing needs of portfolio companies, which led to several billion dollars of financing on the markets
- Rigorous deployment in Fixed Income, notably in public markets at the height of the crisis, with a focus on investment-grade bonds
- Investments of several billion dollars on equity markets in March and April following the sharp market correction

Given the challenges stemming from the pandemic, the repositioning of the Real Estate portfolio also accelerated. Ivanhoé Cambridge therefore focused in particular on its shopping centres platform in Canada. In light of the rapidly changing needs of the real estate sector, the subsidiary is now concentrated on expanding the portfolio in growing segments such as the industrial, logistics and residential sectors.

In the second half of the year, focus was on optimizing CDPQ's structure to even more efficiently act on business opportunities in certain sectors and have a more coordinated approach in international markets. Accordingly, CDPQ Global was created to provide an integrated structure to manage our international activities and our relationships with different stakeholders, including investment partners and multilateral bodies.

In a changing investment landscape, the teams also began positioning the Equity Markets portfolio for a new decade. In fact, this atypical crisis revealed some significant style biases that affected its performance. The optimization—which began in the second half of the year to notably benefit further from the performance of certain growth stocks the portfolio was less exposed to—will broaden its investment universe and provide exposure to more complementary styles.

In addition, to improve our impact in technology and make it a true performance driver, CDPQ adopted an integrated, three-pillar strategy: anticipate and act on investment opportunities created by technology and new business models; protect invested capital by systematically integrating technology as a factor in risk management; and transform business practices to fully leverage digital technology to enhance its agility and performance.

Highlights of results and achievements

Returns by asset class

As at December 31, 2020		10 years			5 years			2020		
	Net assets[1]	Investment results[1]	Return	Benchmark	Investment results[1]	Return	Benchmark	Investment results[1]	Return	Benchmark
	$B	$B	%	%	$B	%	%	$B	%	%
Fixed Income	110.2	41.6	5.2	4.5	24.3	5.3	4.3	8.7	9.0	8.2
Real Assets	67.2	24.7	8.1	10.2	8.7	4.3	7.0	-5.0	-7.0	0.2
Equities	182.3	125.0	10.9	9.9	76.9	11.0	9.9	20.0	12.4	12.7
CDPQ return[2]	**365.5**	**198.0**	**8.6**	**8.2**	**110.7**	**7.8**	**7.6**	**24.8**	**7.7**	**9.2**

1. Net assets and investment results are presented net of operating expenses.
2. The total includes the Asset Allocation portfolio, Customized Overlay Activities, cash activities and terminated activities.

Fixed Income: A profitable credit strategy

Four years ago, CDPQ began strategically repositioning its Fixed Income activities to expand private credit activities, which perform better over the long term than traditional bonds. This shift proved successful, with strong performances by Corporate Credit, Infrastructure Financing, Real Estate Debt and Sovereign Credit generating value added of $3.3 billion since 2017.

Over five years, the Fixed Income asset class posted a 5.3% return and value added of $4.5 billion compared to its benchmark index. This performance mainly stemmed from Sovereign Credit, Real Estate Debt and Corporate Credit activities. In 2020, the 9.0% performance, which outpaces the 8.2% posted by its benchmark index, was driven by sharply falling rates in Canada and the United States and high current yield in private debt and real estate debt.

During the last year, the team invested in sectors such as financial services and insurance, both in Canada and around the world. In Europe, CDPQ and its partners participated in a commitment of GBP 1.875 billion, the world’s largest unitranche financing for The Ardonagh Group, the U.K.’s largest independent insurance broker. CDPQ also provided debt capital to Titan Aircraft Investments Ltd., a leading airfreight solutions provider, as part of a USD 300 million financing agreement with its partners. Lastly, CDPQ was lead arranger in the acquisition of Logibec, a prominent player in health-care software and solutions in Québec, by Novacap and Investissement Québec.

Real Assets: Real Estate portfolio repositioning under way; Infrastructure assets diversified favourably

<u>Real Estate portfolio</u>

Over five years, the Real Estate portfolio generated a 1.1% return, compared to 5.3% for its benchmark index. This underperformance is explained by a significant weighting in the shopping centre sector, which has faced significant challenges in recent years. The pandemic battered shopping centres, which also contributed to the portfolio’s underperformance in 2020, with a -15.6% return, compared to -1.7% for its benchmark index. While the shopping centre sector suffered more from the crisis, the office building segment was also affected by confinement measures that emptied downtowns around the world.

In this context, Ivanhoé Cambridge accelerated the implementation of its action plan, announced at the beginning of 2020. The subsidiary is making progress in optimizing its structure, transforming shopping centres and repositioning its activities toward sectors such as logistics and mixed-use projects that integrate the commercial, residential and office building sectors to better meet the evolving needs of local communities. Ambitious—given the size and nature of the real estate portfolio's assets—and executed in an orderly manner, the repositioning under way is reflected in Ivanhoé Cambridge's activities in 2020. CDPQ's real estate subsidiary completed over 70 transactions aligned with its strategic priorities. Totalling $8.7 billion, these transactions include $3.9 billion in acquisitions, $2.8 billion in strategic sales and $2.0 billion in capital investments to develop or redevelop assets such as IDI Logistics in the United States and DUO towers in France.

In logistics, Ivanhoé Cambridge and LOGOS launched a fourth development vehicle in Asia with a USD 800-million capacity, highlighting the three previous platforms' successes. The two companies also acquired a development site in one of Melbourne's main industrial zones to create a $230-million platform. The first six months of the year saw the real estate subsidiary acquire Hub&Flow, a portfolio of 17 logistics assets in the main hubs of Paris and Lyon, in France, to which it added a 36,000 m^2 platform located in Roye, between Paris and Lille, expanding its exposure to this sector. In the residential and campus sector, Ivanhoé Cambridge became the majority shareholder of a housing development platform for students and young professionals in Greater Paris. It acquired Joya, a 50,000 m^2 office campus project that will offer adaptable spaces that provide fit-out flexibility, as well as investing with RHP Properties in manufactured home communities in the United States, which has been one of the most resistant real estate sectors since the pandemic began.

Infrastructure portfolio

The Infrastructure portfolio reached $31.7 billion. It posted a five-year return of 8.9%, compared to its benchmark index's 9.1% return. Its performance is attributable almost equally to the appreciation in the value of assets, including in renewable energy and ports, and their high current yield. The portfolio posted a one-year return of 5.1%, despite the pandemic's blow to the airport sector, representing close to 10% of the portfolio, especially in Europe. This performance is explained by the portfolio's broad diversification, which includes investments in sectors such as telecommunications and renewable energy. Its return is higher than its benchmark index's 0.5%, generating nearly $1 billion in value added.

The Infrastructure team was very active in 2020, executing transactions in the United States, Latin America, Europe and Asia. Some of those transactions include expanding the global investment platform with DP World to USD 8.2 billion, acquiring Plenary Americas, a North American public infrastructure investment, development and operations leader, and acquiring a minority stake in France-based Colisée, a key player in the retirement home space in Europe. Major investments were also made in renewable energy, a sector that contributed to the portfolio's performance in recent years. Also worth noting is a USD 1-billion commitment in Invenergy Renewables, the largest private wind and solar project developer, owner and operator in North America, and a first infrastructure investment in Taiwan, in Grand Changhua 1, an offshore wind farm, in a transaction totalling $3.4 billion.

Equities: Performance in line with its benchmark index

This asset class includes the Equity Markets and Private Equity portfolios, which each have a different risk-return profile. In recent years, the asset class therefore posted performances in line with its benchmark index, thanks to complementary exposures.

Equity Markets portfolio

Over five years, the Equity Markets portfolio generated a 9.4% return, which is slightly below the 9.8% its benchmark index earned. Over the period, the return is partially explained by the sustained rise in U.S. large caps and the contribution of growing tech companies in Asia. The portfolio posted an 8.3% one-year return, also driven by the excellent stock market performance in major Asian countries, which is reflected in the strong performance of the Growth Markets mandate. However, the portfolio did suffer from its significant exposure to the Canadian market, which rose less than markets in other countries in this unusual year.

The difference between the Equity Markets portfolio's one-year return and the 12.9% return of its benchmark index is the result of certain significant management style biases. The portfolio was predominantly exposed to less volatile stocks, which have a more defensive profile. These biases therefore limited exposure to major tech stocks and high-growth stocks in a year marked by the exceptional increase in the stocks of a handful of internet giants, whose performance in 2020 accounted for nearly 70% of the S&P 500's return.

Private Equity portfolio

In the Equities asset class, the Private Equity portfolio stood at $64.3 billion, the result of strong performances by portfolio companies, and produced $9.0 billion in value added over five years, including $4.9 billion in 2020. Over five years, it generated a 14.9% return, above its benchmark index's 9.9% return. Its exposure to strong growth sectors and post-investment management, which is an important aspect of the strategy to create value by providing operational support to portfolio companies, were both factors in its performance.

For the year, the portfolio earned 20.7%, considerably outperforming its benchmark index, which earned 9.9%. The result also stems from the strategic choice of sectors, particularly technology, health care and services. The funds' strategy—based on rigorously selecting the best external managers with approaches complementary to ours—also contributed to the performance.

Investments during the year include a transaction in the insurance sector, with the creation of Inigo in the United Kingdom, and a USD 200-million investment in Zevia, a U.S. company that sells a range of naturally sweetened beverages, to pursue its global expansion. CDPQ also concluded a major agreement to invest in Alstom, as part of the company's acquisition of Bombardier Transport (BT), thereby creating the world's second-largest player in mobility. Upon the transaction's closing in January 2021, CDPQ had invested around $4 billion for 17.5% of the company's equity. The agreement also sets aside Board seats for CDPQ and commitments that will be structuring for Québec.

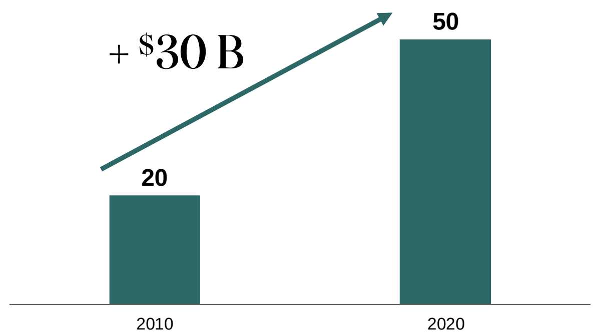
Québec: An active investor contributing to the recovery and building for the long term

In Québec, CDPQ remained very active in a context of heightened uncertainty due to the pandemic. At the very beginning, it created a $4 billion envelope—with nearly half already or in the process of being allocated—to help companies weather the storm, as well as to support and drive their recovery plans thereafter. Companies that were doing well before the crisis, but whose industries struggled this last year, were able to benefit from this envelope. Examples include investments in CAE, an aerospace leader, or in Hopper, which has distinguished itself in online travel in recent years.

In 2020, total assets in Québec stood at $68.3 billion, including $50.0 billion in the private sector. As such, the private sector is up 150%—or $30 billion—over ten years. CDPQ also evolved its strategy to benefit from a rapidly changing world while helping position Québec companies for the recovery and for the long term.

Equipped with a strategy built around four pillars—growth, globalization, the technological shift and a sustainable economy and communities—CDPQ made $3.1 billion of new investments and commitments in Québec in 2020.

Evolution in Québec Assets – Private Sector
(as at December 31, 2020)



Growth

In 2020, CDPQ continued to help companies achieve their growth objectives. Some of the year's transactions include investments in WSP, one of the world's largest professional services firms; Medicom, a leading global manufacturer and distributor of medical equipment; LCI Education, a large Québec network of post-secondary educational establishments, to complete a family business succession; and the repatriation of the Canadian activities of Canam Group to Québec as part of a transaction with Placements CMI (the Dutil family) and Fonds de solidarité FTQ.

In addition to its initiatives to support the vitality of entrepreneurship in Québec, CDPQ continued to advance women entrepreneurs by creating, in collaboration with the Réseau des Femmes d'affaires du Québec, the RFAQ+ database, which is a directory of businesses owned by Québec women looking to offer their products and services to national and international companies. In partnership with Premières en affaires, CDPQ also contributed to the first rankings of Québec businesses owned by women.

Globalization

During the year, CDPQ's teams also supported companies through a series of acquisitions to facilitate their expansion into global markets. Some key transactions include investments that allowed Eddyfi, one of the Québec City region's largest private companies and a leader in non-destructive testing technology, to acquire NDT Global, a company based in Ireland, and Halfwave, based in Norway. CDPQ also supported the acquisition of Zobele Group by KDC/ONE, one of the world's most innovative manufacturers, and in the Netherlands, HyGear's acquisition by Xebec, a global supplier of clean energy solutions.

Technological shift

Technology is fundamental to economic growth and to companies being competitive, therefore CDPQ continued to support companies as they embrace the digital shift while investing in those that leverage technology in their business model. Some examples include Nuvei, which had the biggest tech IPO in the Toronto Stock Exchange's history, and Lightspeed, which went public on the New York Stock Exchange after becoming the first Québec unicorn to go public on the Toronto Stock Exchange.

CDPQ also invested in Dialogue, a Canadian leader in telemedicine, and in Monarch Gold, allowing the company to integrate new artificial intelligence technology to optimize performance.

During the year, CDPQ also invested in Intact Financial Corporation to support its acquisition of the Canadian, British and international operations of RSA Insurance Group plc. This agreement includes several financial and technological spinoffs for the Québec economy, including the company investing $1.5 billion in technology and the growth of its teams in this sector, as well as the expansion of its asset management activities in Québec.

Sustainable economy and communities

CDPQ contributes to a more sustainable future through its investments and structuring projects. In 2020, it reinvested in companies such as AddÉnergie, a leader in electric vehicle charging stations, and Sollio, Canada's largest agricultural cooperative whose activities meet the essential needs of communities.

For CDPQ Infra, work on the REM continued to progress despite challenges arising from the pandemic. In fact, several milestones were achieved, including the arrival of the first four train cars. With the impacts from COVID-19, the schedule for this major project, which involves around 20 worksites and 2,000 workers, was revised by a few months. As such, the commissioning of the first branch—Brossard station to Central Station—is now expected in spring/summer 2022. A new project was also unveiled at the end of the year: an additional 32-kilometre light-rail network and 23 new stations in Montréal's east end. Its development phase will extend through 2021 and include the collection and analysis of information on various sites, public consultations with project stakeholders, conducting an environmental impact study and holding public hearings as part of the environmental impact study process (BAPE).

Lastly, despite the pandemic's impact on its performance and the repositioning currently under way in its portfolio, Ivanhoé Cambridge continued to efficiently manage its real estate portfolio in downtown Montréal. The real estate subsidiary signed agreements with many tenants for its downtown office towers, including Behavox at Maison Manuvie; Dentons, Marsh, Mercer and Oliver Wyman at 1 PVM, and SAP at 5 PVM, representing over 210,000 square feet of floor space. In the midst of a crisis and rapidly changing consumer trends, Ivanhoé Cambridge also partnered with Lightspeed to provide free and fully integrated cloud services to the small and medium tenants and restaurateurs in its shopping centres in Canada.

Stronger leadership in stewardship investing

Throughout 2020, CDPQ continued its stewardship investing activities. It pursued its strategy to address climate change, which includes a target for reducing its carbon footprint by 25% per dollar invested by 2025 and doubled its low-carbon investments since adopting the strategy in 2017. As a result, CDPQ has become one of the world's largest investors in sustainable assets. In addition to the previously mentioned transactions, 2020 saw the creation of the first platform for renewable assets in Spain, which is expected to grow beyond its 73 solar assets.

CDPQ is also an active member of the Net-Zero Alliance, an initiative founded in 2019 involving major investors committed to building carbon-neutral portfolios by 2050. CDPQ also co-founded the Investment Leadership Network (ILN) in 2019, which adapted all its activities to the pandemic conditions of the last year to propose different initiatives, such as publishing a guide for evaluating climate change scenarios. In addition, CDPQ signed the Maple 8 declaration in November 2020, where Canada's eight largest pension fund managers encourage companies and investors to contribute to sustainable and inclusive economic growth through improved ESG disclosure and reporting.

Lastly, CDPQ made clear commitments on diversity, a long-term performance driver for companies, by signing the Canada-wide BlackNorth Initiative. It also created Equity 25[3], a $250-million investment fund to increase diversity and inclusion in companies in Québec and Canada. With this fund, CDPQ offers the largest Canadian fund ever created to directly target diversity as a vector of development and expansion.

More details, including CDPQ's progress on its climate targets, will be published in the Stewardship Investing Report this spring.

Financial reporting

CDPQ's operating expenses, including external management fees, totalled $757 million in 2020. The expense ratio was 23 cents per $100 of average net assets—the same level as in 2019—which compares very favourably to that of its industry.

CDPQ also has strong liquidity, which allows it to meet future commitments and face market events. The credit rating agencies reaffirmed CDPQ's investment-grade ratings with a stable outlook, namely AAA (DBRS), AAA (S&P), Aaa (Moody's) and AAA (Fitch Ratings).

ABOUT CDPQ

At Caisse de dépôt et placement du Québec (CDPQ), we invest constructively to generate sustainable returns over the long term. As a global investment group managing funds for public retirement and insurance plans, we work alongside our partners to build enterprises that drive performance and progress. We are active in the major financial markets, private equity, infrastructure, real estate and private debt. As at December 31, 2020, CDPQ's net assets total CAD 365.5 billion. For more information, visit cdpq.com, follow us on Twitter @LaCDPQ or consult our Facebook or LinkedIn pages.

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RETURNS

For the year ended December 31, 2020

Specialized portfolios	Net assets as at December 31, 2020	10 years			5 years			2020		
		Investment results	Return	Benchmark	Investment results	Return	Benchmark	Investment results	Return	Benchmark
	$M[1]	$M[1]	%	%	$M[1]	%	%	$M[1]	%	%
Fixed Income										
Rates[2]	30,322	5,153	N/A	N/A	5,153	N/A	N/A	2,281	8.6	8.2
Credit[2]	74,246	15,612	N/A	N/A	15,612	N/A	N/A	5,983	8.9	7.8
Short-Term Investments	1,580	402	1.0	1.0	94	1.1	1.0	15	1.0	0.9
Long-Term Bonds	3,352	2,001	7.0	7.0	957	6.7	6.6	341	11.6	11.6
Real-Return Bonds	737	480	4.5	4.5	259	4.8	4.8	122	12.8	13.0
Subtotal[3]	**110,237**	**41,589**	**5.2**	**4.5**	**24,272**	**5.3**	**4.3**	**8,742**	**9.0**	**8.2**
Real Assets										
Real Estate	35,482	12,588	6.5	9.7	722	1.1	5.3	(6,390)	(15.6)	(1.7)
Infrastructure	31,694	12,070	10.6	11.0	8,021	8.9	9.1	1,439	5.1	0.5
Subtotal	**67,176**	**24,658**	**8.1**	**10.2**	**8,743**	**4.3**	**7.0**	**(4,951)**	**(7.0)**	**0.2**
Equities										
Global Quality mandate[4]	42,021	28,278	N/A	N/A	15,799	8.4	9.0	1,842	4.4	12.3
Canada mandate[4]	21,916	13,164	5.8	6.3	8,730	7.8	9.3	(388)	(1.7)	5.6
Growth Markets mandate[4]	24,621	13,463	7.7	6.2	11,397	12.6	10.0	4,838	23.2	17.6
Alternative Beta mandate	12,036	6,685	N/A	N/A	6,685	8.0	10.3	697	5.4	14.2
Relationship Investing	3,187	918	N/A	N/A	918	8.9	10.3	18	6.8	13.9
Global Quality mandate	11,793	1,532	N/A	N/A	1,532	N/A	N/A	359	0.6	14.2
Equity Markets[5]	**117,928**	**85,355**	**9.9**	**9.5**	**48,146**	**9.4**	**9.8**	**9,241**	**8.3**	**12.9**
Private Equity	**64,329**	**39,627**	**13.5**	**10.9**	**28,743**	**14.9**	**9.9**	**10,808**	**20.7**	**9.9**
Subtotal	**182,257**	**124,982**	**10.9**	**9.9**	**76,889**	**11.0**	**9.9**	**20,049**	**12.4**	**12.7**
Asset Allocation	1,601	443	N/A	N/A	(1,005)	N/A	N/A	(514)	N/A	N/A
Total[6]	**365,492**	**198,035**	**8.6**	**8.2**	**110,700**	**7.8**	**7.6**	**24,751**	**7.7**	**9.2**

1. Net assets and investment results are presented net of operating expenses.

2. The Rates and Credit specialized portfolios were created on January 1, 2017.

3. The total includes the returns of closed Fixed Income portfolios.

4. The Global Quality mandate includes the history of the Global Quality Equity specialized portfolio. The Canada mandate includes the Canadian Equity specialized portfolio history. The Growth Markets mandate includes the Emerging Markets specialized portfolio history.

5. The total includes the activities of the Strategic mandate over five years, as well as the returns of closed Equity Markets portfolios.

6. The total includes Customized Overlay Activities, cash activities and terminated activities.