Caisse de dépôt et placement du Québec

COMBINED FINANCIAL STATEMENTS 2010

MANAGEMENT’S RESPONSIBILITY FOR COMBINED FINANCIAL REPORTING

Preparation and presentation of the combined financial statements of the Caisse de dépôt et placement du Québec (the “Caisse”) are the responsibility of management. The combined financial statements were prepared in accordance with Canadian generally accepted accounting principles (GAAP). We ensure that the financial data in the Annual Report are consistent with those in the combined financial statements.

The combined financial statements include amounts based on management’s best estimates and judgment, with due regard for their relative importance. Moreover, in the preparation of the financial data, management has made decisions regarding the information to be presented, has made estimates and has made assumptions that affect the information presented. Future results may differ considerably from our current estimates, because of changes in the financial markets or other events that may have an impact on the fair value of the investments established as at December 31, 2010.

In our responsibility for the reliability of financial information, we use a sophisticated internal control mechanism applied systematically on all levels of the organization. This mechanism consists of organizational and operational controls, financial information disclosure controls and procedures, and internal control over financial information. The Caisse’s internal control mechanism is based, among other things, on a clear definition of responsibilities, effective allocation of duties, delegation of powers, competent resources, appropriate procedures, information systems, tools and practices, relevant and reliable information whose adequacy enables all employees to fulfill their responsibilities, control, compliance and integrated risk management measures that are proportional to the issues specific to each process and designed to reduce risks likely to affect achievement of the Caisse’s objects, and oversight of compliance with an extensive body of internal policies.

This control mechanism makes it possible to ensure that appropriate internal controls are in place as regards operations, assets and records. Moreover, the Caisse’s internal audit group reviews the internal controls on a regular basis. These controls and audits are designed to provide reasonable assurance regarding the reliability of the accounting records used to prepare the combined financial statements and to ensure that assets are not used or disposed of in any unauthorized manner, that liabilities are recorded, and that we meet all the legal requirements to which the Caisse is subject, including the Act respecting the Caisse de dépôt et placement du Québec.

Each year, we certify that the design of the internal control regarding financial information is sufficient and that the design and functioning of the financial information disclosure controls and procedures are effective. We report any significant irregularity to the Audit Committee of the Board of Directors of the Caisse, as necessary.

The Auditor General of Québec and Ernst & Young LLP (the “co-auditors”) have audited the combined financial statements of the Caisse, and their report covers the nature and scope of the audit and expresses their opinion. The co-auditors have unrestricted access to the Audit Committee to discuss any matter relating to their audit.

The Board of Directors and its committees supervise the manner in which management fulfills its responsibility for the establishment and presentation of financial information, maintenance of appropriate internal controls, compliance with the requirements of laws and regulations, management of and control over the main risks and evaluation of major transactions. Moreover, it approves the combined financial statements and the Annual Report.

The Board of Directors has approved the combined financial statements as at December 31, 2010. It is assisted in its responsibilities by the Audit Committee, of which all members are outside directors. This Committee meets with management and the co-auditors, examines the combined financial statements and recommends their approval to the Board of Directors.

Michael Sabia
President and Chief Executive Officer
and Acting Chief Financial Officer

Montréal, February 22, 2011

INDEPENDENT AUDITORS REPORT

To the National Assembly

Report on the combined financial statements

We have audited the combined financial statements of the Caisse de dépôt et placement du Québec, which comprise the combined statement of net assets as at December 31, 2010, and the combined statement of income and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors responsibility

Our responsibility is to express an opinion on the combined financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Caisse de dépôt et placement du Québec as at December 31, 2010, as well as the results of its operations and the changes in its net assets for the year then ended, in accordance with Canadian generally accepted accounting principles.

Other matter

The combined financial statements of the Caisse de dépôt et placement du Québec for the year ended December 31, 2009, were audited by the Auditor General of Québec, who expressed an unmodified opinion on those statements on February 15, 2010.

Report on other legal or regulatory requirements

As required by the *Auditor General Act* (R.S.Q., chapter V-5.01), we report that, in our opinion, the accounting principles have been applied on a basis consistent with that of the preceding year.

The Auditor General of Québec

Renaud Lachance FCA auditor

Renaud Lachance, FCA Auditor

Montréal, February 22, 2011

Ernst & Young LLP

Ernst & Young LLP

CA auditor permit no. 15859

Montréal, February 22, 2011

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

(R.S.Q., chapter C-2)

COMBINED STATEMENT OF NET ASSETS
AS AT DECEMBER 31

	2010	**2009**
	(in millions of dollars)	
ASSETS		
Investments at fair value *(notes 4a, b and e)*	178,376	167,575
Advances to depositors	789	371
Investment income, accrued and receivable	933	1,042
Transactions being settled	177	70
Other assets	2,922	1,598
	183,197	170,656
LIABILITIES		
Liabilities related to investments *(notes 4c and e)*	28,055	34,830
Transactions being settled	563	1,478
Other liabilities	1,062	1,200
Non-controlling interests *(note 4d)*	1,775	1,560
	31,455	39,068
DEPOSITORS' NET HOLDINGS *(note 5)*	151,742	131,588

DERIVATIVE FINANCIAL INSTRUMENTS *(note 10)*

COMMITMENTS AND CONTINGENCIES *(note 12)*

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

For the Board of Directors,

Michael Sabia

A. Michel Lavigne

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

COMBINED STATEMENT OF INCOME AND CHANGES IN NET ASSETS
FOR YEARS ENDED DECEMBER 31

	2010	2009
	(in millions of dollars)	
Investment income *(note 6a)*	4,850	4,893
Less:		
Operating expenses *(note 7)*	257	250
Repositioning expenses and write-offs of intangible assets *(note 8)*	34	- -
Net investment income	4,559	4,643
Gains on the sale of investments *(note 6d)*	1,582	4,514
Total realized income	6,141	9,157
Unrealized increase in value of investments and liabilities related to investments *(note 6e)*	11,590	2,595
Net investment results	17,731	11,752
Depositors net deposits (withdrawals)	2,423	(252)
INCREASE IN COMBINED NET ASSETS	20,154	11,500
COMBINED NET ASSETS, BEGINNING OF YEAR	131,588	120,088
COMBINED NET ASSETS, END OF YEAR	151,742	131,588

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

1. Constitution and operations

The Caisse de dépôt et placement du Québec ("Caisse"), a legal person established in the public interest within the meaning of the *Civil Code*, is governed by the *Act respecting the Caisse de dépôt et placement du Québec (R.S.Q., chapter C-2)* ("Act"). It receives all funds, the deposit of which is provided under the Act. Pursuant to the federal and provincial income tax acts, the Caisse is not subject to income taxes.

General Fund (consolidated statements)

The General Fund comprises all treasury operations (management of demand and term deposits, and corporate financing of the Caisse).

On January 1, 2010, the assets, liabilities and unrealized decrease in value pertaining to ABTNs were transferred, respectively, from the specialized Bonds portfolio (760) and from the General Fund to the new specialized ABTNs portfolio (772). In addition, the financial instrument between the specialized Bonds portfolio (760) and the General Fund which was used to allocate the net investment results of the ABTNs to the individual funds was not renewed.

Since September 1, 2010, the General Fund has held the participation units of specialized portfolios which were financed by term deposits of a depositor. The net investment results resulting from such holding are redistributed on a monthly basis to the holder of the corresponding term deposits.

Individual funds

The individual funds are comprised of diversified investments, and each fund has only one depositor that exclusively makes participation deposits therein. The individual funds are for the use of the following depositors:

Fund 300: Fonds du Régime de rentes du Québec administered by the Régie des rentes du Québec;

Fund 301: Government and Public Employees Retirement Plan administered by the Commission administrative des régimes de retraite et d'assurances;

Fund 302: Pension Plan for Management administered by the Commission administrative des régimes de retraite et d'assurances;

Fund 303: Individual plans administered by the Commission administrative des régimes de retraite et d'assurances;

Fund 305: Pension Plan for Elected Municipal Officers administered by the Commission administrative des régimes de retraite et d'assurances;

Fund 306: Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d'urgence administered by Aon Conseil;

Fund 307: Fonds d'assurance automobile du Québec administered by the Société de l'assurance automobile du Québec;

Fund 311: Supplemental Pension Plan for employees of the Québec construction industry – general account – administered by the Commission de la construction du Québec;

Fund 312: Supplemental Pension Plan for employees of the Québec construction industry – retirees account – administered by the Commission de la construction du Québec;

Fund 313: Supplemental Pension Plan for employees of the Québec construction industry – supplementary account – administered by the Commission de la construction du Québec;

Fund 314: Fonds d'assurance-dépôts administered by the Autorité des marchés financiers;

Fund 315: Fonds d'assurance-prêts agricoles et forestiers administered by La Financière agricole du Québec;

Fund 316: Fonds d'amortissement du régime de retraite – RREGOP administered by the ministère des Finances, Government of Québec;

Fund 317: Fonds d'amortissement du régime de retraite – RRPE administered by the ministère des Finances, Government of Québec;

Fund 318: Fonds d'amortissement des autres régimes de retraite administered by the ministère des Finances, Government of Québec;

Fund 326: Fonds d'assurance-récolte administered by La Financière agricole du Québec;

Fund 327: Fédération des producteurs de bovins du Québec (inactive since September 1, 2010);

Fund 328: Régime de rentes de survivants administered by the Conseil du trésor, Government of Québec;

Fund 329: Fonds d'assurance-garantie administered by the Régie des marchés agricoles et alimentaires du Québec;

Fund 330: Fonds de la santé et de la sécurité du travail administered by the Commission de la santé et de la sécurité du travail;

Fund 332: Fonds des cautionnements des agents de voyages – cautionnements individuels – administered by the Office de la protection du consommateur;

Fund 333: Fonds d'indemnisation des clients des agents de voyages administered by the Office de la protection du consommateur;

Fund 341: Fonds pour l'éducation et la saine gouvernance – Fonds de trésorerie – administered by the Autorité des marchés financiers;

Fund 342: Régime de retraite de l'Université du Québec administered by the Comité de retraite du Régime de retraite de l'Université du Québec;

Fund 343: Fonds d'assurance parentale administered by the Conseil de gestion de l'assurance parentale;

Fund 347: Régime de retraite du personnel des CPE et des garderies privées conventionnées du Québec administered by Aon Conseil;

Fund 348: Régime complémentaire de retraite des employés syndiqués de la Commission de la construction du Québec administered by the Comité de retraite du Régime complémentaire de retraite des employés syndiqués de la CCQ;

Fund 351: Fonds des générations administered by the ministère des Finances, Government of Québec;

Fund 353: Régime de retraite des membres de la Sûreté du Québec – caisse participants – administered by the Commission administrative des régimes de retraite et d'assurances;

Fund 354: Régime de retraite des membres de la Sûreté du Québec – caisse employeurs – administered by the Commission administrative des régimes de retraite et d'assurances (created January 1, 2010);

Fund 361: Régime de rentes pour le personnel non enseignant de la Commission des écoles catholiques de Montréal administered by the Commission administrative des régimes de retraite et d'assurances;

Fund 362: Régime de retraite pour certains employés de la Commission scolaire de la Capitale administered by the Commission administrative des régimes de retraite et d'assurances;

Fund 363: Régime de retraite des employés de la Ville de Laval administered by the Comité du Régime de retraite des employés de la Ville de Laval;

Fund 368: Fonds pour l'éducation et la saine gouvernance – Fonds capitalisé – administered by the Autorité des marchés financiers;

Fund 369: Fonds des congés de maladie accumulés administered by the ministère des Finances, Government of Québec; and

Fund 373: Régime de retraite des employés en fonction au Centre hospitalier Côte-des-Neiges administered by the Commission administrative des régimes de retraite et d'assurances (created July 1, 2010).

Specialized portfolios

The specialized portfolios are pooled funds for participation deposits of the various funds. In 2010, as a result of the new specialized portfolio offer available to depositors, the Caisse created or dissolved certain specialized portfolios. The specialized portfolios are the following:

- Real Estate (710) (consolidated statements)
- Canadian Equity (720)
- Foreign Equity – Hedged (730) (dissolved April 1, 2010)[1]
- EAFE Equity (730) (created April 1, 2010)
- U.S. Equity – Hedged (731) (dissolved April 1, 2010)[1]
- U.S. Equity (731) (created April 1, 2010)
- Emerging Markets Equity (732)
- Foreign Equity – Unhedged (733) (dissolved April 1, 2010)[1]
- U.S. Equity – Unhedged (734) (dissolved April 1, 2010)[1]
- Global Equity (735) (created April 1, 2010)
- Short-term Investments (740)
- Real Estate Debt (750) (consolidated statements)
- Bonds (760)
- Québec International (761)
- Real Return Bonds (762)
- Commodity Financial Instruments (763) (dissolved December 1, 2010)[2]
- Long-term Bonds (764)
- Hedge Funds (770) (consolidated statements)
- Asset Allocation (771)
- ABTNs (772) (created January 1, 2010)
- Private Equity (780) (consolidated statements)
- Investments and Infrastructures (781) (consolidated statements) (dissolved July 1, 2010)[3]
- Infrastructure (782) (consolidated statements) (created July 1, 2010)

[1] The investment operations of these portfolios were transferred on April 1, 2010, to the new specialized Global Equity, U.S. Equity and EAFE Equity portfolios.
[2] The investment operations of this portfolio were transferred on December 1, 2010, to the specialized Asset Allocation portfolio.
[3] The investment operations of this portfolio were transferred on July 1, 2010, to the new specialized Infrastructure portfolio and to other specialized portfolios.

2. Accounting policies

The preparation of the combined financial statements of the Caisse in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions, which have an impact on the accounting of assets and liabilities, the presentation of contingent assets and liabilities at the date of the financial statements and the accounting of revenues and expenses during the financial year covered by the combined financial statements. Actual results may differ from such estimates.

The Caisse is considered an investment company pursuant to the accounting guideline “Investment Companies” (AcG-18) of the Handbook of the Canadian Institute of Chartered Accountants (CICA). Accordingly, all the investments of the Caisse are presented at fair value.

A statement of cash flows is not presented, as it would provide no further useful information for the comprehension of cash flows during the year.

a) Combined financial statements

The combined financial statements comprise the accounts of the subsidiaries controlled by the Caisse, along with those of the General Fund, the individual funds and the specialized portfolios. The Caisse consolidates the investments in the subsidiaries when they do not meet certain criteria envisaged by the AcG-18. The financial statements of each fund and each portfolio are audited by the joint auditors of the Caisse. All transactions and balances between related parties have been eliminated. Summary financial statements for the specialized portfolios are in the section Supplementary Information.

b) Investments and related operations

Investments and related assets and liabilities are accounted for at fair value, which is the estimated exchange value that would be agreed upon in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act, established at year-end.

Transaction costs that are directly attributable to the acquisition and sale of investments are included in income and applied against gains and losses on the sale of investments. Transaction costs include commissions, stock exchange fees and professional and legal fees related to investment operations.

Fixed-income securities

Fixed-income securities comprise short-term investments, bonds, asset-backed term notes (“ABTNs”), mortgages, commercial paper payable, term notes, mortgage loans payable and other loans payable. Acquisitions and sales of fixed-income securities are recorded at the transaction date, except for mortgages, which are recorded at the settlement date.

i) Valuation method

The fair value of short-term investments and bonds is determined by the market price, when such a value is available. When a market price is not available, the fair value of the securities is established according to valuation methods used in capital markets, such as discounting of future cash flows, or according to similar transactions on an arm’s-length basis. These valuations are supported by observable or non-observable input data, such as interest rate yield curves, credit spreads or discount rates. The valuation method for ABTNs is discussed in note 4b.

The fair value of mortgages is determined from the present value of future contractual cash flows at the market interest rate. The rate is that which could be obtained for loans or securities with similar conditions and maturities. Where the timing of future cash flows cannot be estimated in a reasonably reliable fashion, the fair value corresponds either to the fair value of any collateral, less expected realization costs and any amount legally owed to borrowers, or to the observable market price for the mortgages.

The fair value of most fixed-income securities is reviewed biannually by independent external firms.

The valuation methods are applied on a consistent basis, with the exception of ABTNs (refer to note 4b).

ii) Investment income and gains and losses on the sale of investments

Investment income from fixed-income securities includes amortization of the premium or the discount, which makes it possible to maintain a constant effective yield until maturity. Income from mortgages is reduced by operation expenses and financial costs of commercial mortgage-backed securities (CMBS) and is recorded under the item Investment income – Fixed-income securities.

Gains and losses on the sale of investments represent the difference between the amortized cost and the net realizable value on the sale of investments. The amortized cost corresponds to the acquisition cost adjusted to reflect amortization of the premium or the discount.

Variable-income securities

Variable-income securities comprise equities and convertible securities as well as real estate holdings. Acquisitions and sales of equities and convertible securities are recorded at the transaction date, whereas acquisitions and sales of real estate holdings are recorded at the settlement date.

i) Valuation method

The fair value of listed equities and convertible securities is determined from prices on major stock exchanges. For unlisted equities and convertible securities, prices are provided by recognized financial institutions or valuations are made according to commonly used valuation methods, such as the earnings multiples of comparable listed companies, discounting of cash flows, or on the basis of similar transactions on an arm's-length basis. These valuations are supported by observable or non-observable input data, such as EBITDA multiples, price/earnings multiples, price/book value ratios, discount rates and future cash flows. The valuations of unlisted equities and convertible securities are reviewed biannually by a valuation committee made up of independent experts or by independent external firms.

The fair value of investment funds is determined from the fair value provided by the general partner or the administrator, in accordance with commonly used valuation methods.

Real estate holdings include partial or full ownership of income properties through interests in a company or a partnership. The fair value of income properties included in real estate holdings is determined and certified biannually by external, recognized and independent chartered real estate appraisers. The valuation techniques used for income properties are based mainly on three recognized methodologies: discounting of cash flows at the market rate, comparison with recent similar market transactions and capitalization of earnings. These valuations are supported by observable or non-observable input data, such as leases, operating expenses, rates of return and discount rates. The valuations are established in accordance with commonly used professional valuation standards.

The valuation methods are applied on a consistent basis.

ii) Investment income and gains and losses on the sale of investments

Dividend income is recognized on the ex-dividend date. Income from real estate holdings is reduced by operating expenses, operation expenses and loan financial expenses, and is recorded under the item Investment income – Variable-income securities.

Gains and losses on the sale of investments represent the difference between the cost and the net realizable value on the sale of investments. The cost of investments corresponds to the acquisition cost, with the exception of the cost of investments in joint ventures, which are recorded on an equity basis.

Derivative financial instruments

In managing its investments, the Caisse conducts transactions involving various derivative financial instruments to manage the risks associated with exchange rate, interest rate and market fluctuations.

Derivative financial instruments whose fair value is favourable are recorded under the item Investments at fair value, whereas those whose fair value is unfavourable are recorded under Liabilities related to investments.

i) Valuation method

For over-the-counter derivative financial instruments, prices are provided by recognized financial institutions or valuations are made from similar transactions on an arm's-length basis or with recognized, commonly used models. The models used include discounting of future cash flows at the current rate of return and the Black-Scholes model. These models require the use of assumptions regarding the amount and timing of future cash flows and the current rate of return. The assumptions are prepared with observable and non-observable input data, such as interest rate yield curves, credit spreads and foreign exchange rates as well as the volatility and correlation of equity prices, commodity prices and interest rates. The fair value estimates of most over-the-counter derivative financial instruments are reviewed biannually by independent external firms. If necessary, the fair value of listed derivative financial instruments is determined from prices on major stock exchanges.

The valuation methods are applied on a consistent basis.

ii) Investment income and gains and losses on the sale of investments

Investment income from derivative financial instruments is included with income from fixed-income and variable-income securities, whereas gains and losses pertaining to derivative financial instruments are included with gains and losses on the sale of investments depending on the underlying investments.

Securities acquired under reverse repurchase agreements

The Caisse conducts securities-borrowing operations involving short-term investments and bonds to cover short sales or to generate additional income from securities-borrowing operations. These securities-borrowing operations are recorded in Securities acquired under reverse repurchase agreements under Investments at fair value. Interest earned on reverse repurchase agreements is recorded as interest income under the item Investment income – Fixed-income securities.

Securities sold under repurchase agreements

The Caisse conducts securities-lending operations involving short-term investments and bonds to generate cash flow liquidity or additional income. These securities-lending operations are recorded in Securities sold under repurchase agreements under Liabilities related to investments. Interest paid on repurchase agreements is applied against Investment income – Fixed-income securities.

Short selling of securities

Short selling of securities represents the commitment by the Caisse to purchase securities from third parties to cover its positions. Interest expenses related to commitments involving short selling of short-term investments and bonds are recorded under Investment income – Fixed-income securities, whereas costs related to commitments involving short selling of equities are recorded under Investment income – Variable-income securities.

Gains and losses on commitments related to short selling of short-term investments and bonds are recorded in Gains (losses) on the sale of investments – Fixed-income securities, whereas those related to short selling of equities are recorded in Gains (losses) on the sale investments – Variable-income securities.

Hierarchy of fair value

The Caisse's financial instruments are classified according to the following hierarchy:

- Level 1: Calculation of the fair value of the instrument is based on prices (not adjusted) quoted on active markets for identical assets or liabilities.
- Level 2: Calculation of the fair value of the instrument is based on data other than the quoted prices contemplated in level 1, which are observable directly (in the form of prices) or indirectly (determined from prices). This level includes instruments whose valuation is based on prices quoted on markets that are not active for identical instruments and instruments whose valuation is based on prices observed for similar instruments as well as valuation techniques based on assumptions that take into account observable market data.
- Level 3: Calculation of the fair value of the instrument uses data that are not based on observable market data (non-observable data). This level includes instruments whose valuation is based on prices observed for similar instruments, adjusted to reflect the differences between the instruments being valued and the available market data. This level also includes instruments whose valuation is based on valuation techniques using assumptions that take into account market data that are observable but are adjusted significantly to reflect the specific characteristics of the instrument being valued.

The classification of financial instruments in the levels of the hierarchy is established at the time of the initial valuation of the instrument and reviewed on each subsequent valuation date. Transfers between the hierarchical levels are measured at fair value at the start of each quarter.

Quantitative information on the hierarchy of fair value is given in note 4e.

c) Administered property and properties under management

The Caisse and its subsidiaries administer and manage properties entrusted to them by clients and on their behalf. These properties are not included in the Combined statement of net assets of the Caisse. The Caisse and its subsidiaries receive fees in return for such portfolio management services and administrative services, which include the administration of real estate properties and transferred mortgages.

d) Foreign currency translation

The fair value of investments as well as any other assets and liabilities denominated in foreign currencies is translated into Canadian dollars at the rate of exchange prevailing at year-end.

To present in the Combined statement of income and changes in net assets the amount of gains and losses on the sale of investments or unrealized gains (losses), the cost of investments in equities and that of real estate holdings from integrated foreign operations and the amortized cost of investments in short-term investments, bonds and mortgages are translated at the rate of exchange prevailing on the acquisition date. The cost of investments from self-sustaining foreign operations is translated at the rate of exchange prevailing at year-end.

Income is translated at the rate of exchange prevailing on the transaction date, with the exception of income from the specialized Real Estate portfolio, which is translated at the average rate for the year.

e) Transfers of receivables

The Caisse occasionally securitizes or transfers mortgages by selling them directly to companies or through a conduit, which subsequently issues securities to investors.

Such transactions are recorded as sales where the Caisse is deemed to have surrendered control over such assets and to have received consideration other than beneficial interests in the transferred assets, in accordance with Accounting Guideline AcG-12 "Transfers of Receivables" in the CICA Handbook. At the time of securitization or transfer, no beneficial interest in the mortgages is retained. Any gains or losses deriving from such transactions are recorded under Gains (losses) on the sale of investments – Mortgages and Bonds.

Companies under common control usually continue to service transferred loans. Since servicing fees are marked-based, no servicing assets or liabilities are recorded at the date of transfer.

f) Operating expenses

Operating expenses represent all expenses related to portfolio management and administration, with the exception of those related to external management. Operating expenses are recorded under a separate line item in the Combined statement of income and changes in net assets. Expenses related to management of the specialized Real Estate and Real Estate Debt portfolios are included in operating expenses. Expenses related to the real estate and real estate debt subsidiaries are deducted from real estate holdings investment income and mortgages investment income, respectively.

g) External management fees

External management fees represent amounts paid to external financial institutions, principally institutional fund managers active on international stock markets, for the management of Caisse funds on behalf of the Caisse. Basic external management fees and management fees related to the performance of external managers are deducted from Investment income and Gains (losses) on the sale of investments, respectively.

3. Future accounting changes

Canadian publicly accountable enterprises are obliged to apply International Financial Reporting Standards (IFRS) to replace Canadian generally accepted accounting principles (GAAP), starting January 1, 2011. The Accounting Standards Board (AcSB) decided in 2010, however, to allow deferral of the date of the first application of IFRS to investment companies that apply AcG-18 of the CICA Handbook. Moreover, the AcSB decided on January 12, 2011 to extend by one additional year the deferral of the mandatory IFRS changeover for these entities. The Caisse will therefore prepare its combined financial statements in accordance with IFRS starting January 1, 2013.

In January 2009, the AcSB published section 1582, "Business Combinations," section 1601, "Consolidated Financial Statements," and section 1602, "Non-controlling Interests," which replace section 1581 "Business Combinations," and section 1600, "Consolidated Financial Statements." These sections require, among other things, that non-controlling interests be presented as a separate line item within equity rather than as a liability, and that they no longer be deducted from net investment results as a result of their presentation in equity.

In accordance with the transitional provisions, these sections will be applied prospectively starting January 1, 2011, with the exception of the presentation requirements affecting non-controlling interests, which must be applied retroactively. Adoption of these sections will have no material impact on the combined financial statements, but will give rise to reclassification of non-controlling interests.

4. Investments and liabilities related to investments

a) Investments

	2010		2009	
	(in millions of dollars)			
	Fair value	Cost	Fair value	Cost
Fixed-income securities				
Short-term investments				
Canadian	2,357	2,370	4,625	4,684
Foreign	1,614	1,802	2,376	2,860
	3,971	4,172	7,001	7,544
Bonds				
Issued or guaranteed by:				
Government of Canada	21,637	21,149	21,652	21,600
Province of Québec	8,801	8,305	7,859	7,380
Other Canadian provinces	1,658	1,586	3,158	3,154
Municipalities and other Canadian agencies	1,280	1,247	1,279	1,276
Canadian government corporations	11,998	11,322	10,482	9,883
U.S. government	1,379	1,641	510	741
Other foreign governments	17	17	346	339
Mortgage securities				
Canadian	213	230	245	258
Foreign	68	314	233	2,408
Canadian corporations	8,831	8,906	9,830	10,257
Foreign corporations	1,678	2,197	2,269	3,174
Inflation-indexed securities				
Canadian	975	895	667	618
Hedge funds	- -	- -	72	99
	58,535	57,809	58,602	61,187
ABTNs *(note 4b)*	7,850	11,910	7,249	12,351
Mortgages				
Canadian	5,886	5,780	5,944	6,104
Foreign	1,667	2,932	2,871	5,427
	7,553	8,712	8,815	11,531
Total fixed-income securities	77,909	82,603	81,667	92,613
Variable-income securities				
Equities and convertible securities				
Canadian	17,180	14,640	14,449	14,498
U.S.	17,379	20,230	14,427	19,189
Foreign and emerging markets	26,398	25,496	19,693	19,794
Hedge funds	2,964	3,002	3,615	3,689
	63,921	63,368	52,184	57,170
Real estate holdings				
Canadian	12,880	10,482	10,930	9,279
Foreign	8,610	9,816	9,012	10,578
	21,490	20,298	19,942	19,857
Total variable-income securities	85,411	83,666	72,126	77,027

	2010		2009	
	(in millions of dollars)			
	Fair value	**Cost**	**Fair value**	**Cost**
Amounts receivable with respect to investments				
Securities acquired under reverse repurchase agreements				
Canadian	8,761	8,762	6,171	6,171
Foreign	1,007	1,017	1,928	1,963
Amount pertaining to derivative financial instruments				
Canadian	2,132	1,157	1,106	21
Foreign	3,156	120	4,577	896
	15,056	11,056	13,782	9,051
Total investments	178,376	177,325	167,575	178,691

As at December 31, the item Investments – Real estate holdings includes, among other things, investments in joint ventures recorded at fair value. The details of these investments are as follows:

	2010	2009
	(in millions of dollars)	
Investments in joint ventures	8,156	8,319
Real estate holdings	12,745	13,601
Mortgages	2	2
Short-term investments	6	2
Investment income, accrued and receivable	78	13
Other assets	388	505
	13,219	14,123
Mortgage loans payable	4,400	5,088
Other loans payable	36	64
Derivative financial instruments	2	- -
Other liabilities	569	596
Non-controlling interests	56	56
	5,063	5,804

b) ABTNs and related financial instruments

As at December 31, 2010, the Caisse held asset-backed term notes (“ABTNs”), most of which were issued on January 21, 2009, under the restructuring agreement of the Pan-Canadian Investors Committee. The assets that were exchanged at that time were investments in the Canadian asset-backed commercial paper market. The notes are held through structures that take the form of trusts, which are called master asset vehicles, or “MAVs.”

The ABTNs constitute debt backed by a variety of financial instruments. The underlying instruments are essentially credit default swaps for MAV 1 and MAV 2, while MAV 3 contains traditional assets, such as residential and commercial mortgage debt.

The Caisse uses derivative financial instruments, such as interest rate swaps and credit default swaps, to obtain economic hedge in order to reduce the risk of loss inherent in a fluctuation of the fair value of the ABTNs as well as eventual collateral calls. The credit default swaps were financed by the counterparty concerned. Repayment of this debt is related to cash flows from the repayment of certain investments held by MAV 1 and the related derivative financial instruments.

The ABTNs as well as other related financial instruments consist of the following as at December 31:

	2010			2009		
	Fair value	Unrealized increase (decrease) in value	Cost	Fair value	Unrealized increase (decrease) in value	Cost
Investments		*(in millions of dollars)*				
MAV 1						
Class A-1	4,045	(480)	4,525	4,071	(476)	4,547
Class A-2	3,037	(788)	3,825	2,428	(1,397)	3,825
Class B	- -	(652)	652	- -	(652)	652
Class C	- -	(279)	279	- -	(279)	279
Notes for high-risk assets	44	(286)	330	- -	(597)	597
Other notes	286	(22)	308	282	(26)	308
	7,412	(2,507)	9,919	6,781	(3,427)	10,208
MAV 2						
Class A-1	87	4	83	101	18	83
Class A-2	25	(2)	27	17	(10)	27
Class B	3	(2)	5	- -	(5)	5
Class C	1	(3)	4	- -	(4)	4
	116	(3)	119	118	(1)	119
MAV 3						
Notes for traditional assets	276	(112)	388	478	(59)	537
Notes for high-risk assets	4	(63)	67	- -	(70)	70
	280	(175)	455	478	(129)	607
Funding facilities	(449)	(449)	- -	(589)	(589)	- -
Subtotal	7,359	(3,134)	10, 493	6,788	(4,146)	10,934
ABTNs excluded from the restructuring agreement	491	(926)	1,417	461	(956)	1,417
Total ABTNs	7,850	(4,060)	11,910	7,249	(5,102)	12,351
Amount pertaining to derivative financial instruments[1]	1,092	(48)	1,140	- -	- -	- -
Total investments	8,942	(4,108)	13,050	7,249	(5,102)	12,351
Liabilities related to investments						
Other loans payable[1]	1,504	(8)	1,512	171	- -	171
Amount pertaining to derivative financial instruments[1]	24	24	- -	20	20	- -
	7,414	(4,124)	11,538	7,058	(5,122)	12,180

[1] Included under the items in notes 4a and 4c.

Commitments related to ABTNs

The following table summarizes commitments related to ABTNs as at December 31:

		2010	2009
	Maturity	Amount of commitments	
		(in millions of dollars)	
MAV 1 MFF	July 2017	6,167	6,167
MAV 1 and MAV 2 SFF	- -	- -	300
Total		6,167	6,467

As part of the restructuring plan, the Caisse has provided the following funding facilities:

- *Margin funding facility (“MFF”)*: The Caisse’s share of this credit commitment of $5,767 million, intended to cover possible collateral calls, has the same rank as that of other participants and matures in July 2017 or at an earlier date if all the credit default swap transactions are settled beforehand. Under a separate agreement, the Caisse has agreed to take an interest of $400 million in the MFF commitments of a MAV 1 participant. As at December 31, 2010, the Caisse had not taken part in any collateral calls.
- *Senior funding facility (“SFF”)*: In the event that the MAV 1 MFF and the equivalent MAV 2 facility prove insufficient to meet the collateral calls of the vehicle in question, an SFF has been put in place to provide access to additional liquidity. These commitments matured in July 2010.

Establishment of fair value

Before 2010, the Caisse established the fair value of ABTNs by estimating the present value of cash flows. Since January 1, 2010, in line with setting in place the economic hedge, the Caisse has modified its valuation method for the fair value of MAV 1 ABTNs, certain ABTNs excluded from the restructuring agreement and MFF.

For MAV 1 ABTNs, certain ABTNs excluded from the restructuring agreement and credit default swaps used as economic hedging instruments, the Caisse now uses a database containing the original contractual information underlying the transactions involving credit derivative financial instruments. The fair value of these notes as well as that of the related derivative financial instruments is established with valuation techniques specific to each class of underlying asset. These valuation techniques are based as much as possible on observable market data, such as credit spreads and interest rates, correlation factors and an illiquidity premium, which is calculated from the spread between the bid and ask prices of similar financial instruments traded in the market.

For the other ABTNs, the Caisse establishes fair values using a valuation technique based on a financial model whose assumptions use as much as possible observable market data, such as interest rates and credit quality. The fair value of the securities is established by estimating the present value of cash flows according to various default and loss-of-credit scenarios for all the underlying assets for each note, maturities corresponding to those of the underlying assets and interest rates reflecting the cash flows available within the vehicles, and takes into account the leverage rates of the various structures as well as subordination of the restructured notes, as required. Once adjusted to take into account the incidence of the credit risk of the underlying assets, the cash flows expected from the securities are discounted at a risk-free rate, plus an illiquidity premium.

Since 2010, the fair value of the MFF is established by applying a valuation technique using a discount rate based on the CDX.IG index tranches, plus a financing premium.

The estimated fair value of the ABTNs is not likely to be indicative of their definitive value or future fair value. Although management believes that its valuation technique is appropriate in the circumstances, the use of reasonably possible alternative assumptions could have a material impact on the fair value of the ABTNs in the years to come. Accordingly, resolution of these uncertainties could mean that the definitive value of the investments in subsequent periods differs considerably from management’s current best estimates.

A downward variation of 3.45% of credit spreads would involve an increase in the fair value of the ABTNs net of economic hedge of $43 million. An upward variation of 3.45%, however, would result in a decrease of $45 million in the net fair value.

When the financial statements were prepared, there was still no active market for ABTNs.

c) Liabilities related to investments

	2010		2009	
	(in millions of dollars)			
	Fair value	**Cost**	**Fair value**	**Cost**
Securities sold under repurchase agreements				
Canadian	338	338	9,115	9,113
Foreign	629	632	1,223	1,458
Commercial paper payable				
Canadian	1,017	1,017	1,288	1,288
Term notes				
Canadian	2,044	1,998	- -	- -
Foreign	6,051	6,287	5,075	5,345
Short selling of securities				
Canadian	6,267	5,444	4,593	4,145
Foreign	2,498	2,543	2,980	2,616
Mortgage loans payable				
Canadian	679	635	855	833
Foreign	2,156	2,208	3,351	3,513
Other loans payable				
Canadian	1,710	1,816	833	836
Foreign	1,283	1,222	1,162	1,210
Amount pertaining to derivative financial instruments				
Canadian	527	57	442	53
Foreign	2,856	301	3,913	1,214
	28,055	24,498	34,830	31,624

d) Non-controlling interests

	2010		2009	
	(in millions of dollars)			
	Fair value	**Cost**	**Fair value**	**Cost**
Canadian	1,480	1,380	1,208	1,252
Foreign	295	655	352	771
	1,775	2,035	1,560	2,023

e) Hierarchy of fair value

The following tables summarize the allocation of the fair value of the financial instruments among the three levels of the hierarchy as at December 31:

				2010
	(in millions of dollars)			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments				
Fixed-income securities				
Short-term investments	- -	3,714	257	3,971
Bonds	- -	56,021	2,514	58,535
ABTNs	- -	- -	7,850	7,850
Mortgages	- -	4,543	3,010	7,553
Total fixed-income securities	- -	64,278	13,631	77,909
Variable-income securities				
Equities and convertible securities	35,917	3,363	24,641	63,921
Real estate holdings[1]	- -	- -	21,490	21,490
Total variable-income securities	35,917	3,363	46,131	85,411
Amounts receivable with respect to investments				
Securities acquired under reverse repurchase agreements	- -	9,768	- -	9,768
Amount pertaining to derivative financial instruments	13	4,146	1,129	5,288
	35,930	81,555	60,891	178,376
Liabilities related to investments				
Securities sold under repurchase agreements	- -	967	- -	967
Commercial paper payable	- -	1,017	- -	1,017
Term notes	- -	8,095	- -	8,095
Short selling of securities	6,979	1,694	92	8,765
Mortgage loans payable	- -	680	2,155	2,835
Other loans payable	- -	2,980	13	2,993
Amount pertaining to derivative financial instruments	37	3,240	106	3,383
	7,016	18,673	2,366	28,055

[1] Investments in real estate holdings include partial or full ownership of income properties through interests in a company or a partnership.

	2009			
	(in millions of dollars)			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments				
Fixed-income securities				
Short-term investments	- -	5,973	1,028	7,001
Bonds	- -	55,809	2,793	58,602
ABTNs	- -	- -	7,249	7,249
Mortgages	- -	3,751	5,064	8,815
Total fixed-income securities	- -	65,533	16,134	81,667
Variable-income securities				
Equities and convertible securities	25,974	3,340	22,870	52,184
Real estate holdings[1]	- -	- -	19,942	19,942
Total variable-income securities	25,974	3,340	42,812	72,126
Amounts receivable with respect to investments				
Securities acquired under reverse repurchase agreements	- -	8,099	- -	8,099
Amount pertaining to derivative financial instruments	36	5,181	466	5,683
	26,010	82,153	59,412	167,575
Liabilities related to investments				
Securities sold under repurchase agreements	- -	10,338	- -	10,338
Commercial paper payable	- -	1,288	- -	1,288
Term notes	- -	5,075	- -	5,075
Short selling of securities	5,382	1,919	272	7,573
Mortgage loans payable	- -	1,306	2,900	4,206
Other loans payable	- -	1,682	313	1,995
Amount pertaining to derivative financial instruments	31	3,871	453	4,355
	5,413	25,479	3,938	34,830

[1] Investments in real estate holdings include partial or full ownership of income properties through interests in a company or a partnership.

Level 3: Reconciliation between opening and closing balances

For the financial instruments classified in level 3 of the hierarchy, the details of the reconciliation between the opening and closing balances are as follows:

2010

(in millions of dollars)

	Opening balance	Total gains (losses) recorded in results[1]	Purchases	Sales	Issuance	Settlement	Net transfers to and from level 3	Closing balance	Total gains (losses) attributable to investments held at year-end, recorded in results[2]
Short-term investments	1,028	(516)	799	(17)	11	(1,048)	- -	257	(124)
Bonds	2,793	(454)	829	(1,084)	400	(262)	292	2,514	(75)
ABTNs	7,249	775	- -	- -	- -	(174)	- -	7,850	1,042
Mortgages	5,064	499	- -	(724)	286	(1,781)	(334)	3,010	196
Equities and convertible securities	22,870	2,608	2,774	(3,524)	- -	- -	(87)	24,641	864
Real estate holdings	19,942	1,197	1,592	(1,241)	- -	- -	- -	21,490	969
Net amount pertaining to derivative financial instruments[3]	13	(313)	1,142	(4)	- -	185	- -	1,023	(104)
Short selling of securities	(272)	(28)	124	(102)	- -	15	171	(92)	(1)
Mortgage loans payable	(2,900)	266	- -	- -	(10)	489	- -	(2,155)	253
Other loans payable	(313)	(11)	- -	- -	(15)	326	- -	(13)	361

2009

(in millions of dollars)

	Opening balance	Total gains (losses) recorded in results[1]	Purchases	Sales	Issuance	Settlement	Net transfers to and from level 3	Closing balance	Total gains (losses) attributable to investments held at year-end, recorded in results[2]
Short-term investments	1,478	(267)	- -	- -	91	(261)	(13)	1,028	(46)
Bonds	4,654	(483)	206	(899)	(18)	(566)	(101)	2,793	(752)
ABTNs	7,231	263	- -	- -	- -	(245)	- -	7,249	454
Mortgages	6,592	(2,372)	- -	(40)	1,069	(1,208)	1,023	5,064	(2,373)
Equities and convertible securities	24,269	(2,042)	2,616	(1,870)	- -	- -	(103)	22,870	(1,836)
Real estate holdings	22,916	(3,889)	1,633	(718)	- -	- -	- -	19,942	(3,021)
Net amount pertaining to derivative financial instruments[3]	(718)	63	20	(20)	- -	673	(5)	13	(140)
Short selling of securities	(460)	8	182	(2)	- -	- -	- -	(272)	11
Mortgage loans payable	(2,632)	274	- -	- -	(546)	4	- -	(2,900)	85
Other loans payable	(434)	15	- -	- -	(107)	213	- -	(313)	19

[1] Recorded under the items Investment income, Gains on the sale of investments and Unrealized increase in value.

[2] Recorded under the items Investment income and Unrealized increase in value.

[3] Derivative assets and derivative liabilities are recorded on a net basis in the reconciliation between opening and closing balances.

Level 3: Valuation at fair value based on reasonable alternative assumptions

In certain cases, the assumptions used in the valuation techniques are based on non-observable data or observable market data adjusted significantly to reflect the specific characteristics of the instrument being valued. Although the Caisse believes that its valuations at fair value are appropriate, the use of reasonably possible alternative assumptions could result in different fair values. It is possible that different entities will arrive at different valuations of the fair value of the same financial instrument on the same measurement date. Even so, the valuation techniques and input data used by both entities can meet the objective of fair value measurement. The fact that different valuations of fair value exist reflects the judgment and assumptions applied, as well as the uncertainty surrounding fair value measurement of instruments.

Substitution of reasonable alternative assumptions for the main assumptions would result in an increase of $839 million ($1,152 million in 2009) or a decrease of $1,077 million ($1,021 million in 2009) in the total fair value of the level 3 instruments, excluding ABTNs and real estate investments. The impact of such substitution on the fair value of the ABTNs is described in note 4b.

For investments in real estate holdings, the effect of using reasonable alternative assumptions has not been calculated, because the value of income property included in real estate holdings is deemed to be the only reasonable value as at the valuation date. The data used to establish the fair value of real estate holdings are not considered observable for the purposes of the hierarchy of fair value because they are not traded on active markets. However, these data are supported by market data, historical data, market transactions and/or specific contractual agreements. Valuation of the fair value of an income property, certified by external firms of real estate appraisers and carried out in accordance with professional valuation standards, represents a reasonable indication of the price that could be received at the time of the sale of income property.

5. Depositors' net holdings

Demand and term deposits bear interest at variable and fixed rates, respectively, and constitute indebtedness on the part of the Caisse toward the depositors.

During the year, the Caisse paid $3 million ($8 million in 2009) of interest on demand deposits and term deposits.

Participation deposits are expressed in units, and each unit gives its holder a proportionate share in the net equity and the net income of a particular fund. At the end of each monthly period for the General Fund and the individual funds, the net investment income and the gains and losses on the sale of investments are allocated to participation deposit holders. At the opening of the following period, the amounts allocated are paid out to the depositors' demand deposit accounts. Generally, the balance of demand deposits is reinvested in participation deposits at the opening of each monthly period based on the investment policy of deposit holders. The number of issued units of participation deposits depends on fair value determined at the end of the previous monthly period.

During the year, the Caisse paid $2,660 million ($1,950 million in 2009) in net income to participation deposit holders.

	2010	2009
	(in millions of dollars)	
Caisse's indebtedness toward depositors		
Demand deposits	197	475
Term deposits	160	9
Net income to be paid out to participation deposit holders	393	592
	750	1,076
Participation deposit holders' holdings		
Participation deposits		
Balance, beginning of year	137,123	134,015
Units issued	7,771	5,573
Units cancelled	(2,610)	(2,465)
Balance, end of year	142,284	137,123
Gains not allocated on the sale of investments	10,954	7,248
Unrealized decrease in value of investments and other related assets and liabilities	(2,246)	(13,859)
	150,992	130,512
Depositors' net holdings	151,742	131,588

The Caisse defines its capital as the net holdings of the holders of participation deposits, demand deposits and term deposits. The Caisse is not subject to external capital requirements.

The mission of the Caisse 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 their investment policies. Through its wholly owned subsidiary CDP Financial Inc., the Caisse issues capital securities to optimize financing costs and to fund certain investments.

6. Investment income, gains on the sale of investments and unrealized increase in value of investments and liabilities related to investments

a) Investment income

	2010	2009
	(in millions of dollars)	
Fixed-income securities		
Short-term investments	165	92
Bonds	2,129	2,623
Mortgages *(note 6b)*	451	506
	2,745	3,221
Variable-income securities		
Equities and convertible securities	1,268	1,072
Real estate holdings *(note 6c)*	924	681
	2,192	1,753
Other income	13	28
Non-controlling interests	(95)	(95)
Less:		
External management fees	5	14
	4,850	4,893

Investment income – Fixed-income securities was increased by $28 million (reduced by $240 million in 2009) as net income (net expenses) related to securities acquired (sold) under reverse repurchase (repurchase) agreements. In addition, Short-term investments were reduced by $6 million ($47 million in 2009) as interest expense on commercial paper, and Bonds were reduced by $289 million ($34 million in 2009) as interest expense on term notes.

b) Net income from mortgages

	2010	2009
	(in millions of dollars)	
Income from mortgages	416	527
Less:		
Expenses related to real estate debt subsidiaries		
Operation expenses	189	164
Financial costs of CMBS	8	18
	197	182
Other income	232	161
	451	506

c) Net income from real estate holdings

	2010	2009
	(in millions of dollars)	
Income from real estate holdings	2,855	2,964
Less:		
Expenses related to real estate subsidiaries		
Operating expenses related to real estate holdings	1,352	1,532
Operation expenses	77	74
Loan financial expenses	514	681
	1,943	2,287
Other income	12	4
	924	681

d) Gains on the sale of investments

	2010	2009
	(in millions of dollars)	
Fixed-income securities		
Short-term investments	(314)	(617)
Bonds	(659)	(710)
Mortgages	(925)	94
ABTNs	(488)	367
	(2,386)	(866)
Variable-income securities		
Equities and convertible securities	3,818	5,832
Real estate holdings	313	(359)
	4,131	5,473
Non-controlling interests	(31)	31
	1,714	4,638
Less:		
Transaction costs of investments	125	117
External management fees	7	7
	1,582	4,514

The amount of $1,582 million of gains ($4,514 million in 2009) on the sale of investments recorded in the Combined statement of income and changes in net assets includes $852 million of foreign exchange gains ($2,200 million in 2009).

e) Unrealized increase in value of investments and liabilities related to investments

	2010	2009
	(in millions of dollars)	
Fixed-income securities		
Short-term investments	118	(1,718)
Bonds	3,183	(6,260)
Mortgages	1,723	(2,346)
Securities acquired under reverse repurchase agreements	7	(67)
ABTNs	994	121
	6,025	(10,270)
Variable-income securities		
Equities and convertible securities	5,044	2,586
Real estate holdings	1,074	(3,452)
	6,118	(866)
Total investments	12,143	(11,136)
Less:		
Liabilities related to investments		
Securities sold under repurchase agreements	230	(294)
Commercial paper payable	- -	(37)
Term notes	80	(274)
Short selling of securities	(34)	1,184
Mortgage loans payable	132	28
Other loans payable	6	51
Derivative financial instruments	(63)	(14,126)
Non-controlling interests	202	(263)
	553	(13,731)
	11,590	2,595

The unrealized increase in value in the amount of $11,590 million ($2,595 million in 2009) recorded in the Combined statement of income and changes in net assets includes an unrealized decrease in value of $1,668 million related to foreign exchange ($3,984 million in 2009).

7. Operating expenses

	2010	2009
	(in millions of dollars)	
Salaries and employee benefits	122	117
Information technology and professional services	59	56
Data services and subscriptions	13	19
Premises and equipment	16	16
Depreciation of fixed assets	21	22
Other	14	11
	245	241
Safekeeping of securities	12	9
	257	250

8. Expenses related to repositioning of the information technology and write-offs of intangible assets

a) Expenses related to repositioning of the information technology

The combined results for 2010 include $5.1 million of expenses relating to repositioning of information technology activities, such as costs related to design of the new business model and those arising from cancellation of consulting contracts. The balance payable at year-end of $3 million is presented under the item Other liabilities.

b) Write-offs of intangible assets

In 2010, in the context of the revision of the information technology business model, the write-offs of $28.9 million were recorded for information technology development programs. The write-offs arise from abandonment of a corporate application *Carrefour de données* of $15 million and the impairment of an information technology development program related to the management of the liquid investments of $14 million that are no longer expected to provide future value.

9. Identification and management of risks related to investment operations

The Caisse has implemented a number of policies, guidelines and procedures to oversee its operations.

Risk management is based on an integrated risk management policy adopted by the Board of Directors. This policy, which is revised on a regular basis, is intended to promote a risk management culture and ensure stringent risk management practices to help the Caisse carry out its mission on behalf of its depositors. More specifically, the policy defines risk management governance within the Caisse, establishes the acceptable level of risk so as to avoid excessive loss, links the level of risk to the target value added to net assets and promotes an efficient allocation of risk.

Governance of risk management is based on three levels of control:

Level 1 – Portfolio managers are primarily responsible for managing the risks related to operations under their purview;

Level 2 – The Risk Committees (RC and RC – Transactions), assisted by the Risks, Policies and Compliance Department as well as by the Executive Committee; and

Level 3 – The Board of Directors, its Audit Committee and its Risk Management Committee, as well as Internal Audit.

The policy includes reporting mechanisms for each of these levels. It also includes a framework for outsourcing management of investments, management of operational risks and management of derivative financial instruments.

To ensure the objectivity and rigour required to manage risks, teams that are independent of the portfolio managers are responsible for defining and monitoring the integrated risk management policy as well as the investment policies applying to the specialized portfolios.

The financial risks defined in the integrated risk management policy include the following:

a) Market risk;

b) Credit risk;

c) Counterparty risk related to derivative financial instruments; and

d) Financing-liquidity risk.

Investment policies oversee the activities performed by the portfolio managers. For each specialized portfolio, the investment policy defines the philosophy, management type, investment universe, benchmark index, value-added target and risk oversight, which includes concentration limits. The managers must abide by the limits specific to their investment operations.

a) Market risk

Market risk represents the risk of financial loss arising from changes in the value of financial instruments. The value of a financial instrument is affected by changes in certain market variables, such as interest rates, exchange rates, share and commodity prices, as well as their volatility. The risk derives from the volatility in the price of a financial instrument, which itself results from the volatility of such market variables.

The Caisse manages all market risks according to an integrated and comprehensive approach; the major factors contributing to risk, such as sectors, countries and issuers are taken into account in its analysis of market risk.

The Caisse may use derivative financial instruments traded on exchanges or negotiated directly with banks and securities dealers, to manage the market risks to which it is exposed.

The Caisse measures its market risk using the method known as Value at Risk (VaR), which is based on a statistical measurement of the volatility of the fair value of each position and its correlations. VaR is a statistical technique used to determine the worst loss expected during a given period according to a predetermined confidence level. The Caisse uses a 99% confidence level for its calculations. The Caisse estimates the VaR for each instrument in all the specialized portfolios and aggregates the information for the overall portfolio.

The Caisse uses the historical-simulation method to estimate VaR. The historical-simulation method is based essentially on the assumption that the future will be similar to the past. This method requires that the series of historical data on all the risk factors needed to estimate the returns on instruments be available. In the absence of historical data, alternative methods are used. A horizon of 1,300 days of observation of risk factors, such as variations in exchange rates, interest rates and financial asset prices, is used to estimate the volatility of returns and the correlation between asset returns.

The Caisse calculates two types of risk: absolute risk and active risk. The absolute risk, or absolute VaR, of the Caisse's benchmark portfolio (target portfolio of the depositors as a whole) is the result of the risk (volatility) of the benchmark indexes of the asset classes in the portfolio. For example, should the depositors as a whole elect to increase the weight of equities in their benchmark portfolios, such risk would increase automatically because of the higher level of volatility of this asset class. Consequently, the expected absolute return would also increase. The absolute risk of the overall portfolio (consisting of the actual investments) corresponds to the risk (volatility) of the positions in the Caisse's overall portfolio. The absolute risk of the overall portfolio and that of the benchmark portfolio are calculated with the same method but they relate to different portfolios, namely the overall portfolio actually invested by the Caisse and the benchmark portfolio targeted by depositors.

Active risk, or VaR related to active management, represents the possibility that the Caisse will record a return different from that of its benchmark portfolio as a result of active management of its overall portfolio. The higher the active risk, the more the absolute return expected from the overall portfolio will differ from the benchmark portfolio return.

The absolute risk of the Caisse's benchmark portfolio, the absolute risk of the overall portfolio and the active risk are measured on a regular basis.

The tables that follow show the overall portfolio's absolute risk and active risk for each category of specialized portfolios as a result of the revised portfolio offer available to depositors[1], according to a 99% confidence level and a horizon of 1,300 days as at December 31:

Absolute risk of the overall portfolio

	2010	2009
	(as a %)	
Fixed Income	10.3	9.3
Inflation-Sensitive Investments	35.5	49.6
Equity	51.4	51.5
Other[2]	2.2	6.0
Overall risk	34.3	38.1

Active risk of the overall portfolio

	2010	2009
	(as a %)	
Fixed Income	1.3	2.8
Inflation-Sensitive Investments	11.0	20.9
Equity	6.2	7.3
Other[2]	2.1	5.8
Overall risk	4.5	10.3

Foreign exchange risk

Foreign exchange risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of variations in foreign currency prices. This risk is integrated into the overall measurement of VaR.

To manage foreign exchange risk, the Caisse also uses instruments negotiated with banks. The maturities of these instruments generally range from one to 12 months for forward contracts and options, and from one to two years for foreign currency swaps. On maturity, new derivative financial instruments are negotiated to maintain effective long-term management of the foreign exchange risks associated with investments and liabilities related to investments in foreign currencies.

[1] The new specialized portfolio offer available to the depositors consists of four categories of specialized portfolios: Fixed Income (Short-term Investments, Bonds, Long-term Bonds and Real Estate Debt), Inflation-Sensitive Investments (Real Return Bonds, Infrastructure and Real Estate), Equity (Canadian Equity, Global Equity, Québec International, U.S. Equity, EAFE Equity, Emerging Markets Equity and Private Equity) and Other (Hedge Funds, Asset Allocation and ABTNs).
[2] VaR for Other category is presented as a percentage of net assets of the Caisse.

The tables below summarize the allocation of net investments denominated in foreign currencies as at December 31:

2010

(in millions of dollars)

	Canadian dollar	Currency[a] U.S. dollar	Euro	Pound sterling	Other	Subtotal	Total
Investments							
Fixed-income securities	71,267	4,643	604	303	1,092	6,642	77,909
Equities and convertible securities	16,676	22,359	7,210	5,048	12,628	47,245	63,921
Real estate holdings	12,880	3,351	3,839	635	785	8,610	21,490
Amounts receivable with respect to investments							
Securities acquired under reverse repurchase agreements	8,761	1,007	- -	- -	- -	1,007	9,768
Amount pertaining to derivative financial instruments	2,118	2,792	191	90	97	3,170	5,288
	111,702	34,152	11,844	6,076	14,602	66,674	178,376
Liabilities related to investments							
Conventional products[b]	12,042	9,408	2,735	453	34	12,630	24,672
Amount pertaining to derivative financial instruments	527	2,425	259	35	137	2,856	3,383
	12,569	11,833	2,994	488	171	15,486	28,055
Subtotal	99,133	22,319	8,850	5,588	14,431	51,188	150,321
Non-controlling interests	1,480	6	26	263	- -	295	1,775
Net investments	97,653	22,313	8,824	5,325	14,431	50,893	148,546

2009

(in millions of dollars)

	Canadian dollar	Currency[a] U.S. dollar	Euro	Pound sterling	Other	Subtotal	Total
Investments							
Fixed-income securities	72,851	5,952	1,451	466	947	8,816	81,667
Equities and convertible securities	14,078	21,011	6,127	3,392	7,576	38,106	52,184
Real estate holdings	10,930	3,146	4,197	868	801	9,012	19,942
Amounts receivable with respect to investments							
Securities acquired under reverse repurchase agreements	6,171	1,326	602	- -	- -	1,928	8,099
Amount pertaining to derivative financial instruments	1,106	3,982	379	96	120	4,577	5,683
	105,136	35,417	12,756	4,822	9,444	62,439	167,575
Liabilities related to investments							
Conventional products[b]	16,677	11,079	2,227	477	15	13,798	30,475
Amount pertaining to derivative financial instruments	442	3,431	329	36	117	3,913	4,355
	17,119	14,510	2,556	513	132	17,711	34,830
Subtotal	88,017	20,907	10,200	4,309	9,312	44,728	132,745
Non-controlling interests	1,208	130	30	192	- -	352	1,560
Net investments	86,809	20,777	10,170	4,117	9,312	44,376	131,185

[a] Investments are recorded under the currency they are denominated in and are translated into Canadian dollars.

[b] Conventional products include liabilities related to investments with the exception of the amount pertaining to derivative financial instruments.

The impact of translation of the fair value of foreign currency investments into Canadian dollars included under the item Gains on the sale of investments and under Unrealized increase in value of investments and liabilities related to investments is unfavorable by $2,403 million ($6,157 million in 2009). The impact of exchange rate hedging related to a portion of such investments is favorable by $1,587 million ($4,373 million in 2009). The net impact on net investment results is unfavorable by $816 million ($1,784 million in 2009).

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. All the interest-bearing assets and liabilities as well as their effective rates are shown in the table presenting the exposure to liquidity risk. This risk is integrated into the overall measurement of VaR.

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 foreign exchange risk), whether such changes derive from the characteristics of the instrument itself or of its issuer, or from elements affecting all similar financial instruments traded on the market. This risk is integrated into the overall measurement of VaR.

b) Credit risk

Credit risk is the possibility of a loss of fair value in the event that a borrower, endorser, guarantor or counterparty does not honour its obligation to repay a loan or to fulfill any other financial commitment, or sees its financial situation deteriorate. Sources of credit risk include fixed-income securities, derivative financial instruments, provision of financial guarantees and lending commitments.

Analysis of credit risk includes the probability of default and the recovery rate on debt securities held by the Caisse, as well as monitoring of changes in the credit quality of issuers or groups of issuers held in all the specialized portfolios of the Caisse.

Analysis of concentration measures the fair value of a group of financial products, particularly fixed-income and variable-income securities, related to a single issuer or to a group of issuers[1] with similar characteristics (region, sector and credit rating).

The concentration limit by group of issuers is 3% of the Caisse's total assets, with the exception of securities issued by the Government of Canada, the Government of Québec or another Canadian province or territory, as well as by their departments and agencies, which are not subject to concentration limits. Sovereign issuers with an AAA credit rating are also excluded from this concentration limit. Concentration by issuer is monitored on a monthly basis or on initiation of a transaction requiring approval from the RC – Transactions Committee.

The concentration by credit rating of the Caisse's groups of issuers is as follows as at December 31:

	2010	2009
	Value as a % of investments[2]	
Credit rating:[3]		
AAA – AA	23.1	24.4
A	22.1	19.8
BBB	9.1	8.5
BB or lower	3.1	2.6
No credit rating:		
- Real estate assets	17.3	17.0
- ABTNs	0.6	0.7
- Private equity	4.1	3.9
- Private investment funds and hedge funds	7.9	8.7
- Mortgages and mortgage securities	4.2	5.6
- Other	8.5	8.8
	100.0	100.0

[1] A group of issuers is a number of issuers under the control of a parent company.

[2] The percentage of investments represents net positions by group of issuers.

[3] Credit ratings are obtained from major credit rating agencies and are aggregated according to an algorithm developed in house. For the purposes of this concentration, only long-term credit ratings from major agencies are used.

In the table above, the groups of issuers for which no credit rating is available are categorized. For most of these groups, the absence of a credit rating from the main credit rating agencies is due to the private nature of the investments, the absence of any debt, restructuring of the investments or a combination of these elements. Most of the issuers, however, are evaluated with an internal rating system that is used to closely monitor changes in the credit cycle. The system includes exposure limits by sector and country (or region) and by external credit rating (no limit for internal credit ratings).

In the case of mortgages not assigned a credit rating, the analysis of credit risk is based in part on the loan-to-value ratio. In this ratio, the amount of the loan is divided by the fair value of any asset received as collateral on the subscription date or the date funds were granted, or at any other time during the term of the loan.

The table below shows the breakdown of mortgages as at December 31:

	2010	**2009**
Loan-to-value ratio	**Value as a % of mortgages**	
0% to 55%	26.5	25.4
55% to 65%	20.5	19.9
65% to 75%	35.7	18.1
75% to 85%	10.6	10.9
More than 85%	6.7	25.7
	100.0	100.0

In 2010, 142 groups of issuers whose securities are held by the Caisse received a credit upgrade from the main credit rating agencies, while 102 others received a downgrade. The Caisse frequently monitors changes in credit ratings by the agencies and compares them with the internal credit ratings.

Credit risk is measured by the fair value of investments before collateral or other credit upgrades are taken into account. For off-balance-sheet items, the value taken into account to determine maximum exposure to credit risk corresponds to the amount guaranteed or incurred.

The maximum exposure to credit risk is as follows as at December 31:

	2010	**2009**
	(in millions of dollars)	
Investments		
Fixed-income securities	77,909	81,667
Amounts receivable with respect to investments	15,056	13,782
	92,965	95,449
Off-balance-sheet		
Collateral pledged *(note 13)*	8,843	19,550
Collaterals and loan guarantees *(note 12)*	1,322	707
Commitments related to ABTNs *(note 12)*	6,167	6,467
	16,332	26,724
Total maximum exposure	109,297	122,173

In reality, this exposure is less because the Caisse takes various measures to mitigate credit risk, such as the taking of guarantees (refer to note 13).

c) Counterparty risk related to derivative financial instruments

Over-the-counter derivative financial instruments give rise to counterparty risk, because they are negotiated by private contract without being traded through a clearing house. Counterparty risk corresponds to the credit risk from current or potential exposure arising from transactions involving this type of instrument in the event that the counterparty becomes unable to respect the conditions in the contracts.

To limit its exposure to counterparty risk arising from transactions involving over-the-counter derivative financial instruments, the Caisse carries out transactions with financial institutions whose credit rating is established by recognized credit rating agencies. Moreover, the Caisse concludes legal agreements based on the standards of the International Swaps and Derivatives Association Inc. (ISDA), which allows it to benefit from the offset between the amounts at risk and the exchange of collateral. This risk is measured by counterparty, pursuant to the legal agreement in effect, from which it is possible to calculate the net exposure created by all over-the-counter derivative financial instruments and by the collateral exchanged. Exposure to counterparty risk is measured on a daily basis, pursuant to the legal agreement in effect.

As at December 31, 2010, the legal agreements and the collateral received helped reduce exposure to the counterparty risk of over-the-counter derivative financial instruments to $301 million ($377 million in 2009), in respect of 68 active counterparties (78 in 2009).

d) Financing-liquidity risk

Financing-liquidity risk corresponds to the possibility that the Caisse may not always be able to fulfill the commitments related to its financial liabilities without having to obtain funds at abnormally high prices or having to sell assets.

Compliance with established rules is monitored on a monthly basis, and the liquidity status is determined daily. The Caisse uses various scenario simulations to estimate the potential impact of various market events on its liquidity. Cash managers evaluate the liquidity of the markets on which the Caisse obtains financing for its operations. They also ensure that the Caisse is active on various financial markets and maintains relationships with the credit rating agencies that rate the Caisse as well as capital providers.

The table below presents a summary of maturities at par value of investments and liabilities related to investments as at December 31:

					2010		2009
			(in millions of dollars)				
	Less than 1 year	**1 year to 5 years**	**More than 5 years**	**Total par value**	**Effective interest rate %**	**Total par value**	**Effective interest rate %**
Fixed-income securities							
Short-term investments							
Canadian	2,406	10	- -	2,416	1.9	4,826	1.4
Foreign	1,810	10	- -	1,820	2.6	3,054	3.1
	4,216	20	- -	4,236	2.2	7,880	2.0
Bonds							
Issued or guaranteed by:							
Government of Canada	489	10,299	9,325	20,113	2.6	20,210	2.6
Province of Québec	20	936	6,660	7,616	4.2	6,912	4.5
Other Canadian provinces	- -	63	1,409	1,472	4.1	2,957	4.2
Municipalities and other Canadian agencies	152	551	550	1,253	4.5	1,278	4.6
Canadian government corporations	64	6,315	4,170	10,549	3.4	9,351	3.7
U.S. government	- -	28	1,353	1,381	3.7	521	3.1
Other foreign governments	- -	- -	17	17	4.9	320	4.5
Mortgage securities							
Canadian	2	174	70	246	7.7	272	8.0
Foreign	- -	48	282	330	6.2	4,073	3.9
Canadian corporations	874	2,050	5,838	8,762	5.0	10,241	4.6
Foreign corporations	1,171	572	302	2,045	8.7	2,959	7.7
Inflation-indexed securities							
Canadian	- -	8	582	590	1.6	414	2.0
	2,772	21,044	30,558	54,374	3.7	59,508	3.9
ABTNs	- -	281	11,686	11,967	- -	12,351	- -
Mortgages							
Canadian	1,548	2,544	1,690	5,782	4.6	6,109	5.0
Foreign	1,817	777	351	2,945	7.5	5,440	4.5
	3,365	3,321	2,041	8,727	5.6	11,549	4.8
	10,353	24,666	44,285	79,304	3.9	91,288	3.8
Amounts receivable with respect to investments							
Securities acquired under reverse repurchase agreements							
Canadian	8,763	- -	- -	8,763	1.0	6,171	0.3
Foreign	1,007	- -	- -	1,007	0.1	1,928	0.2
	9,770	- -	- -	9,770	0.9	8,099	0.3

					2010		2009
	(in millions of dollars)						
	Less than 1 year	**1 year to 5 years**	**More than 5 years**	**Total par value**	**Effective interest rate %**	**Total par value**	**Effective interest rate %**
Liabilities related to investments							
Securities sold under repurchase agreements	967	- -	- -	967	0.4	10,272	0.8
Commercial paper payable	1,019	- -	- -	1,019	1.1	1,289	0.3
Term notes[1]	- -	1,987	5,981	7,968	3.8	5,242	4.2
Short selling of securities	220	1,003	408	1,631	1.5	2,018	2.4
Mortgage loans payable	133	2,135	575	2,843	4.4	4,346	4.4
Other loans payable	1,485	- -	1,512	2,997	0.9	2,033	2.1
	3,824	5,125	8,476	17,425	2.8	25,200	2.4

[1] In 2010, CDP Financial Inc., a wholly owned subsidiary of the Caisse, issued $3 billion of term notes ($5 billion in 2009).

The Caisse is a party to various commitments and issues financial guarantees that can have an impact on its liquidity (refer to notes 4b, 12 and 13).

10. Derivative financial instruments

Derivative financial instruments are financial contracts whose value fluctuates as a function of the underlying asset, and which do not require holding or delivering the underlying asset itself. This underlying may be of a financial nature (interest rate, foreign currency or stock market security or index) or a commodity (precious metal, produce or crude oil).

The notional amount of a derivative financial instrument represents the value of the notional principal to which a rate or a price applies to determine the exchange of future cash flows, and does not reflect the credit risk pertaining to the instrument.

The Caisse uses derivative financial instruments that include the following:

– Forward contracts and futures contracts are undertakings that enable the purchase or sale of an underlying, the quantity and price of which are determined in the contract, which includes a predetermined maturity date. A forward contract involves customized conditions negotiated directly between the parties on the over-the-counter market. A futures contract has terms and conditions determined by an organized market.

– A swap is a transaction whereby two parties agree to exchange financial flows on predetermined conditions that include a notional amount and a term.

– An option is a contract that is negotiated by mutual agreement or traded on an organized market and that gives the purchaser the right, but not the obligation, to buy or sell a given amount of an underlying security, index or commodity, at a strike price stipulated in advance, either at a determined date or at any time before a specified maturity date.

Foreign exchange risk arises from investments and liabilities related to investments denominated in foreign currencies, as well as from related derivative financial instruments.

Derivative financial instruments that are traded on exchanges or negotiated with banks and securities dealers are used to manage the interest rate and market risks of the total investment portfolio.

a) Summary of derivative financial instruments

	2010				2009
	(in millions of dollars)				
		Fair value			
	Notional amount	Assets	Liabilities	Net amount	Net amount
Foreign exchange risk management					
Foreign currency swaps					
Purchases	2,266	170	- -	170	121
Sales	99	2	1	1	(54)
Forward contracts					
Purchases	2,272	3	71	(68)	(30)
Sales	16,932	586	44	542	948
Over-the-counter foreign currency options					
Purchases	158	- -	- -	- -	1
Sales	34	- -	- -	- -	- -
	21,761	761	116	645	986
Interest rate and market risk management					
Interest rate and foreign currency swaps	84,770	2,946	2,909	37	169
Credit default swaps	42,321	1,119	24	1,095	(117)
Equity and convertible securities swaps	17,262	235	115	120	347
Commodity swaps	74	4	7	(3)	(86)
Futures contracts	14,432	7	35	(28)	- -
Forward contracts	8,154	66	81	(15)	(16)
Over-the-counter options					
Purchases	6,534	65	- -	65	685
Sales	2,619	- -	86	(86)	(670)
Exchange-traded options					
Purchases	772	24	- -	24	36
Sales	454	- -	10	(10)	(31)
Warrants	115	61	- -	61	25
	177,507	4,527	3,267	1,260	342
Total derivative financial instrument contracts	199,268	5,288	3,383	1,905	1,328

b) Summary of derivative financial instrument maturities

	2010				2009
	(in millions of dollars)				
	Notional amount – Maturity				
	Less than 1 year	1 year to 5 years	More than 5 years	Total	Notional amount
Foreign exchange risk management					
Foreign currency swaps					
Purchases	400	1,733	133	2,266	1,605
Sales	59	40	- -	99	859
Forward contracts					
Purchases	2,272	- -	- -	2,272	5,519
Sales	16,073	789	70	16,932	29,824
Over-the-counter foreign currency options					
Purchases	158	- -	- -	158	178
Sales	34	- -	- -	34	39
	18,996	2,562	203	21,761	38,024

	2010				2009
	(in millions of dollars)				
	Notional amount – Maturity				
	Less than 1 year	**1 year to 5 years**	**More than 5 years**	**Total**	**Notional amount**
Interest rate and market risk management					
Interest rate and foreign currency swaps	11,711	48,222	24,837	84,770	86,099
Credit default swaps	465	34,562	7,294	42,321	4,411
Equity and convertible securities swaps	17,230	32	- -	17,262	16,091
Commodity swaps	56	18	- -	74	5,533
Futures contracts	14,432	- -	- -	14,432	19,880
Forward contracts	8,140	14	- -	8,154	6,753
Over-the-counter options					
Purchases	5,709	825	- -	6,534	14,431
Sales	2,276	343	- -	2,619	9,277
Exchange-traded options					
Purchases	772	- -	- -	772	936
Sales	454	- -	- -	454	618
Warrants	77	38	- -	115	51
	61,322	84,054	32,131	177,507	164,080
Total derivative financial instrument contracts	80,318	86,616	32,334	199,268	202,104

	2010				2009
	(in millions of dollars)				
	Fair value – Maturity				
	Less than 1 year	**1 year to 5 years**	**More than 5 years**	**Total**	**Fair value**
Derivative financial instruments					
Assets	1,028	3,034	1,226	5,288	5,683
Liabilities	412	2,026	945	3,383	4,355
Net amount	616	1,008	281	1,905	1,328

11. Transfers of receivables

The Caisse has put in place a program to syndicate some of its mortgages. Pursuant to these transactions, the Caisse assumes the role of administrator of the mortgages sold and thus maintains a relationship with clients. During the year ended December 31, 2010, the Caisse carried out various syndication operations totalling $231 million ($126 million in 2009), which met the criteria set out in AcG-12 and were therefore recorded as sales.

No securitization activities were carried out in 2010 and 2009.

12. Commitments and contingencies

Given the nature of its operations, the Caisse has a number of commitments.

Commitments to buy investments mean the Caisse is committed to buying investments that will be settled in the coming financial years, in accordance with the terms and conditions in each agreement.

For the Caisse, guarantees and loan guarantees consist in providing guarantees to financial institutions and corporations regarding future income deriving from the sale of investments and transactions on derivative financial instruments as well as repayment of loans made by investee companies. Guarantees related to the repayment of loans have no specific maturity date, except in some cases where the terms range from one to seven years.

	2010	2009
	(in millions of dollars)	
Commitments to buy investments	6,902	12,129
Guarantees and loan guarantees	1,322	707
ABTNs[1]	6,167	6,467
	14,391	19,303

13. Collaterals

In the normal course of business, the Caisse pledges financial assets as collateral for securities borrowed, securities sold under repurchase agreements and transactions involving derivative financial instruments. The counterparty is authorized to sell or pledge as collateral certain securities in the absence of default by the Caisse. On certain conditions, the Caisse may have to pledge additional collateral if collateral already pledged has lost value.

The following table presents the fair value of the collateral pledged by the Caisse as at December 31:

	2010	2009
	(in millions of dollars)	
Collateral pledged for		
Securities borrowed	6,905	6,469
Securities sold under repurchase agreements	967	11,743
Over-the-counter derivative financial instruments	- -	59
Listed derivative financial instruments	971	1,279
	8,843	19,550

The Caisse receives financial assets as collateral for securities lent, securities acquired under reverse repurchase agreements and transactions involving derivative financial instruments. The Caisse is authorized to sell or pledge certain securities in the absence of default by the counterparty. The Caisse is obliged to return such securities to the counterparties. If the value of the collateral received decreases, the Caisse may, in certain cases, request additional collateral.

The following table presents the fair value of the collateral received by the Caisse as at December 31:

	2010	2009
	(in millions of dollars)	
Collateral received for		
Securities lent	2,108	2,104
Securities acquired under reverse repurchase agreements	9,784	8,084
Over-the-counter derivative financial instruments	1,926	1,818
	13,818	12,006

14. Comparative figures

Certain figures from the 2009 financial statements have been reclassified to conform to the presentation adopted in 2010.

[1] For the description of the commitments related to ABTNs, refer to note 4b.

SUPPLEMENTARY INFORMATION
SUMMARY FINANCIAL STATEMENTS FOR THE SPECIALIZED PORTFOLIOS

(in millions of dollars)	SHORT TERM INVESTMENTS (740)		BONDS (760)		LONG TERM BONDS (764)		REAL ESTATE DEBT (750)	
CONSOLIDATED NET ASSETS AS AT DECEMBER 31	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
ASSETS								
Investments at fair value								
Real estate holdings	- -	- -	- -	- -	- -	- -	- -	- -
Equities and convertible securities	- -	- -	- -	- -	- -	- -	- -	- -
Bonds	- -	- -	51,495.2	54,653.6	3,571.5	3,227.2	- -	- -
Mortgages	- -	- -	- -	- -	- -	- -	6,609.2	8,156.8
Mortgage securities	- -	- -	- -	- -	- -	- -	281.0	579.4
Short-term investments	- -	2,726.7	2,979.2	10,405.6	741.0	- -	1,048.1	15.0
Securities acquired under reverse repurchase agreements	3,209.2	- -	10,791.8	11,907.8	- -	145.7	- -	- -
Real estate held for resale	- -	- -	- -	- -	- -	- -	24.7	272.7
ABTNs	- -	- -	- -	7,249.3	- -	- -	- -	- -
Derivative financial instruments related to ABTNs	- -	- -	- -	5,122.0	- -	- -	- -	- -
Demand deposits in the General Fund	167.1	- -	- -	- -	- -	855.1	- -	524.1
	3,376.3	2,726.7	65,266.2	89,338.3	4,312.5	4,228.0	7,963.0	9,548.0
Other assets	- -	1.0	1,273.6	1,483.5	43.2	28.1	1,065.5	715.1
	3,376.3	2,727.7	66,539.8	90,821.8	4,355.7	4,256.1	9,028.5	10,263.1
LIABILITIES								
Advances from the General Fund	- -	12.8	979.3	10,101.7	5.9	- -	18.5	- -
Securities sold under repurchase agreements	- -	- -	5,030.5	10,113.6	741.0	1,069.7	- -	- -
Notes payable	- -	- -	12,318.9	19,814.2	- -	- -	- -	- -
Temporary funding attributable to foreign currency fluctuations	- -	- -	- -	- -	- -	- -	- -	- -
Loans payable	- -	- -	- -	- -	- -	- -	- -	238.5
Mortgage loans payable	- -	- -	- -	- -	- -	- -	- -	232.4
Commercial mortgage-backed securities (CMBS)	- -	- -	- -	- -	- -	- -	13.4	249.1
Participating debenture	- -	- -	- -	- -	- -	- -	- -	74.2
Short selling of securities	- -	- -	4,611.2	8,609.7	- -	84.0	- -	- -
Derivative financial instruments	- -	- -	3,062.5	2,881.5	- -	- -	166.0	267.2
Other liabilities	3.1	1.3	629.4	1,927.5	22.8	11.5	123.6	136.9
Non-controlling interests	- -	- -	- -	- -	- -	- -	71.1	18.3
	3.1	14.1	26,631.8	53,448.2	769.7	1,165.2	392.6	1,216.6
NET HOLDINGS OF FUNDS	3,373.2	2,713.6	39,908.0	37,373.6	3,586.0	3,090.9	8,635.9	9,046.5
CONSOLIDATED INCOME FOR YEARS ENDED DECEMBER 31								
INCOME								
Investment income								
Real estate holdings	- -	- -	- -	- -	- -	- -	- -	- -
Equities and convertible securities	- -	- -	- -	- -	- -	- -	- -	- -
Bonds	- -	- -	1,565.2	2,270.8	141.3	134.0	- -	- -
Mortgages	- -	- -	- -	- -	- -	- -	608.2	267.0
Mortgage securities	- -	- -	- -	- -	- -	- -	- -	- -
Short-term investments	19.0	28.4	114.5	247.4	0.2	- -	1.4	0.1
Demand deposits in (advances from) the General Fund	(0.2)	(0.1)	(2.5)	(10.9)	(0.1)	- -	0.1	13.6
	18.8	28.3	1,677.2	2,507.3	141.4	134.0	609.7	280.7
Other income	- -	- -	- -	- -	- -	- -	- -	- -
	18.8	28.3	1,677.2	2,507.3	141.4	134.0	609.7	280.7
Operating expenses	0.5	0.5	39.1	42.4	1.6	1.3	7.2	8.3
Repositioning expenses and write-offs of intangible assets	0.1	- -	7.1	- -	0.2	- -	0.4	- -
INCOME BEFORE THE FOLLOWING ITEMS	18.2	27.8	1,631.0	2,464.9	139.6	132.7	602.1	272.4
Interest on loans and notes payable	- -	- -	82.9	113.7	- -	- -	- -	- -
Non-controlling interests	- -	- -	- -	- -	- -	- -	6.3	4.5
NET INVESTMENT INCOME (LOSS)	18.2	27.8	1,548.1	2,351.2	139.6	132.7	595.8	267.9
CHANGES IN CONSOLIDATED NET ASSETS FOR YEARS ENDED DECEMBER 31								
NET INVESTMENT RESULTS								
Net investment income (loss)	18.2	27.8	1,548.1	2,351.2	139.6	132.7	595.8	267.9
Gains (losses) on sale of investments	0.2	13.6	672.8	(61.3)	192.2	(7.6)	(2,984.7)	(109.5)
Unrealized increase (decrease) in value of investments and liabilities related to investments	(0.1)	(0.8)	939.9	203.7	58.7	(62.4)	3,765.0	(2,469.9)
Net investment results	18.3	40.6	3,160.8	2,493.6	390.5	62.7	1,376.1	(2,311.5)
Participation units issued (cancelled)	659.5	(1,761.2)	921.7	(7,080.0)	244.2	132.8	(1,190.9)	714.6
Net investment loss (net income) recovered from (allocated to) participation unit holders	(18.2)	(27.8)	(1,548.1)	(2,351.2)	(139.6)	(132.7)	(595.8)	(267.9)
INCREASE (DECREASE) IN CONSOLIDATED NET ASSETS	659.6	(1,748.4)	2,534.4	(6,937.6)	495.1	62.8	(410.6)	(1,864.8)
CONSOLIDATED NET ASSETS, BEGINNING OF YEAR	2,713.6	4,462.0	37,373.6	44,311.2	3,090.9	3,028.1	9,046.5	10,911.3
CONSOLIDATED NET ASSETS, END OF YEAR	3,373.2	2,713.6	39,908.0	37,373.6	3,586.0	3,090.9	8,635.9	9,046.5
INVESTMENTS AND LIABILITIES AT COST AS AT DECEMBER 31								
ASSETS								
Investments								
Real estate holdings	- -	- -	- -	- -	- -	- -	- -	- -
Equities and convertible securities	- -	- -	- -	- -	- -	- -	- -	- -
Bonds	- -	- -	48,400.3	52,577.2	3,534.9	3,249.4	- -	- -
Mortgages	- -	- -	- -	- -	- -	- -	7,490.9	10,779.9
Mortgage securities	- -	- -	- -	- -	- -	- -	544.6	2,561.3
Short-term investments	- -	2,726.6	2,055.6	9,712.4	741.0	- -	1,048.1	15.0
Securities acquired under reverse repurchase agreements	3,209.2	- -	10,802.6	11,917.4	- -	145.7	- -	- -
Real estate held for resale	- -	- -	- -	- -	- -	- -	46.3	546.4
ABTNs	- -	- -	- -	12,350.5	- -	- -	- -	- -
Demand deposits in the General Fund	167.1	- -	- -	- -	- -	855.1	- -	524.1
	3,376.3	2,726.6	61,258.5	86,557.5	4,275.9	4,250.2	9,129.9	14,426.7
LIABILITIES								
Securities sold under repurchase agreements	- -	- -	5,042.9	10,112.3	741.0	1,069.7	- -	- -
Notes payable	- -	- -	12,318.9	19,846.6	- -	- -	- -	- -
Temporary funding attributable to foreign currency fluctuations	- -	- -	- -	- -	- -	- -	- -	- -
Loans payable	- -	- -	- -	- -	- -	- -	- -	247.7
Mortgage loans payable	- -	- -	- -	- -	- -	- -	- -	278.7
Commercial mortgage-backed securities (CMBS)	- -	- -	- -	- -	- -	- -	13.5	246.1
Participating debenture	- -	- -	- -	- -	- -	- -	- -	99.9
Short selling of securities	- -	- -	4,619.4	8,644.7	- -	84.0	- -	- -
Derivative financial instruments	- -	- -	283.4	344.0	- -	- -	62.7	0.5
Non-controlling interests	- -	- -	- -	- -	- -	- -	43.4	22.8

SUPPLEMENTARY INFORMATION
SUMMARY FINANCIAL STATEMENTS FOR THE SPECIALIZED PORTFOLIOS (CONTINUED)

(in millions of dollars)	REAL RETURN BONDS (762)		INFRA-STRUCTURE (782) (Created July 1, 2010)	REAL ESTATE (710)		CANADIAN EQUITY (720)	
CONSOLIDATED NET ASSETS AS AT DECEMBER 31	**2010**	2009		**2010**	2009	**2010**	2009
ASSETS							
Investments at fair value							
Real estate holdings	- -	- -	- -	21,618.0	19,831.8	- -	- -
Equities and convertible securities	- -	- -	4,475.7	4,232.4	4,149.1	11,490.8	12,549.9
Bonds	975.3	667.1	501.4	- -	- -	- -	- -
Mortgages	- -	- -	- -	1,199.0	680.3	- -	- -
Mortgage securities	- -	- -	- -	- -	92.5	- -	- -
Short-term investments	- -	- -	- -	1,174.4	3,288.5	13,854.8	9,100.9
Securities acquired under reverse repurchase agreements	- -	- -	- -	- -	- -	- -	- -
Real estate held for resale	- -	- -	- -	- -	- -	- -	- -
ABTNs	- -	- -	- -	- -	- -	- -	- -
Derivative financial instruments related to ABTNs	- -	- -	- -	- -	- -	- -	- -
Demand deposits in the General Fund	3.5	- -	147.7	- -	- -	- -	- -
	978.8	667.1	5,124.8	28,223.8	28,042.2	25,345.6	21,650.8
Other assets	2.1	8.2	33.2	1,801.8	893.4	36.4	23.6
	980.9	675.3	5,158.0	30,025.6	28,935.6	25,382.0	21,674.4
LIABILITIES							
Advances from the General Fund	- -	22.5	- -	222.8	51.5	395.3	467.5
Securities sold under repurchase agreements	6.5	- -	- -	- -	- -	- -	- -
Notes payable	- -	- -	- -	- -	200.0	- -	- -
Temporary funding attributable to foreign currency fluctuations	- -	- -	- -	- -	- -	- -	- -
Loans payable	- -	- -	12.8	8,305.5	8,421.2	- -	- -
Mortgage loans payable	- -	- -	- -	2,835.1	3,973.9	- -	- -
Commercial mortgage-backed securities (CMBS)	- -	- -	- -	- -	- -	- -	- -
Participating debenture	- -	- -	- -	- -	- -	- -	- -
Short selling of securities	- -	- -	- -	- -	- -	5,573.1	4,075.3
Derivative financial instruments	- -	- -	102.6	314.6	430.8	40.2	26.6
Other liabilities	38.7	0.6	13.6	879.0	761.0	110.9	98.8
Non-controlling interests	- -	- -	709.8	994.6	909.0	- -	- -
	45.2	23.1	838.8	13,551.6	14,747.4	6,119.5	4,668.2
NET HOLDINGS OF FUNDS	935.7	652.2	4,319.2	16,474.0	14,188.2	19,262.5	17,006.2
CONSOLIDATED INCOME FOR YEARS ENDED DECEMBER 31							
INCOME							
Investment income							
Real estate holdings	- -	- -	- -	607.7	521.1	- -	- -
Equities and convertible securities	- -	- -	74.3	15.4	10.3	373.0	386.9
Bonds	26.6	13.5	7.0	- -	- -	- -	- -
Mortgages	- -	- -	- -	45.9	38.8	- -	- -
Mortgage securities	- -	- -	- -	4.5	6.2	- -	- -
Short-term investments	- -	- -	- -	52.0	71.4	89.5	65.1
Demand deposits in (advances from) the General Fund	(0.1)	(0.3)	2.2	(0.3)	(0.4)	(3.5)	(0.8)
	26.5	13.2	83.5	725.2	647.4	459.0	451.2
Other income	- -	- -	2.3	- -	- -	- -	- -
	26.5	13.2	85.8	725.2	647.4	459.0	451.2
Operating expenses	0.5	0.3	11.4	17.2	15.8	40.0	35.0
Repositioning expenses and write-offs of intangible assets	0.1	- -	2.3	0.9	- -	5.5	- -
INCOME BEFORE THE FOLLOWING ITEMS	25.9	12.9	72.1	707.1	631.6	413.5	416.2
Interest on loans and notes payable	- -	- -	- -	- -	- -	0.3	- -
Non-controlling interests	- -	- -	12.5	60.8	60.5	- -	- -
NET INVESTMENT INCOME (LOSS)	25.9	12.9	59.6	646.3	571.1	413.2	416.2
CHANGES IN CONSOLIDATED NET ASSETS FOR YEARS ENDED DECEMBER 31							
NET INVESTMENT RESULTS							
Net investment income (loss)	25.9	12.9	59.6	646.3	571.1	413.2	416.2
Gains (losses) on sale of investments	22.3	16.3	32.1	285.9	(6.3)	1,089.2	1,945.6
Unrealized increase (decrease) in value of investments and liabilities related to investments	32.3	65.8	354.9	1,027.9	(2,364.4)	1,054.4	2,205.3
Net investment results	80.5	95.0	446.6	1,960.1	(1,799.6)	2,556.8	4,567.1
Participation units issued (cancelled)	228.9	8.5	3,932.2	972.0	2,625.1	112.7	28.5
Net investment loss (net income) recovered from (allocated to) participation unit holders	(25.9)	(12.9)	(59.6)	(646.3)	(571.1)	(413.2)	(416.2)
INCREASE (DECREASE) IN CONSOLIDATED NET ASSETS	283.5	90.6	4,319.2	2,285.8	254.4	2,256.3	4,179.4
CONSOLIDATED NET ASSETS, BEGINNING OF YEAR	652.2	561.6	- -	14,188.2	13,933.8	17,006.2	12,826.8
CONSOLIDATED NET ASSETS, END OF YEAR	935.7	652.2	4,319.2	16,474.0	14,188.2	19,262.5	17,006.2
INVESTMENTS AND LIABILITIES AT COST AS AT DECEMBER 31							
ASSETS							
Investments							
Real estate holdings	- -	- -	- -	20,092.3	19,151.7	- -	- -
Equities and convertible securities	- -	- -	4,074.0	4,036.1	4,195.0	8,400.5	10,712.1
Bonds	895.8	619.9	483.0	- -	- -	- -	- -
Mortgages	- -	- -	- -	1,220.7	751.4	- -	- -
Mortgage securities	- -	- -	- -	- -	104.8	- -	- -
Short-term investments	- -	- -	- -	1,174.5	3,287.2	13,843.3	9,095.6
Securities acquired under reverse repurchase agreements	- -	- -	- -	- -	- -	- -	- -
Real estate held for resale	- -	- -	- -	- -	- -	- -	- -
ABTNs	- -	- -	- -	- -	- -	- -	- -
Demand deposits in the General Fund	3.5	- -	147.7	- -	- -	- -	- -
	899.3	619.9	4,704.7	26,523.6	27,490.1	22,243.8	19,807.7
LIABILITIES							
Securities sold under repurchase agreements	6.5	- -	- -	- -	- -	- -	- -
Notes payable	- -	- -	- -	- -	200.0	- -	- -
Temporary funding attributable to foreign currency fluctuations	- -	- -	- -	- -	- -	- -	- -
Loans payable	- -	- -	13.2	8,409.1	8,601.1	- -	- -
Mortgage loans payable	- -	- -	- -	2,842.9	4,067.9	- -	- -
Commercial mortgage-backed securities (CMBS)	- -	- -	- -	- -	- -	- -	- -
Participating debenture	- -	- -	- -	- -	- -	- -	- -
Short selling of securities	- -	- -	- -	- -	- -	4,749.3	3,442.0
Derivative financial instruments	- -	- -	99.9	17.1	26.9	- -	0.3
Non-controlling interests	- -	- -	647.0	1,027.0	982.6	- -	- -

SUPPLEMENTARY INFORMATION

SUMMARY FINANCIAL STATEMENTS FOR THE SPECIALIZED PORTFOLIOS (CONTINUED)

(in millions of dollars)	GLOBAL EQUITY (735) (Created April 1, 2010)	QUÉBEC INTERNATIONAL (761) 2010	QUÉBEC INTERNATIONAL (761) 2009	U.S. EQUITY (731) (Created April 1, 2010)	EAFE EQUITY (730) (Created April 1, 2010)	EMERGING MARKETS EQUITY (732) 2010	EMERGING MARKETS EQUITY (732) 2009
CONSOLIDATED NET ASSETS AS AT DECEMBER 31							
ASSETS							
Investments at fair value							
Real estate holdings	- -	- -	- -	- -	- -	- -	- -
Equities and convertible securities	9,520.1	8.1	134.3	547.0	9,722.6	5,809.3	4,946.0
Bonds	9.1	6,843.4	10,211.8	- -	- -	- -	- -
Mortgages	- -	- -	- -	- -	- -	- -	- -
Mortgage securities	- -	- -	- -	- -	- -	- -	- -
Short-term investments	30.2	1,972.2	2,726.2	5,279.0	0.1	- -	- -
Securities acquired under reverse repurchase agreements	- -	- -	853.2	- -	- -	- -	- -
Real estate held for resale	- -	- -	- -	- -	- -	- -	- -
ABTNs	- -	- -	- -	- -	- -	- -	- -
Derivative financial instruments related to ABTNs	- -	- -	- -	- -	- -	- -	- -
Demand deposits in the General Fund	- -	219.7	3,624.1	- -	- -	- -	60.5
	9,559.4	9,043.4	17,549.6	5,826.0	9,722.7	5,809.3	5,006.5
Other assets	49.2	66.0	86.7	1.1	19.5	6.3	3.1
	9,608.6	9,109.4	17,636.3	5,827.1	9,742.2	5,815.6	5,009.6
LIABILITIES							
Advances from the General Fund	58.7	- -	- -	66.2	4.8	6.1	- -
Securities sold under repurchase agreements	- -	281.1	3,812.4	- -	- -	- -	- -
Notes payable	1,444.7	- -	234.4	- -	- -	- -	- -
Temporary funding attributable to foreign currency fluctuations	- -	- -	- -	- -	- -	- -	- -
Loans payable	- -	- -	- -	- -	- -	- -	- -
Mortgage loans payable	- -	- -	- -	- -	- -	- -	- -
Commercial mortgage-backed securities (CMBS)	- -	- -	- -	- -	- -	- -	- -
Participating debenture	- -	- -	- -	- -	- -	- -	- -
Short selling of securities	2,082.5	- -	0.7	- -	- -	6.2	62.2
Derivative financial instruments	99.3	0.3	21.1	- -	- -	- -	0.1
Other liabilities	57.0	398.2	768.4	0.3	8.4	4.2	9.0
Non-controlling interests	- -	- -	- -	- -	- -	- -	- -
	3,742.2	679.6	4,837.0	66.5	13.2	16.5	71.3
NET HOLDINGS OF FUNDS	5,866.4	8,429.8	12,799.3	5,760.6	9,729.0	5,799.1	4,938.3
CONSOLIDATED INCOME FOR YEARS ENDED DECEMBER 31							
INCOME							
Investment income							
Real estate holdings	- -	- -	- -	- -	- -	- -	- -
Equities and convertible securities	99.8	0.3	0.4	9.9	185.9	110.6	82.4
Bonds	- -	303.4	290.3	- -	- -	- -	- -
Mortgages	- -	- -	- -	- -	- -	- -	- -
Mortgage securities	- -	- -	- -	- -	- -	- -	- -
Short-term investments	0.1	11.2	13.9	12.5	- -	- -	- -
Demand deposits in (advances from) the General Fund	(0.2)	(0.2)	(2.5)	0.1	(0.2)	(0.1)	(0.5)
	99.7	314.7	302.1	22.5	185.7	110.5	81.9
Other income	- -	- -	- -	- -	- -	- -	- -
	99.7	314.7	302.1	22.5	185.7	110.5	81.9
Operating expenses	11.3	32.0	19.8	3.9	7.3	14.0	11.6
Repositioning expenses and write-offs of intangible assets	2.5	5.1	- -	0.7	1.2	1.7	- -
INCOME BEFORE THE FOLLOWING ITEMS	85.9	277.6	282.3	17.9	177.2	94.8	70.3
Interest on loans and notes payable	6.3	0.1	2.8	- -	- -	- -	- -
Non-controlling interests	- -	- -	- -	- -	- -	- -	- -
NET INVESTMENT INCOME (LOSS)	79.6	277.5	279.5	17.9	177.2	94.8	70.3
CHANGES IN CONSOLIDATED NET ASSETS FOR YEARS ENDED DECEMBER 31							
NET INVESTMENT RESULTS							
Net investment income (loss)	79.6	277.5	279.5	17.9	177.2	94.8	70.3
Gains (losses) on sale of investments	(108.7)	792.2	2,766.8	333.9	(99.1)	235.0	(387.2)
Unrealized increase (decrease) in value of investments and liabilities related to investments	534.1	109.7	(78.4)	20.3	497.1	278.5	1,995.1
Net investment results	505.0	1,179.4	2,967.9	372.1	575.2	608.3	1,678.2
Participation units issued (cancelled)	5,441.0	(5,271.4)	5,890.4	5,406.4	9,331.0	347.3	318.9
Net investment loss (net income) recovered from (allocated to) participation unit holders	(79.6)	(277.5)	(278.9)	(17.9)	(177.2)	(94.8)	(70.2)
INCREASE (DECREASE) IN CONSOLIDATED NET ASSETS	5,866.4	(4,369.5)	8,579.4	5,760.6	9,729.0	860.8	1,926.9
CONSOLIDATED NET ASSETS, BEGINNING OF YEAR	- -	12,799.3	4,219.9	- -	- -	4,938.3	3,011.4
CONSOLIDATED NET ASSETS, END OF YEAR	5,866.4	8,429.8	12,799.3	5,760.6	9,729.0	5,799.1	4,938.3
INVESTMENTS AND LIABILITIES AT COST AS AT DECEMBER 31							
ASSETS							
Investments							
Real estate holdings	- -	- -	- -	- -	- -	- -	- -
Equities and convertible securities	8,893.1	- -	129.2	447.4	9,225.6	4,638.1	4,045.4
Bonds	10.0	6,752.6	10,194.1	- -	- -	- -	- -
Mortgages	- -	- -	- -	- -	- -	- -	- -
Mortgage securities	- -	- -	- -	- -	- -	- -	- -
Short-term investments	- -	1,971.9	2,742.7	5,358.2	- -	- -	- -
Securities acquired under reverse repurchase agreements	- -	- -	853.2	- -	- -	- -	- -
Real estate held for resale	- -	- -	- -	- -	- -	- -	- -
ABTNs	- -	- -	- -	- -	- -	- -	- -
Demand deposits in the General Fund	- -	219.7	3,624.1	- -	- -	- -	60.5
	8,903.1	8,944.2	17,543.3	5,805.6	9,225.6	4,638.1	4,105.9
LIABILITIES							
Securities sold under repurchase agreements	- -	281.1	3,812.3	- -	- -	- -	- -
Notes payable	1,444.7	- -	235.7	- -	- -	- -	- -
Temporary funding attributable to foreign currency fluctuations	- -	- -	- -	- -	- -	- -	- -
Loans payable	- -	- -	- -	- -	- -	- -	- -
Mortgage loans payable	- -	- -	- -	- -	- -	- -	- -
Commercial mortgage-backed securities (CMBS)	- -	- -	- -	- -	- -	- -	- -
Participating debenture	- -	- -	- -	- -	- -	- -	- -
Short selling of securities	2,055.9	- -	0.4	- -	- -	6.1	54.4
Derivative financial instruments	3.7	- -	2.9	- -	- -	- -	- -
Non-controlling interests	- -	- -	- -	- -	- -	- -	- -

SUPPLEMENTARY INFORMATION
SUMMARY FINANCIAL STATEMENTS FOR THE SPECIALIZED PORTFOLIOS (CONTINUED)

(in millions of dollars)		PRIVATE EQUITY (780)		HEDGE FUNDS (770)		ASSET ALLOCATION (771)	ABTNs (772) (Created
CONSOLIDATED NET ASSETS AS AT DECEMBER 31	**2010**	2009	**2010**	2009	**2010**	2009	January 1, 2010)
ASSETS							
Investments at fair value							
Real estate holdings	- -	- -	- -	- -	- -	- -	- -
Equities and convertible securities	**16,257.0**	11,980.7	**3,243.0**	3,619.9	**32.8**	20.1	- -
Bonds	**461.2**	375.8	- -	21.8	**79.8**	103.5	- -
Mortgages	- -	- -	- -	- -	- -	- -	- -
Mortgage securities	- -	- -	- -	- -	- -	- -	- -
Short-term investments	**131.8**	270.4	**8.0**	106.8	**159.6**	- -	- -
Securities acquired under reverse repurchase agreements	- -	- -	- -	- -	- -	- -	- -
Real estate held for resale	- -	- -	- -	- -	- -	- -	- -
ABTNs	- -	- -	- -	- -	- -	- -	**8,941.6**
Derivative financial instruments related to ABTNs	- -	- -	- -	- -	- -	- -	- -
Demand deposits in the General Fund	**713.9**	381.8	**155.4**	82.2	**667.8**	428.6	**3.4**
	17,563.9	13,008.7	**3,406.4**	3,830.7	**940.0**	552.2	**8,945.0**
Other assets	**37.8**	13.4	**6.1**	3.8	**2.8**	0.3	**37.4**
	17,601.7	13,022.1	**3,412.5**	3,834.5	**942.8**	552.5	**8,982.4**
LIABILITIES							
Advances from the General Fund	- -	- -	- -	- -	- -	- -	- -
Securities sold under repurchase agreements	- -	- -	- -	- -	- -	- -	- -
Notes payable	- -	1,060.6	- -	- -	- -	- -	**10,004.1**
Temporary funding attributable to foreign currency fluctuations	- -	599.9	- -	- -	- -	- -	- -
Loans payable	- -	- -	- -	- -	- -	- -	**1,503.3**
Mortgage loans payable	- -	- -	- -	- -	- -	- -	- -
Commercial mortgage-backed securities (CMBS)	- -	- -	- -	- -	- -	- -	- -
Participating debenture	- -	- -	- -	- -	- -	- -	- -
Short selling of securities	**91.9**	100.9	- -	- -	- -	- -	- -
Derivative financial instruments	**3.3**	2.6	**99.3**	- -	**308.1**	52.6	**25.2**
Other liabilities	**59.0**	23.2	**7.4**	8.0	- -	0.5	**60.6**
Non-controlling interests	- -	- -	- -	- -	- -	- -	- -
	154.2	1,787.2	**106.7**	8.0	**308.1**	53.1	**11,593.2**
NET HOLDINGS OF FUNDS	**17,447.5**	11,234.9	**3,305.8**	3,826.5	**634.7**	499.4	**(2,610.8)**

CONSOLIDATED INCOME FOR YEARS ENDED DECEMBER 31							
INCOME							
Investment income							
Real estate holdings	- -	- -	- -	- -	- -	- -	- -
Equities and convertible securities	**173.4**	86.4	**(0.1)**	3.4	**(0.1)**	- -	- -
Bonds	**49.3**	61.4	- -	(0.1)	**(2.0)**	8.9	- -
Mortgages	- -	- -	- -	- -	- -	- -	- -
Mortgage securities	- -	- -	- -	- -	- -	- -	- -
Short-term investments	**19.7**	46.0	- -	- -	- -	- -	- -
ABTNs	- -	- -	- -	- -	- -	- -	**111.1**
Demand deposits in (advances from) the General Fund	**2.1**	(0.2)	**0.4**	(6.4)	**2.0**	2.0	**0.1**
Other income	**244.5**	193.6	**0.3**	(3.1)	**(0.1)**	10.9	**111.2**
	2.1	4.5	- -	- -	- -	- -	- -
	246.6	198.1	**0.3**	(3.1)	**(0.1)**	10.9	**111.2**
Operating expenses	**25.6**	19.7	**10.2**	12.8	**9.5**	9.1	**9.6**
Repositioning expenses and write-offs of intangible assets	**2.7**	- -	**1.2**	- -	**1.3**	- -	**0.8**
INCOME BEFORE THE FOLLOWING ITEMS	**218.3**	178.4	**(11.1)**	(15.9)	**(10.9)**	1.8	**100.8**
Interest on loans and notes payable	**3.6**	23.5	- -	- -	- -	2.0	**91.6**
Non-controlling interests	- -	- -	- -	- -	- -	- -	- -
NET INVESTMENT INCOME (LOSS)	**214.7**	154.9	**(11.1)**	(15.9)	**(10.9)**	(0.2)	**9.2**

CHANGES IN CONSOLIDATED NET ASSETS FOR YEARS ENDED DECEMBER 31							
NET INVESTMENT RESULTS							
Net investment income (loss)	**214.7**	154.9	**(11.1)**	(15.9)	**(10.9)**	(0.2)	**9.2**
Gains (losses) on sale of investments	**849.3**	708.1	**135.4**	219.8	**(46.3)**	(609.1)	**(499.8)**
Unrealized increase (decrease) in value of investments and liabilities related to investments	**2,241.7**	218.8	**75.6**	230.9	**(20.0)**	642.6	**999.6**
Net investment results	**3,305.7**	1,081.8	**199.9**	434.8	**(77.2)**	33.3	**509.0**
Participation units issued (cancelled)	**3,121.6**	587.7	**(731.7)**	(560.4)	**201.6**	391.0	**2,011.4**
Transfer of unrealized decrease at January 1, 2010	- -	- -	- -	- -	- -	- -	**(5,122.0)**
Net investment loss (net income) recovered from (allocated to) participation unit holders	**(214.7)**	(151.8)	**11.1**	15.9	**10.9**	0.2	**(9.2)**
INCREASE (DECREASE) IN CONSOLIDATED NET ASSETS	**6,212.6**	1,517.7	**(520.7)**	(109.7)	**135.3**	424.5	**(2,610.8)**
CONSOLIDATED NET ASSETS, BEGINNING OF YEAR	**11,234.9**	9,717.2	**3,826.5**	3,936.2	**499.4**	74.9	- -
CONSOLIDATED NET ASSETS, END OF YEAR	**17,447.5**	11,234.9	**3,305.8**	3,826.5	**634.7**	499.4	**(2,610.8)**

INVESTMENTS AND LIABILITIES AT COST AS AT DECEMBER 31							
ASSETS							
Investments							
Real estate holdings	- -	- -	- -	- -	- -	- -	- -
Equities and convertible securities	**18,777.5**	16,605.9	**3,070.5**	3,627.6	**11.6**	31.7	- -
Bonds	**660.9**	663.9	- -	22.0	- -	79.0	- -
Mortgages	- -	- -	- -	- -	- -	- -	- -
Mortgage securities	- -	- -	- -	- -	- -	- -	- -
Short-term investments	**199.2**	398.1	**8.0**	101.3	**49.5**	- -	- -
Securities acquired under reverse repurchase agreements	- -	- -	- -	- -	- -	- -	- -
Real estate held for resale	- -	- -	- -	- -	- -	- -	- -
ABTNs	- -	- -	- -	- -	- -	- -	**13,049.6**
Demand deposits in the General Fund	**713.9**	381.8	**155.4**	82.2	**667.8**	428.6	**3.4**
	20,351.5	18,049.7	**3,233.9**	3,833.1	**728.9**	539.3	**13,053.0**
LIABILITIES							
Securities sold under repurchase agreements	- -	- -	- -	- -	- -	- -	- -
Notes payable	- -	1,094.9	- -	- -	- -	- -	**10,005.0**
Temporary funding attributable to foreign currency fluctuations	- -	600.0	- -	- -	- -	- -	- -
Loans payable	- -	- -	- -	- -	- -	- -	**1,511.7**
Mortgage loans payable	- -	- -	- -	- -	- -	- -	- -
Commercial mortgage-backed securities (CMBS)	- -	- -	- -	- -	- -	- -	- -
Participating debenture	- -	- -	- -	- -	- -	- -	- -
Short selling of securities	**90.5**	76.2	- -	- -	- -	- -	- -
Derivative financial instruments	- -	- -	- -	- -	**37.4**	- -	**1.6**
Non-controlling interests	- -	- -	- -	- -	- -	- -	- -

SUPPLEMENTARY INFORMATION
SUMMARY FINANCIAL STATEMENTS FOR THE SPECIALIZED PORTFOLIOS (CONTINUED)

(in millions of dollars)	FOREIGN EQUITY HEDGED (730) (Dissolved April 1, 2010)		U. S. EQUITY HEDGED (731) (Dissolved April 1, 2010)		FOREIGN EQUITY UNHEDGED (733) (Dissolved April 1, 2010)	
CONSOLIDATED NET ASSETS AS AT DECEMBER 31	**2010**	2009	**2010**	2009	**2010**	2009
ASSETS						
Investments at fair value						
Real estate holdings	- -	- -	- -	- -	- -	- -
Equities and convertible securities	- -	7,514.8	- -	1,723.9	- -	- -
Bonds	- -	- -	- -	- -	- -	- -
Mortgages	- -	- -	- -	- -	- -	- -
Mortgage securities	- -	- -	- -	- -	- -	- -
Short-term investments	- -	1.4	- -	4,665.2	- -	4,923.4
Securities acquired under reverse repurchase agreements	- -	- -	- -	- -	- -	- -
Real estate held for resale	- -	- -	- -	- -	- -	- -
ABTNs	- -	- -	- -	- -	- -	- -
Derivative financial instruments related to ABTNs	- -	- -	- -	- -	- -	- -
Demand deposits in the General Fund	- -	2.6	- -	177.2	- -	- -
	- -	7,518.8	- -	6,566.3	- -	4,923.4
Other assets	- -	11.6	- -	4.1	- -	3.9
	- -	7,530.4	- -	6,570.4	- -	4,927.3
LIABILITIES						
Advances from the General Fund	- -	- -	- -	- -	- -	2.1
Securities sold under repurchase agreements	- -	- -	- -	- -	- -	- -
Notes payable	- -	4,920.6	- -	4,115.7	- -	- -
Temporary funding attributable to foreign currency fluctuations	- -	- -	- -	- -	- -	- -
Loans payable	- -	- -	- -	- -	- -	- -
Mortgage loans payable	- -	- -	- -	- -	- -	- -
Commercial mortgage-backed securities (CMBS)	- -	- -	- -	- -	- -	- -
Participating debenture	- -	- -	- -	- -	- -	- -
Short selling of securities	- -	49.7	- -	1,194.6	- -	- -
Derivative financial instruments	- -	37.0	- -	93.6	- -	207.6
Other liabilities	- -	437.3	- -	510.3	- -	1.8
Non-controlling interests	- -	- -	- -	- -	- -	- -
	- -	5,444.6	- -	5,914.2	- -	211.5
NET HOLDINGS OF FUNDS	- -	2,085.8	- -	656.2	- -	4,715.8

CONSOLIDATED INCOME FOR YEARS ENDED DECEMBER 31						
INCOME						
Investment income						
Real estate holdings	- -	- -	- -	- -	- -	- -
Equities and convertible securities	**45.7**	147.0	**2.3**	18.7	- -	- -
Bonds	- -	- -	- -	- -	- -	- -
Mortgages	- -	- -	- -	- -	- -	- -
Mortgage securities	- -	- -	- -	- -	- -	- -
Short-term investments	- -	0.3	**3.0**	24.0	**33.1**	118.1
Demand deposits in (advances from) the General Fund	- -	(0.4)	- -	1.0	- -	(0.1)
	45.7	146.9	**5.3**	43.7	**33.1**	118.0
Other income	- -	- -	- -	- -	- -	- -
	45.7	146.9	**5.3**	43.7	**33.1**	118.0
Operating expenses	**1.5**	4.2	**1.0**	3.9	**3.7**	17.3
INCOME BEFORE THE FOLLOWING ITEMS	**44.2**	142.7	**4.3**	39.8	**29.4**	100.7
Interest on loans and notes payable	**33.1**	118.1	**4.5**	37.2	- -	- -
Non-controlling interests	- -	- -	- -	- -	- -	- -
NET INVESTMENT INCOME (LOSS)	**11.1**	24.6	**(0.2)**	2.6	**29.4**	100.7

CHANGES IN CONSOLIDATED NET ASSETS FOR YEARS ENDED DECEMBER 31						
NET INVESTMENT RESULTS						
Net investment income (loss)	**11.1**	24.6	**(0.2)**	2.6	**29.4**	100.7
Gains (losses) on sale of investments	**(112.7)**	(650.6)	**(40.0)**	(68.9)	**(116.9)**	309.3
Unrealized increase (decrease) in value of investments and liabilities related to investments	**177.8**	898.0	**83.3**	191.2	**(33.3)**	0.1
Net investment results	**76.2**	272.0	**43.1**	124.9	**(120.8)**	410.1
Participation units issued (cancelled)	**(2,150.9)**	1,326.6	**(699.5)**	187.6	**(4,565.6)**	829.5
Net investment loss (net income) recovered from (allocated to) participation unit holders	**(11.1)**	(24.6)	**0.2**	(2.6)	**(29.4)**	(100.7)
INCREASE (DECREASE) IN CONSOLIDATED NET ASSETS	**(2,085.8)**	1,574.0	**(656.2)**	309.9	**(4,715.8)**	1,138.9
CONSOLIDATED NET ASSETS, BEGINNING OF YEAR	**2,085.8**	511.8	**656.2**	346.3	**4,715.8**	3,576.9
CONSOLIDATED NET ASSETS, END OF YEAR	- -	2,085.8	- -	656.2	- -	4,715.8

INVESTMENTS AND LIABILITIES AT COST AS AT DECEMBER 31						
ASSETS						
Investments						
Real estate holdings	- -	- -	- -	- -	- -	- -
Equities and convertible securities	- -	7,416.6	- -	1,431.6	- -	- -
Bonds	- -	- -	- -	- -	- -	- -
Mortgages	- -	- -	- -	- -	- -	- -
Mortgage securities	- -	- -	- -	- -	- -	- -
Short-term investments	- -	- -	- -	4,697.3	- -	4,682.4
Securities acquired under reverse repurchase agreements	- -	- -	- -	- -	- -	- -
Real estate held for resale	- -	- -	- -	- -	- -	- -
ABTNs	- -	- -	- -	- -	- -	- -
Demand deposits in the General Fund	- -	2.6	- -	177.2	- -	- -
	- -	7,419.2	- -	6,306.1	- -	4,682.4
LIABILITIES						
Securities sold under repurchase agreements	- -	- -	- -	- -	- -	- -
Notes payable	- -	4,682.4	- -	4,036.0	- -	- -
Temporary funding attributable to foreign currency fluctuations	- -	- -	- -	- -	- -	- -
Loans payable	- -	- -	- -	- -	- -	- -
Mortgage loans payable	- -	- -	- -	- -	- -	- -
Commercial mortgage-backed securities (CMBS)	- -	- -	- -	- -	- -	- -
Participating debenture	- -	- -	- -	- -	- -	- -
Short selling of securities	- -	47.3	- -	1,016.9	- -	- -
Derivative financial instruments	- -	0.1	- -	7.4	- -	- -
Non-controlling interests	- -	- -	- -	- -	- -	- -

SUPPLEMENTARY INFORMATION
SUMMARY FINANCIAL STATEMENTS FOR THE SPECIALIZED PORTFOLIOS (CONTINUED)

(in millions of dollars)	U. S. EQUITY UNHEDGED (734) (Dissolved April 1, 2010)		COMMODITY FINANCIAL INSTRUMENTS (763) (Dissolved December 1, 2010)		INVESTMENTS AND INFRASTRUCTURES (781) (Dissolved July 1, 2010)	
CONSOLIDATED NET ASSETS AS AT DECEMBER 31	**2010**	2009	**2010**	2009	**2010**	2009
ASSETS						
Investments at fair value						
Real estate holdings	- -	- -	- -	- -	- -	- -
Equities and convertible securities	- -	- -	- -	1,077.5	- -	6,736.4
Bonds	- -	- -	- -	- -	- -	943.3
Mortgages	- -	- -	- -	- -	- -	- -
Mortgage securities	- -	- -	- -	- -	- -	- -
Short-term investments	- -	4,115.7	- -	- -	- -	2,882.0
Securities acquired under reverse repurchase agreements	- -	- -	- -	- -	- -	- -
Real estate held for resale	- -	- -	- -	- -	- -	- -
ABTNs	- -	- -	- -	- -	- -	- -
Derivative financial instruments related to ABTNs	- -	- -	- -	- -	- -	- -
Demand deposits in the General Fund	- -	- -	- -	102.9	- -	507.6
	- -	4,115.7	- -	1,180.4	- -	11,069.3
Other assets	- -	4.0	- -	1,224.5	- -	87.4
	- -	4,119.7	- -	2,404.9	- -	11,156.7
LIABILITIES						
Advances from the General Fund	- -	4.0	- -	- -	- -	- -
Securities sold under repurchase agreements	- -	- -	- -	- -	- -	- -
Notes payable	- -	- -	- -	- -	- -	5,026.7
Temporary funding attributable to foreign currency fluctuations	- -	- -	- -	- -	- -	- -
Loans payable	- -	- -	- -	- -	- -	- -
Mortgage loans payable	- -	- -	- -	- -	- -	- -
Commercial mortgage-backed securities (CMBS)	- -	- -	- -	- -	- -	- -
Participating debenture	- -	- -	- -	- -	- -	- -
Short selling of securities	- -	- -	- -	- -	- -	- -
Derivative financial instruments	- -	22.6	- -	1,163.5	- -	123.6
Other liabilities	- -	- -	- -	4.2	- -	85.5
Non-controlling interests	- -	- -	- -	- -	- -	633.2
	- -	26.6	- -	1,167.7	- -	5,869.0
NET HOLDINGS OF FUNDS	- -	4,093.1	- -	1,237.2	- -	5,287.7
CONSOLIDATED INCOME FOR YEARS ENDED DECEMBER 31						
INCOME						
Investment income						
Real estate holdings	- -	- -	- -	- -	- -	- -
Equities and convertible securities	- -	.	- -	- -	**175.5**	327.4
Bonds	- -	- -	- -	- -	**17.5**	59.1
Mortgages	- -	- -	- -	- -	- -	- -
Mortgage securities	- -	- -	- -	- -	- -	- -
Short-term investments	**4.4**	37.2	- -	1.5	**50.5**	116.4
Demand deposits in (advances from) the General Fund	- -	(0.1)	**0.1**	(1.5)	**0.6**	(0.7)
	4.4	37.1	**0.1**	- -	**244.1**	502.2
Other income	- -	- -	- -	- -	**7.4**	22.7
	4.4	37.1	**0.1**	- -	**251.5**	524.9
Operating expenses	**5.7**	21.6	**1.1**	5.8	**15.1**	32.9
INCOME BEFORE THE FOLLOWING ITEMS	**(1.3)**	15.5	**(1.0)**	(5.8)	**236.4**	492.0
Interest on loans and notes payable	- -	- -	- -	- -	**45.5**	129.6
Non-controlling interests	- -	- -	- -	- -	**15.8**	29.6
NET INVESTMENT INCOME (LOSS)	**(1.3)**	15.5	**(1.0)**	(5.8)	**175.1**	332.8
CHANGES IN CONSOLIDATED NET ASSETS FOR YEARS ENDED DECEMBER 31						
NET INVESTMENT RESULTS						
Net investment income (loss)	**(1.3)**	15.5	**(1.0)**	(5.8)	**175.1**	332.8
Gains (losses) on sale of investments	**148.1**	366.6	**68.3**	685.9	**(1,948.5)**	38.8
Unrealized increase (decrease) in value of investments and liabilities related to investments	**(57.1)**	22.9	**(68.3)**	(590.5)	**2,381.1**	954.2
Net investment results	**89.7**	405.0	**(1.0)**	89.6	**607.7**	1,325.8
Participation units issued (cancelled)	**(4,184.1)**	1,832.9	**(1,237.2)**	(206.5)	**(5,720.3)**	21.4
Net investment loss (net income) recovered from (allocated to) participation unit holders	**1.3**	(15.5)	**1.0**	5.8	**(175.1)**	(332.8)
INCREASE (DECREASE) IN CONSOLIDATED NET ASSETS	**(4,093.1)**	2,222.4	**(1,237.2)**	(111.1)	**(5,287.7)**	1,014.4
CONSOLIDATED NET ASSETS, BEGINNING OF YEAR	**4,093.1**	1,870.7	**1,237.2**	1,348.3	**5,287.7**	4,273.3
CONSOLIDATED NET ASSETS, END OF YEAR	- -	4,093.1	- -	1,237.2	- -	5,287.7
INVESTMENTS AND LIABILITIES AT COST AS AT DECEMBER 31						
ASSETS						
Investments						
Real estate holdings	- -	- -	- -	- -	- -	- -
Equities and convertible securities	- -	- -	- -	730.8	- -	9,118.8
Bonds	- -	- -	- -	- -	- -	1,066.2
Mortgages	- -	- -	- -	- -	- -	- -
Mortgage securities	- -	- -	- -	- -	- -	- -
Short-term investments	- -	4,036.0	- -	- -	- -	3,294.5
Securities acquired under reverse repurchase agreements	- -	- -	- -	- -	- -	- -
Real estate held for resale	- -	- -	- -	- -	- -	- -
ABTNs	- -	- -	- -	- -	- -	- -
Demand deposits in the General Fund	- -	- -	- -	102.9	- -	507.6
	- -	4,036.0	- -	833.7	- -	13,987.1
LIABILITIES						
Securities sold under repurchase agreements	- -	- -	- -	- -	- -	- -
Notes payable	- -	- -	- -	- -	- -	5,293.3
Temporary funding attributable to foreign currency fluctuations	- -	- -	- -	- -	- -	- -
Loans payable	- -	- -	- -	- -	- -	- -
Mortgage loans payable	- -	- -	- -	- -	- -	- -
Commercial mortgage-backed securities (CMBS)	- -	- -	- -	- -	- -	- -
Participating debenture	- -	- -	- -	- -	- -	- -
Short selling of securities	- -	- -	- -	- -	- -	- -
Derivative financial instruments	- -	- -	- -	885.1	- -	9.1
Non-controlling interests	- -	- -	- -	- -	- -	1,017.8