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**Celebrating 10 Years
as the Voice of Canadian Institutional Bond Investors**

The Canadian Bond Investors' Association (CBIA) was established in 2011 and represents over 40 of the largest fixed income institutional investor organizations in Canada with over \$1.2 Trillion in fixed income assets under management.

2020 | **CBIA**
ANNUAL
REPORT



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In 2021 the CBIA reaches our tenth anniversary. And while our celebrations will not take place as originally conceived, we will still mark the occasion.

The association continues to adapt, evolve, and remain relevant to our membership despite the circumstances. Our membership currently stands at 44 Institutional and 9 Affiliate Members representing over \$1.1 trillion in fixed income assets under management. We have representation across the asset class spectrum, including active and passive management of pension funds, mutual funds, hedge funds and ETFs. The majority of the major fixed income institutional managers in Canada have joined the CBIA, recognizing the benefits of an independent industry body with a focus on buy-side concerns and issues.

- Chair Ian McKinnon

Objectives

Member organizations come from the insurance (buy-side), bank owned investment managers, pension and investment counsel sectors

As such, the CBIA is the independent voice of Canadian bond investors, and of the millions of pensioners, policy holders and retail investors who depend on CBIA members and other similar industry participants for the sound management of these investments.



Advocacy

> Advocate for positive change in the Canadian fixed income market.
Examples: Improving covenants in Canadian corporate bond indentures; Improving transparency in the Canadian fixed income market; Improving corporate governance and disclosure of corporate bonds issuers in Canada.



Issues

> Act on behalf of fixed income investors in addressing key issues with legislators, regulators, bond issuers, investment dealers and other industry intermediaries.
Example: Non-Viable Contingent Capital – addressing issues with issuers and regulators with respect to fixed income investor concerns.



Forum

> Provide a forum for discussion of key issues and ideas relevant to the Canadian fixed income market. The CBIA holds regular meetings where closed-door exchanges can take place on key issues. The CBIA hosts confidential member-only online forums.



Resource

> Act as a source of market information and expertise for fixed income investors.



Education

> Provide educational opportunities for fixed income investors.
> The CBIA holds annual conferences as well as webinars featuring industry leaders.

Chair's Report

We continue to have strong participation from our members and have developed a number of committees and working groups.



2020 was a banner year for CBIA. As we move into our 10th year, we can be proud of the accomplishments made in the past 12 months as we pivoted to adapt to the pandemic. I would like to highlight a few key initiatives and recognize some of the many volunteers who help to make our association a success.

> We undertook a complete update and modernization of our website which will make finding information and communicating much more efficient.

> The CBIA wrote a letter to the Bank of Canada in March 2020 detailing our concern about the lack of liquidity in the Canadian corporate bond market and subsequently hosted the Bank on a webinar in May as they rolled out their Corporate Bond Purchase Program. As well, the CBIA was represented on the Canadian Alternative Reference Rate working group and the GoC Market Functioning Steering Group.

> We continue to have strong participation from our members contributing their time to our committees and working groups and on that note, I would like to thank the leadership of the most active teams, who appear in this report.

Next, I need to thank two directors who are retiring from the Board this year. Marc-Andre Gaudreau has been on the Board for six years and has been instrumental in supporting investor concepts related to market transparency, the new issue process, consent fees and overall liquidity as well as successfully convincing the OSC to clarify language regarding Cdn investors ability to trade US\$ Cdn issues with foreign based investment dealers.

As well, I must recognize the huge amount of work Peter Osbourne has contributed to our Association as a leader of the

Model Covenant Working Group and as a director on the Board. The model covenant document was one of the first projects on the CBIA mandate and it continues to be a living document to guide Canadian fixed income investors.

I would like to thank my fellow directors; Donna Peters (Vice Chair), Angela Lam, Jacqui Szeto, Peter Urbanc, John van Boxmeer and Randall Malcolm (Treasurer) for their support and hard work over the past year. A special thank you goes to Peter Waite and his support staff, who have been instrumental in helping us manage the organization and providing guidance to myself and the Board since our genesis ten years ago.

Finally, this will be my last report from the Chair as I will be stepping down after five years of leading the Board. I believe we have made progress towards establishing the CBIA as the go to association for anything related to institutional fixed income investors in Canada as evidenced by various Government and Industry entities utilizing us as a platform to communicate. I will turn over the leadership to Donna Peters and know that she, along with the strong support of the other directors, will take this association through the next stage of growth.

Respectfully submitted,

Ian McKinnon, Chair



Executive Director's Report



For me, this decade long journey began with a phone call from Joe Morin.

Joe had been tasked by his CEO, John Carswell, with getting Canada's fixed income investors organized. "Canadian bondholders need to have a forum to have their voices heard," said Joe.

Could I help? Certainly, with the organizational side I replied, but why me? Your name was referred because of the work your association management firm does with the Pension Investment Association of Canada, and we need something like that for institutional fixed income investors. The rest, as they say is history.

We managed to attract 33 individuals from just shy of 30 firms to that first meeting, including attendees from BC and Quebec, so it was more than just a GTA group right from the beginning. The agenda for the three hours that we met at the Library Bar in the royal York Hotel was straightforward:

- Purpose
- Incorporation
- Membership Structure
- Governance - Board & Committees
- Key Issues
 - A. Covenants/Bond Indentures
 - B. Transparency in the Canadian bond market
 - C. NVCC
 - D. Bankruptcy/Pension Protection Act
- Budget & Dues
- Opportunity for Involvement in the Board & Committees

And the attendees collectively agreed to the purposes of the CBIA which are outlined as the Objectives in this Annual Report. They also agreed it made sense to incorporate under the Canada Not-For-Profit Corporations Act with Institutional member firms that can vote as well as Affiliate firms that may not vote or serve on the Board. They agreed to a Board, which has slowly grown in size from five to ten and to putting in place committees as

needed... which as you can see in this report now includes a volunteer roster of over 30 people.

We owe a huge debt of gratitude to those directors who truly got this project launched:

- Joe Morin (Chair), Canso Investment Counsel Ltd.
- Jack Alvo (Treasurer), Manulife Financial
- Ian McKinnon, Addenda Capital
- Kenton Freitag, BCI

They laid the groundwork for what had been created since. A few highlights...

- Partnering with Covenant Review to offer educational opportunities.
- Establishing ties with our US cousins at The Credit Roundtable.
- Creating our Model Covenant Discussion Paper and promoting it out as the standard in the sector.
- Building a relationship with the Bank of Canada who now are in continuous contact with us.
- Growing from a half day conference to a full day conference to a two day conference. In 2019 we had over 100 members in attendance.
- Raising our operational capacity with a sophisticated new website and database that will serve us as we continue to grow.

Respectfully submitted,

Peter Waite, Executive Director



Canadian Bond Investors' Association

**Celebrating 10 Years
2011 - 2021**



CBIA Board

Directors gathered at the 2019 CBIA Conference. Clockwise from Top Left: Randall Malcolm, Donna Peters, Ian McKinnon, John van Boxmeer, (former Director) Rose Devli, Peter Osborne, CBIA Executive Director Peter Waite, Peter Urbanc, Jacqui Szeto, Angela lam and Marc-Andre Gaudreau.

Board of Directors

In 2020 Irina Issakova joined the Board and Donna Peters was appointed Vice Chair and Randall Malcolm as Treasurer.



CHAIR

Ian McKinnon
Executive VP, Core Fixed Income,
Addenda Capital



VICE-CHAIR

Donna Peters
Assistant Vice President, Senior
Portfolio Manager, Fixed Income,
Manulife Investment Management



Irina Issakova
Vice President & Director,
Fixed Income Trading,
TD Asset Management



Angela Lam
Managing Director, Global Credit,
OMERS Capital Markets



Peter Osborne
Vice President and Portfolio
Manager, Fixed Income,
Fiera Capital Corporation



TREASURER

Randall Malcolm
Managing Director, Public Fixed
Income, Corporate Investments,
SLC Management
(Sun Life Financial)




Marc-André Gaudreau
VP and PM, Head of 1832 Asset
Management Fixed Income,
1832 Asset Management L.P.



Jacqui Szeto
Vice President, Fixed Income,
Canso Investment Counsel Ltd.



Peter Urbanc
Chief Executive Officer,
Municipal Finance Authority of
British Columbia (MFABC)



John van Boxmeer
Vice President,
Global Fixed Income,
CIBC Asset Management



Committees

The CIBIA Board of Directors has established committees and working groups to further the work of the Association.

The role of the CIBIA Board is to focus on the overall governance as well as future planning and direction of the association, and to support this approach, it has developed a number of committees and working groups composed and led by members.



CO-CHAIR

John van Boxmeer

Vice President, Global Fixed Income,
CIBC Asset Management



CO-CHAIR

Angela Lam

Managing Director, Global Credit,
OMERS Capital Markets

Governance & Nominating Committee

Responsible for overseeing governance processes and recommending any amendments to the Bylaws and/or related policies to the Board. The Committee is also responsible for overseeing the nominations and elections processes including the search for qualified, interested Director candidates and for any updates to the Policy on Nominations and Elections. The Committee is chaired by the immediate Past Chair of the Board and includes the Chair, Vice Chair and Treasurer.

COMMITTEE MEMBERS: Ian McKinnon (Addenda Capital), Donna Peters (Manulife Investment Management), Randall Malcolm (Sun Life)



CHAIR

Joe Morin

Portfolio Manager,
Canso Investment Counsel Ltd.

ESG Committee

Responsible for researching, gathering and examining available information regarding ESG and related disclosure and transparency initiatives in Canada and globally and to provide resources to members.

COMMITTEE MEMBERS: Jasper Beerpoort (Fiera Capital), Caroline Houle (Intact Investment Management), Andy Kochar (AGF Investments), Piper Kerr (BMO), Brian Minns (Addenda Capital), Tina Ngo (Central 1 Credit Union), Peter Urbanc (MFA BC), Olesya Zhovtanetska (Sun Life)



CHAIR

Jacquie Szeto

Vice President, Fixed Income,
Canso Investment Counsel Ltd.

Program Committee

Responsible for content at the AGM and the annual conference as well as programming webinars throughout the year.

COMMITTEE MEMBERS: Rose Devli (1832 Asset Management), Angela Lam (OMERS), Randall Malcolm (Sun Life)



CO-CHAIR

Donna Peters

Assistant Vice President, Senior
Portfolio Manager, Fixed Income,
Manulife Investment Management



CO-CHAIR

Jacquie Szeto

Vice President, Fixed Income,
Canso Investment Counsel Ltd.

Member Services Committee

Responsible for membership recruitment and retention and recommending other general member services.

COMMITTEE MEMBERS: Adam Myles (BCI), Yulia Ilina (Alberta Teachers' Retirement Fund), Donna Peters (Manulife Investment Management)



CO-CHAIR

Ian McKinnon

Executive VP, Core Fixed Income,
Addenda Capital



CO-CHAIR

Joe Morin

Portfolio Manager,
Canso Investment Counsel Ltd.

Regulatory Affairs Committee

Responsible for acting as advisors to the Board on regulatory and advocacy matters and to establish key links with relevant regulators. The Committee is appointed by the Board from senior Institutional members. The Chair of the Board will serve on the Committee and act as liaison with the Board.

COMMITTEE MEMBERS: Robert Pemberton, TD Asset Management

Working Groups



CHAIR

Fixed Income Index Working Group

Responsible for exploring alternatives to what FTSE offers and raise awareness of these alternatives. To this end the CBIA commissioned AON to undertake the Canadian Bond Index Market Analysis which was published in 2018.

WORKING GROUP MEMBERS: James Burdick (Desjardins), Rose Devli (1832 Asset Management), Mark Monaghan (Baker Gilmore), Peter Osborne, (Fiera Capital), Blaine Pho (Toronto Dominion Asset Management), Mark Rasile - Ex-officio (Bennett Jones), Francis Scott (Desjardins)

Joe Morin

Portfolio Manager,
Canso Investment Counsel Ltd.



CHAIR

Market Structure Working Group

Responsible for focusing on topics related to fixed income market structure and secondary trading, including electronic trading protocols, post-trade transparency, trade settlement for Government of Canada securities, etc.

WORKING GROUP MEMBERS: Marc-André Gaudreau (1832 Asset Management), John Laing (Canso Investment Counsel), Ian McKinnon (Addenda Capital), Peter Urbanc (MFA BC)

Irina Issakova

Vice President & Director,
Fixed Income Trading,
TD Asset Management

Financial Regulation & Innovation Working Group

Responsible for monitoring financial regulation developments as well as updating members and advising the Board on this subject. The Working Group will also focus on financial innovation and keep members and the Board informed of potential impacts.

COMMITTEE MEMBERS: Andy Kochar (AGF Investments), Faye Lee (Canso Investment Counsel), Olesya Zhovtanetska (Sun Life)



CHAIR

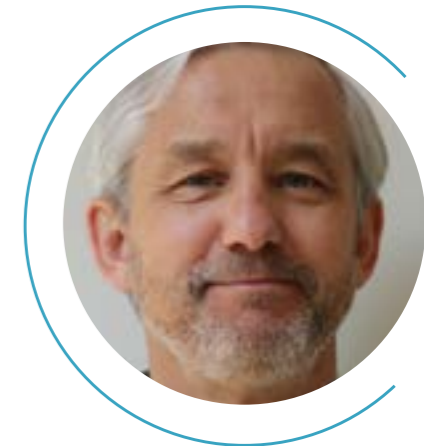
Carl Pelland

Senior Portfolio Manager, Fixed Income
and Co-Head, Corporate Bonds
Addenda Capital

Model Covenant Working Group

Responsible for proposing to the Board updates to the "CBIA Model Covenant Discussion Paper, Proposed terms for certain covenants in investment grade indentures." The Working Group also monitors covenant issues and promotes the CBIA Model Covenant Paper.

WORKING GROUP MEMBERS: Patrizia Cappelli (CBC Pension), Angela Lam (OMERS), Mark Rasile - Ex-Officio (Bennett Jones)



CHAIR

Peter Osborne

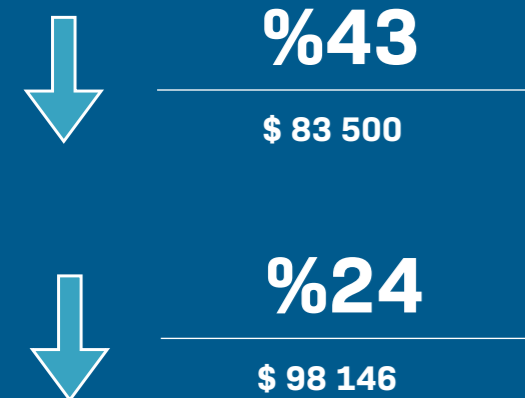
Vice President and Portfolio
Manager, Fixed Income,
Fiera Capital Corporation



Financial Statement



Balance Sheet		YEAR ENDED DEC 31, 2020	
		2020	2019
Assets			
Current Assets			
	Cash	\$126 821	\$ 152 450
	Accounts Receivable	\$ 60	-
	Prepaid expenses	\$ 6 529	\$ 1 518
	HST Receivable	\$ 4 965	\$ 824
		\$ 138 375	\$ 154 792
Liabilities			
Current Liabilities			
	Accounts Payable and Accrued Liabilities	\$ 3 432	\$ 3 203
	Deferred Revenue	-	\$ 2 000
		\$ 3 432	\$ 5 203
Net Assets			
	Unexpended funds	\$ 134 943	\$ 149 589
		\$ 138 375	\$ 154 792



Revenues

Renewal income was down last year due to the pandemic and CBIA is hopeful the numbers will rebound in 2021. Also, CIBIA had to cancel both the in-person AGM and Conference and received none of the usual revenue. In place of those events, CBIA held a large number of well attended webinars which are offered at no charge to members.

Expenses

Expenses were down, even with a complete overhaul of the website. CBIA has now moved its database to a sophisticated association management software system that is integrated with the website. This allows members to update their profiles as well as pay for dues and register for events online.

Statement of Revenues & Expenses		YEAR ENDED DEC 31, 2020	
		2020	2019
Revenues			
	Membership Fees	\$ 83 500	\$ 99 500
	Conference	-	\$45 775
	AGM	-	\$ 650
		\$ 83 500	\$ 145 925
Expenses			
	Management Fees	\$ 45 500	\$ 44 500
	Website Development & Maintenance	\$ 40 002	\$ 146
	Professional Fees	\$ 3 200	\$ 11 200
	Bank Charges and Interest	\$ 2 688	\$ 3 971
	Insurance	\$ 2 549	\$ 2 520
	Member Forums	\$ 2 500	\$ 1 938
	Communications	\$ 980	\$ 718
	Postage & Courier	\$ 247	\$ 182
	Printing & Stationery	\$ 223	\$ 905
	Committee	\$ 156	\$ 296
	Board Meetings	\$ 69	\$ 3 428
	Office	\$ 32	\$ 20
	Conference	-	\$ 50 708
	AGM	-	\$7 771
		\$ 98 146	\$ 128 303
	(Deficiency) Excess of Revenues over Expense for the Year	(\$ 14 646)	\$ 17 622
	Net Assets, Beginning of the Year	\$ 149 589	\$ 131 967
	Net Assets, End of the Year	\$ 134 943	\$ 149 589

Member Forums

Virtual events on top-of-mind issues

Unfortunately, due to the restrictions on large public gatherings CBIA was forced to cancel our annual November conference but instead delivered nine webinars across a variety of topics throughout the year to engage our membership.

Webinar topics ranged from educational issues related to the pandemic outlook (BlueDot) and the vaccine journey to more fixed income market discussions surrounding the launch of AT1 as a new bond alternative, climate related financial disclosure, centralized clearing for Cdn repos and alternative data use for analysis. In total over 350 members attended webinars in 2020, which demonstrated the strong interest in our work.

Towards a Framework for GoC Market Functioning December 10, 2020

The GoC Market Functioning Steering Group (GMF) is studying and designing a framework (blueprint) for supporting GoC market functioning in a low-rate environment. Among other components, the framework blueprint will include a fail fee to incentivize the timely settlement of GoC securities. The panel, moderated by the CBIA's Irina Issakova, featured Brian D'Costa, Algonquin Capital with Harri Vikstedt, and Micheal Mueller from the Bank of Canada.

This webinar covered the following:

- Background on the formation of the GMF
- The group's work to date and path forward
- Information on how CBIA members will be able to contribute to the initiative

Centralized Clearing in the Canadian Repo Market November 26, 2020

Centralized repo clearing has been growing in Canada in recent years. The CBIA's Irina Issakova spoke with Adolfo Sasfron of the TMX for an update on the development of the sponsored clearing repo model for buy-side organizations.

Climate-Related Financial Disclosures November 10, 2020

The CBIA partnered with the Pension Investment Association of Canada (PIAC) to hold a joint webinar on incorporating climate change risk into investment analysis, and the Investor Leadership Network's (ILN) Climate Change Initiative's newest report, Climate Change Mitigation and your portfolio: Practical Tools for Investors. Moderator Angela Lam, CBIA ESG Committee Co-Chair welcomed Katharine Preston from OMERS and Eli Angen from Ontario Teachers' Pension Plan. This ILN report is meant to provide investors with a practical tool to understand both decarbonization pathways and issuer scenario analysis. It contains detailed guidance on strengthening climate-related disclosures, focused on decarbonization scenarios in line with the Paris Agreement.

After the Pandemic November 3, 2020

Stephen King, a Senior Economic Adviser at HSBC, shared his thoughts on how society and economies could change after the COVID-19 pandemic. Could this pandemic do permanent long term damage to the global economy? What are the near and long-term implications for us?

Insolvency Law Issues of Interest to Bondholders October 20, 2020

Joe Morin from the CBIA and Raj Sahni from Bennett Jones discussed insolvency issues that may arise during the COVID-19 Pandemic.

AT1 – The New Bond Alternative September 22, 2020

Randall Malcolm represented the CBIA as he spoke with Ken Mason and David Power of RBC and Marnia Mets from FTSE Russell on the nuts and bolts of the new AT1 issuance and its impact on the Canadian bond market.

Infectious Disease Surveillance with BlueDot July 22, 2020

BlueDot empowers governments and businesses around the world with predictive and quantifiable risk awareness for over 150 dangerous infectious diseases. In late December, BlueDot was among the first in the world to detect COVID-19 and since then has remained one step ahead of the virus, anticipating its spread many weeks in advance. In the session, moderated by CBIA Chair Ian McKinnon, BlueDot's John Shahidi addressed how BlueDot's data and analytics can help keep organizations one step ahead of the virus, anticipate second waves, and navigate challenging situations such as the upcoming influenza season.

The New Economic Environment and Canada's Real Estate Market June 18, 2020

Jacqui Szeto from the CBIA along with Dr. Avery Shenfeld from CIBC and Ben Rabidoux of North Cover Advisors, took an in-depth look at the current economic environment and specifically the Canadian real estate market.

Bank of Canada Bond Purchase Programs May 26, 2020

A discussion on the Bank of Canada's Large Scale Asset Purchase Programs (LSAP) and their impacts on the bond markets with a focus on secondary and primary market liquidity.

The Bank of Canada joined all global central banks in unleashing a series of unprecedented liquidity measures, including various Large Scale Asset Purchase Programs to help restore market confidence and functioning. These programs have been successful so far in restoring market confidence, but we are not out of the woods yet, and many unanswered questions remain.

In this webinar they discussed the successes, challenges and impacts of the LSAP tools on the functioning of bond markets in Canada. After remarks from the Bank of Canada, and brief commentary from both buy-side and sell-side panelists, it was up to polling as well as a question and answer period from our Members. The main focus was on market liquidity.

Featured Presenters:

- > Jim Byrd, Global Head, Rates Trading; Head, Fixed Income, Currencies and Commodities (FICC) Canada, RBC Capital Markets
- > Mark Hardisty, Special Advisor to the Governor, Bank of Canada
- > Ian McKinnon, Executive Vice-President, Core Fixed Income, Addenda Capital
- > Harri Vikstedt, Senior Director, Bank of Canada

350

MEMBERS ATTENDED NINE
WEBINARS HELD IN 2020



Members

Institutional

Canadian institutions which are fixed income institutional investors are eligible to become Institutional Members. This includes the investment management subsidiaries of investment dealers or affiliates of investment dealers.

1832 Asset Management L.P.
 Addenda Capital
 AGF Investments
 Alberta Investment Management Corporation (AIMCo)
 Alberta Teachers' Retirement Fund
 Baker Gilmore & Associates Inc.
 BCI
 Beutel Goodman
 BlackRock Asset Management Canada Limited
 BMO Global Asset Management Inc.
 Canada Mortgage and Housing Corporation
 Canada Pension Plan Investment Board
 Canso Investment Counsel Ltd.
 CBC Pension Fund
 Central 1 Credit Union
 CI Investments – Signature Global Asset Management
 CIBC Asset Management
 Connor, Clark & Lunn Investment Management Ltd.
 Credit Union Central of Manitoba
 Deans Knight Capital Management Ltd.
 Desjardins Global Asset Management
 Equitable Life Insurance
 Fidelity Investments / Pyramis Global Advisors
 Fiera Capital
 Franklin Bissett Investment Management
 Gluskin Sheff & Associates
 Guardian Capital LP
 Healthcare of Ontario Pension Plan
 Industrial Alliance Investment Management Inc.
 Intact Investment Management Inc.
 Mackenzie Investments
 Manulife Asset Management
 Manulife Investment Management
 Meag Ny
 Municipal Finance Authority of British Columbia
 OMERS
 OPTrust
 Polar Asset Management Partners
 SLC Management (Sun Life Financial)
 State Street Global Advisors
 TD Asset Management
 Trans-Canada Capital Inc.
 Vancity Investment Management
 Vestcor Investment Management Corporation

Affiliate

Canadian entities that are involved directly or indirectly in fixed income investments, who do not meet the definitional requirements to become an “Institutional Member” (i.e. Canadian fixed income institutional investor organizations) may apply for “Affiliate Membership”. This category is open to, but not limited to law firms, accounting firms, ratings agencies, and other firms providing advice and service to the industry.

Aird & Berlis LLP
 Bennett Jones LLP
 Bloomberg LP
 Candeal
 DBRS Ltd.
 Fitch Ratings
 FTSE Russell
 IHS Markit
 S & P Global Ratings



CBIA Staff



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