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British Columbia Investment Management Corporation  
Pooled Investment Portfolios  
Group of Funds

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Short Term Bond Fund  
Canadian Universe Bond Fund  
Fixed Term Mortgage Fund  
Construction Mortgage Fund  
Active Canadian Small Cap Equity Fund  
Active U.S. Small Cap Equity Fund  
Active Japan Equity Fund  
Active Asian Ex-Japan Equity Fund  
Active European Equity Fund  
Enhanced Indexed European Equity Fund  
Indexed European Equity Fund  
Active EAFE Equity Fund  
Enhanced Indexed EAFE Equity Fund  
Indexed EAFE Equity Fund  
Active Global Equity Fund  
Strategic Investment Public Equity Fund

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FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

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**British Columbia Investment Management Corporation**  
**Pooled Investment Portfolios**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

British Columbia Investment Management Corporation (bcIMC) manages Pooled Investment Portfolios on behalf of governing fiduciaries such as pension fund trustees and other public sector clients. This report contains the financial statements for the following Pooled Investment Portfolios for the years (or periods) ending December 31, 2009:

Short Term Bond Fund	Active European Equity Fund
Canadian Universe Bond Fund	Enhanced Indexed European Equity Fund
Fixed Term Mortgage Fund	Indexed European Equity Fund
Construction Mortgage Fund	Active EAFE Equity Fund
Active Canadian Small Cap Equity Fund	Enhanced Indexed EAFE Equity Fund
Active U.S. Small Cap Equity Fund	Indexed EAFE Equity Fund
Active Japan Equity Fund	Active Global Equity Fund
Active Asian Ex-Japan Equity Fund	Strategic Investment Public Equity Fund
(collectively, the Funds)	

The financial statements of the Funds have been prepared by management of bcIMC and approved by the Chief Investment Officer/Chief Executive Officer. All of the financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies used in the preparation of these statements are disclosed in note 2 to the financial statements. The statements include certain amounts that are based on management's judgement and best estimates.

bcIMC's Board has established an Audit Committee. The Committee's mandate includes making recommendations on the appointment of the external auditor for the Funds, reviewing the external audit plan; reviewing bcIMC's Report on Controls Placed in Operation and Tests of Operating Effectiveness of Controls for the Investment System of British Columbia Investment Management Corporation, and receiving the annual audited financial statements of the Funds. The Committee reviews the recommendations of the internal and external auditors with respect to internal controls and the responses of management to those recommendations, and also meets with management and the internal and external auditors to review annual audit plans.

bcIMC maintains systems of internal control and supporting processes to provide reasonable assurance that assets are safeguarded; that transactions are appropriately authorized and recorded; and that there are no material misstatements in the financial statements. bcIMC's internal control framework includes: a strong corporate governance structure; a code of conduct that includes conflict of interest guidelines; an organizational structure that provides for appropriate segregation of duties and accountability for performance; an enterprise-wide risk management framework that identifies, monitors and reports on key risks; and Board-approved pooled investment portfolio policies and client-approved investment mandates. bcIMC's system of internal control is supported by internal and external auditors who review and evaluate internal controls and report directly to the Audit Committee.

bcIMC's external auditors, KPMG LLP, have full and unrestricted access to the Audit Committee and bcIMC management. KPMG discusses with management and the Committee the results of their audit of the Funds' financial statements and related findings with respect to such audits. Each Fund's financial statements are audited by KPMG LLP in accordance with Canadian generally accepted auditing standards. KPMG LLP has performed such tests and other procedures as they considered necessary to express an opinion on the Funds' financial statements.



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Doug Pearce  
Chief Executive Officer, Chief Investment Officer



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David Woodward  
Vice President, Finance & Operations



**KPMG LLP**  
**Chartered Accountants**  
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Canada

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## AUDITORS' REPORT

To the unitholders of the following funds managed by British Columbia Investment Management Corporation (the Manager):

Short Term Bond Fund	Active European Equity Fund
Canadian Universe Bond Fund	Enhanced Indexed European Equity Fund
Fixed Term Mortgage Fund	Indexed European Equity Fund
Construction Mortgage Fund	Active EAFE Equity Fund
Active Canadian Small Cap Equity Fund	Enhanced Indexed EAFE Equity Fund
Active U.S. Small Cap Equity Fund	Indexed EAFE Equity Fund
Active Japan Equity Fund	Active Global Equity Fund
Active Asian Ex-Japan Equity Fund	Strategic Investment Public Equity Fund

(collectively, the Funds)

We have audited the statements of net assets and of investments of the Funds as at December 31, 2009 and their statements of operations and change in net assets, and of cash flows for the year (or shorter period since establishment as indicated in note 1) ended December 31, 2009. These financial statements are the responsibility of the Funds' Manager. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Manager, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets and investments of the Funds as at December 31, 2009, and the results of their operations, the changes in their net assets, and their cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Vancouver, Canada

March 19, 2010

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**SHORT TERM BOND FUND**

**Statement of Net Assets**

as at December 31

(in \$000s except number of units outstanding)

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Investments at fair value	601,231	817,417
Receivable from sale of investments	-	100,216
Receivable from issue of units	62,388	-
Accrued investment income	2,800	3,327
	<u>666,419</u>	<u>920,960</u>
<b>Liabilities</b>		
bclMC funds management fees payable (note 8)	16	32
Payable for purchase of investments	61,268	-
Payable for redemption of units	2,768	100,000
Custodial fees payable	3	6
Accounts payable	5	6
	<u>64,060</u>	<u>100,044</u>
<b>Net assets representing unitholders' equity</b>	<u>602,359</u>	<u>820,916</u>
Number of units outstanding (note 9)	270.532	376.146
<b>Net asset value per unit</b>	<u>2,227</u>	<u>2,182</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets**

for the year ended December 31

(in \$000s)

	<u>2009</u>	<u>2008</u>
Investment Income	17,353	57,852
Expenses (note 8):		
bclMC funds management fees	262	512
Custodial fees	12	31
Administrative and professional fees	5	4
	<u>279</u>	<u>547</u>
<b>Net investment income</b>	17,074	57,305
Realized and unrealized gains (losses):		
Net realized gain	30,417	60,268
Change in unrealized gain (loss)	(33,690)	20,845
	<u>(3,273)</u>	<u>81,113</u>
<b>Net income from operations</b>	13,801	138,418
Capital Transactions:		
Proceeds from units issued	502,965	1,755,106
Amounts paid for units redeemed	(735,323)	(3,545,779)
	<u>(232,358)</u>	<u>(1,790,673)</u>
Decrease in net assets	(218,557)	(1,652,255)
Net assets, beginning of year, as previously reported	820,916	2,473,666
Transitional adjustment (note 5)	-	(495)
<b>Net Assets, end of year</b>	<u>602,359</u>	<u>820,916</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**SHORT TERM BOND FUND**

**Statement of Cash Flows**  
**for the year ended December 31**  
**(in \$000s)**

	<u>2009</u>	<u>2008</u>
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income from operations	13,801	138,418
Items not affecting cash:		
Amortization of premiums and discounts	6,897	10,110
Net realized gain	(30,417)	(60,268)
Change in unrealized loss (gain)	<u>33,690</u>	<u>(20,845)</u>
	23,971	67,415
Changes in non-cash operating accounts:		
Receivable from sale of investments	100,216	(100,216)
Receivable from issue of units	(62,388)	925
Accrued investment income	527	20,369
bcIMC funds management fees payable	(16)	(20)
Payable for purchase of investments	61,268	-
Payable for redemption of units	(97,232)	99,550
Custodial fees payable	(3)	(6)
Accounts payable	(1)	-
	<u>26,342</u>	<u>88,017</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	3,236,117	9,847,286
Amounts paid for purchase of investments	<u>(3,030,101)</u>	<u>(8,144,630)</u>
	<u>206,016</u>	<u>1,702,656</u>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	502,965	1,755,106
Amounts paid for units redeemed	<u>(735,323)</u>	<u>(3,545,779)</u>
	<u>(232,358)</u>	<u>(1,790,673)</u>
<b>Net increase in cash</b>	-	-
<b>Cash, beginning of year</b>	-	-
<b>Cash, end of year</b>	<u>-</u>	<u>-</u>

**Statement of Investments**  
**as at December 31**  
**(in \$000s)**

	<u>2009</u>		<u>2008</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Bonds:</b>				
Federal Government	468,070	468,620	469,935	451,956
Provincial Government	95,966	96,284	336,250	321,261
Municipal Government	21,996	21,769	5,597	5,513
	<u>586,032</u>	<u>586,672</u>	<u>811,782</u>	<u>778,730</u>
<b>Money Market Investments:</b>				
Units in bcIMC Pooled Investment Portfolio Fund ST1	<u>15,199</u>	<u>15,198</u>	<u>5,635</u>	<u>5,636</u>
<b>Total Investments</b>	<u>601,231</u>	<u>601,870</u>	<u>817,417</u>	<u>784,366</u>

See accompanying Notes to the Financial Statements.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**SHORT TERM BOND FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Short Term Bond Fund (the Fund) is to increase returns relative to the Fund's benchmark, the DEX Short Term Government Bond Index. The Fund is actively managed. The portfolio manager attempts to increase the returns relative to the Fund's benchmark by employing the following strategies:

- anticipating yield curve changes,
- anticipating credit spread changes,
- quality swaps,
- yield pickups, and
- sector strategies.

The Fund invests primarily in Canadian dollar denominated debt securities issued by, or guaranteed by, the Government of Canada, sovereign governments or supranational entities. The Fund may also hold units in the bclMC's Pooled Investment Portfolio ST1 for cash management purposes. Debt securities issued by non-Canadian entities must be rated "BBB low" or better by Standard & Poor's or have an equivalent rating from another credit rating agency. The Fund may not invest in derivatives with exception of the securities noted above.

The Fund's activities expose it to a variety of financial risks as described below.

**Credit Risk**

As at December 31, the Fund invested in debt instruments with the following credit ratings:

<b>BONDS BY CREDIT RATING (\$000s)</b>	<b>2009</b>		<b>2008</b>	
	<b>Total</b>	<b>% of Total</b>	<b>Total</b>	<b>% of Total</b>
<b>AAA/AA</b>	<b>534,163</b>	<b>91.1%</b>	726,964	89.6%
<b>A</b>	<b>51,869</b>	<b>8.9%</b>	84,818	10.4%
<b>Total Bonds</b>	<b>586,032</b>	<b>100.0%</b>	811,782	100.0%

**Financial Risk Management Discussion (continued)  
as at December 31**

**Interest Rate Risk**

As at December 31, the Fund invested in debt instruments with the following terms to maturity and average effective yield:

<b>BONDS BY MATURITY DATE (\$000s)</b>	<b>2009</b>		<b>2008</b>	
	<b>Total</b>	<b>Avg Effective Yield</b>	<b>Total</b>	<b>Avg Effective Yield</b>
<b>Within 1 year</b>	<b>2,699</b>	<b>1.47%</b>	146,140	0.32%
<b>1 to 5 years</b>	<b>583,333</b>	<b>2.22%</b>	665,642	2.29%
<b>Total Bonds</b>	<b>586,032</b>	<b>2.21%</b>	811,782	1.94%

The duration is to be managed within  $\pm$  20 percent of the benchmark duration. As at December 31, 2009, the Fund had a duration of 2.8 years. The maximum term to maturity is 5 years.

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$16,673,000 (2008 - \$24,110,000). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

**Other Price Risk**

The Fund is not exposed to other price risk since the Fund's assets and liabilities are fixed income instruments.

**Currency Risk**

The Fund is not exposed to currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**SHORT TERM BOND FUND**

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

(\$000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Money Market Investments</b>	-	15,199	15,199
<b>Bonds</b>	-	586,032	586,032
<b>Total Investments</b>	-	601,231	601,231

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

(\$000s)	2008		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
Money Market Investments	-	5,635	5,635
Bonds	-	811,782	811,782
Total Investments	-	817,417	817,417

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2008.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**CANADIAN UNIVERSE BOND FUND**

**Statement of Net Assets**

as at December 31

(in \$000s except number of units outstanding)

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Investments at fair value	14,674,622	14,769,172
Receivable from sale of investments	-	50,327
Receivable from issue of units	1,290	-
Accrued investment income	<u>102,085</u>	<u>118,552</u>
	<u>14,777,997</u>	<u>14,938,051</u>
<b>Liabilities</b>		
bclMC funds management fees payable (note 8)	302	318
Payable for purchase of investments	-	91,239
Custodial fees payable	44	68
Accounts payable	<u>5</u>	<u>6</u>
	<u>351</u>	<u>91,631</u>
<b>Net assets representing unitholders' equity</b>	<u>14,777,646</u>	<u>14,846,420</u>
Number of units outstanding (note 9)	11,928,065	12,860,348
<b>Net asset value per unit</b>	<u>1,239</u>	<u>1,154</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets**

for the year ended December 31

(in \$000s)

	<u>2009</u>	<u>2008</u>
Investment Income	<u>586,017</u>	<u>643,437</u>
Expenses (note 8):		
bclMC funds management fees	3,568	4,104
Custodial fees	215	265
Administrative and professional fees	<u>5</u>	<u>4</u>
	<u>3,788</u>	<u>4,373</u>
<b>Net investment income</b>	582,229	639,064
Realized and unrealized gains (losses):		
Net realized gain	173,426	227,577
Change in unrealized gain (loss)	<u>205,772</u>	<u>(99,413)</u>
	<u>379,198</u>	<u>128,164</u>
<b>Net income from operations</b>	961,427	767,228
Capital Transactions:		
Proceeds from units issued	2,780,455	2,854,916
Amounts paid for units redeemed	<u>(3,810,656)</u>	<u>(1,739,866)</u>
	<u>(1,030,201)</u>	<u>1,115,050</u>
Increase (decrease) in net assets	(68,774)	1,882,278
Net assets, beginning of year, as previously reported	14,846,420	12,971,955
Transitional adjustment (note 5)	<u>-</u>	<u>(7,813)</u>
<b>Net Assets, end of year</b>	<u>14,777,646</u>	<u>14,846,420</u>

See accompanying Notes to the Financial Statements.



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**CANADIAN UNIVERSE BOND FUND**

**Statement of Cash Flows**  
**for the year ended December 31**  
**(in \$000s)**

	2009	2008
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income from operations	961,427	767,228
Items not affecting cash:		
Amortization of premiums and discounts	(16,832)	1,202
Net realized gain	(173,426)	(227,577)
Change in unrealized loss (gain)	<u>(205,772)</u>	<u>99,413</u>
	565,397	640,266
Changes in non-cash operating accounts:		
Receivable from sale of investments	50,327	50,327
Receivable from issue of units	(1,290)	(1,290)
Accrued investment income	16,467	16,467
bcIMC funds management fees payable	(16)	(16)
Payable for purchase of investments	(91,239)	(91,239)
Custodial fees payable	(24)	(24)
Accounts payable	<u>(1)</u>	<u>(1)</u>
	<u>539,622</u>	<u>614,490</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	61,111,225	62,892,748
Amounts paid for purchase of investments	<u>(60,620,646)</u>	<u>(64,648,955)</u>
	490,579	<u>(1,756,207)</u>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	2,780,455	2,854,916
Amounts paid for units redeemed	<u>(3,810,656)</u>	<u>(1,739,866)</u>
	<u>(1,030,201)</u>	<u>1,115,050</u>
<b>Net increase in cash</b>	-	-
<b>Cash, beginning of year</b>	-	-
<b>Cash, end of year</b>	<u>-</u>	<u>-</u>

**Statement of Investments**  
**as at December 31**  
**(in \$000s)**

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
<b>Bonds:</b>				
Federal Government	4,654,657	4,661,054	6,942,834	6,676,293
Provincial Government	3,994,825	4,009,843	2,207,157	2,200,478
Municipal Government	24,690	24,391	143,296	142,068
Corporate	5,642,795	5,483,139	4,843,613	5,180,790
Maple	-	-	<u>373,997</u>	<u>378,483</u>
	<u>14,316,967</u>	<u>14,178,427</u>	<u>14,510,897</u>	<u>14,578,112</u>
<b>Money Market Investments:</b>				
Units in bcIMC Pooled Investment Portfolio Fund ST1	<u>357,655</u>	<u>357,654</u>	<u>258,275</u>	<u>258,291</u>
<b>Total Investments</b>	<u>14,674,622</u>	<u>14,536,081</u>	<u>14,769,172</u>	<u>14,836,403</u>

See accompanying Notes to the Financial Statements.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**CANADIAN UNIVERSE BOND FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Canadian Universe Bond Fund (the Fund) is to increase returns relative to the Fund's benchmark, the DEX Universe Bond Index. The Fund is actively managed. The portfolio manager attempts to increase the returns relative to the Fund's benchmark by employing the following strategies:

- anticipating yield curve changes,
- anticipating credit spread changes,
- quality swaps,
- yield pickups, and
- sector strategies.

The Fund invests in the following securities:

- government and investment-grade corporate debt securities, denominated in Canadian dollars with a term to maturity of up to 30 years
- fixed income securities that are issued, insured or guaranteed by the Government of Canada or a provincial or municipal government,
- Canadian dollar denominated fixed income securities issued or guaranteed by a sovereign government or supranational entity,
- Canadian dollar denominated fixed income securities issued by corporations, trusts, income trusts, limited partnerships and non-profit entities such as airports, universities and pension funds,
- private placement fixed income securities with prior CIO approval, and
- bclMC's Pooled Investment Portfolios ST1 and ST2.

The following restrictions apply to the holding of securities in the Fund:

- Corporate, and government debt securities issued by non-Canadian entities held by the Fund shall be rated "BBB low" or better by Standard & Poor's or have an equivalent rating from another credit rating agency.
- Not more than 10 percent of the market value of the Fund shall be invested in the debt of any one company.
- The Fund's allocation to corporate bonds shall not exceed 10 percentage points above the weighting of corporate bonds within the Index.
- The Fund's weighting of BBB bonds shall not exceed 2 percentage points above the weighting of BBB bonds within the Index.

**Financial Risk Management Discussion (continued)  
as at December 31**

- The Fund may not invest in derivatives.

If any issue is downgraded below the approved credit standard, bclMC has the discretion to determine the appropriate timing of any sale so as to maximize sale proceeds.

The Fund's activities expose it to a variety of financial risks as described below.

**Credit Risk**

As at December 31, the Fund invested in debt instruments with the following credit ratings:

<b>BONDS BY CREDIT RATING (\$000s)</b>	<b>2009</b>		<b>2008</b>	
	<b>Total</b>	<b>% of Total</b>	<b>Total</b>	<b>% of Total</b>
<b>AAA/AA</b>	<b>8,985,260</b>	<b>62.8%</b>	11,867,531	81.8%
<b>A</b>	<b>4,414,717</b>	<b>30.8%</b>	2,415,755	16.6%
<b>BBB</b>	<b>916,990</b>	<b>6.4%</b>	227,611	1.6%
<b>Total Bonds</b>	<b>14,316,967</b>	<b>100.0%</b>	14,510,897	100.0%

**Interest Rate Risk**

As at December 31, the Fund invested in debt instruments with the following terms to maturity and average effective yield:

<b>BONDS BY MATURITY DATE (\$000s)</b>	<b>2009</b>		<b>2008</b>	
	<b>Total</b>	<b>Avg Effective Yield</b>	<b>Total</b>	<b>Avg Effective Yield</b>
<b>Within 1 year</b>	<b>262</b>	<b>2.51%</b>	75,117	3.62%
<b>1 to 5 years</b>	<b>5,377,548</b>	<b>2.56%</b>	5,818,869	2.87%
<b>5 to 10 years</b>	<b>5,240,241</b>	<b>4.21%</b>	3,643,212	4.86%
<b>Over 10 years</b>	<b>3,698,916</b>	<b>4.85%</b>	4,973,699	5.40%
<b>Total Bonds</b>	<b>14,316,967</b>	<b>3.75%</b>	14,510,897	4.19%

The duration is to be managed within  $\pm$  20 percent of the benchmark duration. As at December 31, 2009, the Fund had a duration of 6 years.

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO

**CANADIAN UNIVERSE BOND FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

held constant, net assets would have decreased or increased, respectively, by approximately \$863,743,000 (2008 – \$972,230,000). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Other Price Risk**

The Fund is not exposed to other price risk since the Fund's assets and liabilities are fixed income instruments.

**Currency Risk**

The Fund is not exposed to currency risk since all cash and investments are denominated in Canadian dollars.

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
(\$000s)			
<b>Money Market Investments</b>	-	357,655	357,655
<b>Bonds</b>	-	14,316,967	14,316,967
<b>Total Investments</b>	-	14,674,622	14,674,622

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

	2008		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
(\$000s)			
Money Market Investments	-	258,275	258,275
Bonds	-	14,510,897	14,510,897
Total Investments	-	14,769,172	14,769,172

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2008.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**FIXED TERM MORTGAGE FUND**

**Statement of Net Assets**

as at December 31

(in \$000s except number of units outstanding)

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Investments at fair value	2,881,085	2,830,060
Receivable from issue of units	-	200,000
	<u>2,881,085</u>	<u>3,030,060</u>
<b>Liabilities</b>		
bcIMC funds management fees payable (note 8)	89	101
Payable for redemption of units	5,000	217,000
Accounts payable	36	47
	<u>5,125</u>	<u>217,148</u>
<b>Net assets representing unitholders' equity</b>	<u>2,875,960</u>	<u>2,812,912</u>
Number of units outstanding (note 9)	984.790	1,029.656
<b>Net asset value per unit</b>	<u>2,920</u>	<u>2,732</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets**

for the year ended December 31

(in \$000s)

	<u>2009</u>	<u>2008</u>
Investment Income	143,110	37,653
Expenses (note 8):		
bcIMC funds management fees	1,160	1,235
Administrative and professional fees	27	29
Custodial fees	1	2
	<u>1,188</u>	<u>1,266</u>
<b>Net investment income</b>	141,922	36,387
Realized and unrealized gains (losses):		
Net realized gain (loss)	(5)	13
Change in unrealized gain	51,131	121,746
	<u>51,126</u>	<u>121,759</u>
<b>Net income from operations</b>	193,048	158,146
Capital Transactions:		
Proceeds from units issued	199,246	770,963
Amounts paid for units redeemed	(329,246)	(436,963)
	<u>(130,000)</u>	<u>334,000</u>
Increase in net assets	63,048	492,146
Net assets, beginning of year	2,812,912	2,320,766
<b>Net Assets, end of year</b>	<u>2,875,960</u>	<u>2,812,912</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**FIXED TERM MORTGAGE FUND**

**Statement of Cash Flows**  
**for the year ended December 31**  
**(in \$000s)**

	2009	2008
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income from operations	193,048	158,146
Items not affecting cash:		
Net realized loss (gain)	5	(13)
Change in unrealized loss (gain)	(51,131)	(121,746)
	<u>141,922</u>	<u>36,387</u>
Changes in non-cash operating accounts:		
Receivable from issue of units	200,000	(98,000)
bcIMC funds management fees payable	(12)	16
Payable for redemption of units	(212,000)	217,000
Accounts payable	(11)	(7)
	<u>129,899</u>	<u>155,396</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	294,213	572,497
Purchase of investments	(294,112)	(1,061,893)
	<u>101</u>	<u>(489,396)</u>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	199,246	770,963
Amounts paid for units redeemed	(329,246)	(436,963)
	<u>(130,000)</u>	<u>334,000</u>
<b>Net increase in cash</b>	-	-
<b>Cash, beginning of year</b>	-	-
<b>Cash, end of year</b>	<u>-</u>	<u>-</u>

**Statement of Investments**  
**as at December 31**  
**(in \$000s)**

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
<b>Mortgage Investments<sup>1</sup>:</b>	2,873,018	2,620,497	2,791,891	2,590,496
<b>Money Market Investments:</b>				
Units in bcIMC Pooled				
Investment Portfolio Fund ST1	8,067	8,068	38,169	38,175
<b>Total Investments</b>	<u>2,881,085</u>	<u>2,628,565</u>	<u>2,830,060</u>	<u>2,628,671</u>

<sup>1</sup>The mortgage investments are held through a limited partnership.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**FIXED TERM MORTGAGE FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Fixed Term Mortgage Fund (the Fund) is to increase returns relative to the Fund's benchmark, the DEX Short Term Bond Index plus 100 basis points (to compensate for illiquidity and credit risk relative to the bond index).

The Fund is actively managed. Portfolio managers utilize a multi-factor risk rating model to assess risk levels of individual investment opportunities. The risk factors that are evaluated include location, structure quality, tenant quality, borrower and covenantor's financial strength, loan to value levels, debt servicing ability, and borrower's experience. This information is used to determine the risk premium for each mortgage investment. The Fund maintains a prudent level of diversification by property type, geographic location, investment size, and risk.

The Fund invests in the following securities:

- high quality privately negotiated fixed term commercial and multi-family residential mortgages, which may be shared loans with other investors,
- Canadian fixed term first mortgages,
- Canadian fixed term second and third mortgages and first mortgage bonds, with CIO approval,
- government debt securities with a maximum term to maturity of 5 years, and
- bcIMC's Pooled Investment Portfolios ST1 and ST2

The following restrictions apply to the Fund:

- Mortgages must be eligible investments under the *Pensions Benefits Standards Act*.
- No mortgages will be made without a site inspection, current appraisal and a current environmental audit.
- No mortgages will be made on raw land.
- The Fund may not invest in derivatives.

**Financial Risk Management Discussion (continued)  
as at December 31**

The Fund holds most of its investments through a limited partnership. The limited partnership holds the following investments and other net receivables:

	2009		2008	
	Total	% of Total	Total	% of Total
<b>(\$000s)</b>				
<b>Fixed-Rate Mortgages</b>	<b>2,815,387</b>	<b>98.0%</b>	2,537,175	90.9%
<b>Mortgage Bonds</b>	<b>40,532</b>	<b>1.4%</b>	129,941	4.7%
<b>Money Market Investments</b>	<b>3,555</b>	<b>0.1%</b>	112,441	4.0%
<b>Other Net Receivables</b>	<b>13,544</b>	<b>0.5%</b>	12,334	0.4%
<b>Total Net Assets of Limited Partnership</b>	<b>2,873,018</b>	<b>100.0%</b>	2,791,891	100.0%

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the investments held by the limited partnership have been considered.

**Credit Risk**

The majority of the Fund's holdings are in uninsured first mortgages where the possibility of a borrower defaulting on payment obligations exists. To reduce default risk, the Pool invests in uninsured mortgages with conservative loan to value ratios. No uninsured mortgages will be entered into if they exceed a 75% loan-to-value ratio at inception and no insured mortgages will be entered into if they exceed a 95% loan-to-value ratio at inception. Also, all mortgages will include additional collateral and guarantees from borrowers. The fair value of the Fund's mortgage and money market investments represents the Fund's maximum exposure to credit risk.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**FIXED TERM MORTGAGE FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

Fixed-rate mortgages in the Fund are diversified across industry sectors. Sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Industrial	741,385	26.3%	739,671	29.2%
Office	765,132	27.2%	557,361	22.0%
Residential	360,479	12.8%	378,811	14.9%
Retail	831,171	29.5%	844,247	33.2%
Other	117,220	4.2%	17,084	0.7%
<b>Total Mortgages</b>	<b>2,815,387</b>	<b>100.0%</b>	<b>2,537,175</b>	<b>100.0%</b>

INDUSTRY SECTOR (Number of Mortgages)	2009		2008	
	Total	% of Total	Total	% of Total
Industrial	42	25.8%	43	25.7%
Office	43	26.3%	40	24.0%
Residential	33	20.2%	37	22.2%
Retail	41	25.2%	44	26.3%
Other	4	2.5%	3	1.8%
<b>Total Mortgages</b>	<b>163</b>	<b>100.0%</b>	<b>167</b>	<b>100.0%</b>

**Interest Rate Risk**

The Fund invests in fixed term mortgages with maturities typically ranging from 1 – 10 years. The maximum duration of the Fund is 5 years. Lending rates for mortgages are determined based on the current yield of Government of Canada debt securities with a similar term to maturity plus a risk and liquidity premium.

**Financial Risk Management Discussion (continued)  
as at December 31**

As at December 31, the Fund invested in mortgages with the following terms to maturity:

MORTGAGES BY MATURITY DATE (\$000s)	2009		2008	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	202,634	3.28%	142,294	5.03%
1 to 5 years	1,350,518	3.65%	1,188,525	4.21%
5 to 10 years	1,206,108	6.09%	1,160,259	6.12%
Over 10 years	56,127	6.67%	46,097	12.34%
<b>Total Mortgages</b>	<b>2,815,387</b>	<b>4.73%</b>	<b>2,537,175</b>	<b>5.07%</b>

If prevailing interest rates increased or decreased by 1% (100 bps), with all other variables held constant, net assets would have decreased or increased, by approximately \$101,315,000 and \$105,462,000 (2008 - \$95,932,000 and \$107,967,000) respectively.

**Other Price Risk**

The Fund is not exposed to other price risk since the Fund's assets and liabilities are fixed income instruments.

**Currency Risk**

The Fund is not exposed to currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**FIXED TERM MORTGAGE FUND**

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

(\$000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Cash and Cash Equivalents</b>	<b>13,544</b>	-	<b>13,544</b>
<b>Money Market Investments</b>	-	<b>11,622</b>	<b>11,622</b>
<b>Mortgage Bonds</b>	-	<b>40,532</b>	<b>40,532</b>
<b>Mortgages</b>	-	<b>2,815,387</b>	<b>2,815,387</b>
<b>Total Investments</b>	<b>13,544</b>	<b>2,867,541</b>	<b>2,881,085</b>

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

(\$000s)	2008		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
Cash and Cash Equivalents	12,334	-	12,334
Money Market Investments	-	150,610	150,610
Mortgage Bonds	-	129,941	129,941
Mortgages	-	2,537,175	2,537,175
Total Investments	12,334	2,817,726	2,830,060

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2008.



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**CONSTRUCTION MORTGAGE FUND**

**Statement of Net Assets**

as at December 31

(in \$000s except number of units outstanding)

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Investments at fair value	626,239	735,654
Receivable from issue of units	20,000	-
	<u>646,239</u>	<u>735,654</u>
<b>Liabilities</b>		
bcIMC funds management fees payable (note 8)	32	34
Payable for redemption of units	-	37,000
Accounts payable	31	41
	<u>63</u>	<u>37,075</u>
<b>Net assets representing unitholders' equity</b>	<u>646,176</u>	<u>698,579</u>
Number of units outstanding (note 9)	253.743	286.369
<b>Net asset value per unit</b>	<u>2,547</u>	<u>2,439</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets**

for the year ended December 31

(in \$000s)

	<u>2009</u>	<u>2008</u>
Investment Income	27,115	20,816
Expenses (note 8):		
bcIMC funds management fees	487	456
Administrative and professional fees	32	25
Custodial fees	-	1
	<u>519</u>	<u>482</u>
<b>Net investment income</b>	26,596	20,334
Realized and unrealized gains (losses):		
Net realized gain (loss)	(1)	6
Change in unrealized gain	2	30,065
	<u>1</u>	<u>30,071</u>
<b>Net income from operations</b>	26,597	50,405
Capital Transactions:		
Proceeds from units issued	102,000	144,030
Amounts paid for units redeemed	(181,000)	(302,530)
	<u>(79,000)</u>	<u>(158,500)</u>
Decrease in net assets	(52,403)	(108,095)
Net assets, beginning of year	698,579	806,674
<b>Net Assets, end of year</b>	<u>646,176</u>	<u>698,579</u>

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**CONSTRUCTION MORTGAGE FUND**

**Statement of Cash Flows**  
**for the year ended December 31**  
**(in \$000s)**

	<u>2009</u>	<u>2008</u>
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income from operations	26,597	50,405
Items not affecting cash:		
Net realized loss (gain)	1	(6)
Change in unrealized gain	<u>(2)</u>	<u>(30,065)</u>
	26,596	20,334
Changes in non-cash operating accounts:		
Receivable from issue of units	(20,000)	6,000
bcIMC funds management fees payable	(2)	(12)
Payable for redemption of units	(37,000)	37,000
Accounts payable	<u>(10)</u>	<u>(5)</u>
	<u>(30,416)</u>	<u>63,317</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	323,450	288,561
Purchase of investments	<u>(214,034)</u>	<u>(193,378)</u>
	109,416	95,183
<b>Cash flows from financing activities</b>		
Proceeds from units issued	102,000	144,030
Amounts paid for units redeemed	<u>(181,000)</u>	<u>(302,530)</u>
	<u>(79,000)</u>	<u>(158,500)</u>
<b>Net increase in cash</b>	-	-
<b>Cash, beginning of year</b>	-	-
<b>Cash, end of year</b>	<u>-</u>	<u>-</u>

**Statement of Investments**  
**as at December 31**  
**(in \$000s)**

	<u>2009</u>		<u>2008</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Mortgage Investments<sup>1</sup>:</b>	612,596	506,920	696,513	590,837
<b>Money Market Investments:</b>				
Units in bcIMC Pooled Investment Portfolio Fund ST1	<u>13,643</u>	<u>13,643</u>	<u>39,141</u>	<u>39,143</u>
<b>Total Investments</b>	<u>626,239</u>	<u>520,563</u>	<u>735,654</u>	<u>629,980</u>

<sup>1</sup>The mortgage investments are held through a private corporation.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**CONSTRUCTION MORTGAGE FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Construction Mortgage Fund (the Fund) is to increase returns relative to the Fund's benchmark, the DEX One Year Treasury Bill Index plus 100 basis points (to compensate for illiquidity and credit risk relative to the index). Portfolio managers utilize a multi-factor risk rating model to assess risk levels of individual investment opportunities. The risk factors that are evaluated include location, structure quality, tenant quality, borrower and covenantor's financial strength, loan to value levels, loan to cost levels, debt servicing ability, and developer's experience. This information is used to determine the risk premium for each mortgage investment.

The risks associated with construction projects are mitigated by requiring the involvement of only experienced developers, obtaining construction engineer evaluations, requiring specified pre-sales/pre-leasing levels and minimum profit margin levels, as well as obtaining additional security provisions from borrowers.

The Fund invests in the following securities:

- high quality privately negotiated mortgages, which may be shared loans with other investors,
- Canadian construction first, and second, and third mortgages with CIO approval,
- Canadian first, second and third mortgages on raw land provided they are tied to a credible development plan and have CIO approval, and
- bcIMC's Pooled Investment Portfolios ST1 and ST2.

The following restrictions apply to the holding of securities in the Fund:

- Mortgages must be eligible investments under the *Pensions Benefits Standards Act*.
- The Fund does not provide mortgages on single-family houses, properties classified solely as recreational or raw land unless it is tied to a credible inspection, current appraisal and a current environmental audit.
- The Fund may not invest in derivatives.

**Financial Risk Management Discussion (continued)  
as at December 31**

The Fund holds most of its investments through a corporation. The corporation holds the following investments and other net receivables:

(\$000s)	2009		2008	
	Total	% of Total	Total	% of Total
<b>Fixed-Rate Mortgages</b>	-	<b>0.0%</b>	9,950	14%
<b>Variable-Rate Mortgages</b>	<b>603,224</b>	<b>98.5%</b>	607,148	87.2%
<b>Money Market Investments</b>	<b>7,921</b>	<b>1.3%</b>	74,797	10.7%
<b>Other Net Receivables</b>	<b>1,451</b>	<b>0.2%</b>	4,618	0.7%
	<b>612,596</b>	<b>100.0%</b>	696,513	100.0%

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the investments held by the corporation have been considered.

**Credit Risk**

The majority of the Fund's holdings are in uninsured first mortgages where the possibility of a borrower defaulting on payment obligations exists. To reduce default risk, the Fund invests in uninsured mortgages with conservative loan to value ratios. No uninsured mortgages will be entered into if they exceed a 75% loan-to-value ratio at inception and no insured mortgages will be entered into if they exceed a 95% loan-to-value ratio at inception. Also, all mortgages will include additional collateral and guarantees from borrowers. The fair value of the Fund's mortgage and money market investments represents the Fund's maximum exposure to credit risk.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**CONSTRUCTION MORTGAGE FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

*Mortgages by Industry Sector*

Investments in the Fund are diversified across industry sectors. Sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Industrial	20,743	3.4%	29,781	4.8%
Office	175,920	29.2%	149,520	24.2%
Residential	406,561	67.4%	427,052	69.3%
Retail	-	-	10,745	1.7%
<b>Total Mortgages</b>	<b>603,224</b>	<b>100.0%</b>	<b>617,098</b>	<b>100.0%</b>

INDUSTRY SECTOR (Number of Mortgages)	2009		2008	
	Total	% of Total	Total	% of Total
Industrial	2	7.7%	4	11.1%
Office	3	11.5%	3	8.3%
Residential	21	80.8%	27	75.0%
Retail	-	-	2	5.6%
<b>Total Mortgages</b>	<b>26</b>	<b>100.0%</b>	<b>36</b>	<b>100.0%</b>

**Interest Rate Risk**

The Fund invests in construction mortgages with terms ranging from 1 to 4 years. The maximum duration of the Fund is 1.5 years. As at December 31, the Fund invested in mortgages with the following terms to maturity:

MORTGAGES BY MATURITY DATE (\$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Within 1 year	348,511	57.8%	355,549	57.6%
1 to 5 years	254,713	42.2%	261,549	42.4%
<b>Total Mortgages</b>	<b>603,224</b>	<b>100.0%</b>	<b>617,098</b>	<b>100.0%</b>

**Financial Risk Management Discussion (continued)  
as at December 31**

Construction mortgages are usually extended with floating interest rates based on bank prime lending rates plus a risk and liquidity premium. Therefore, the Fund does not have significant exposure to interest rate risk.

**Other Price Risk**

The Fund is not exposed to other price risk since the Fund's assets and liabilities are fixed income instruments.

**Currency Risk**

The Fund is not exposed to currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO

**CONSTRUCTION MORTGAGE FUND**

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

(\$000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
Cash and Cash Equivalents	1,451	-	1,451
Money Market Investments	-	21,564	21,564
Mortgages	-	603,224	603,224
<b>Total Investments</b>	<b>1,451</b>	<b>624,788</b>	<b>626,239</b>

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

(\$000s)	2008		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
Cash and Cash Equivalents	4,618	-	4,618
Money Market Investments	-	113,938	113,938
Mortgages	-	617,098	617,098
<b>Total Investments</b>	<b>4,618</b>	<b>731,036</b>	<b>735,654</b>

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2008.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ACTIVE CANADIAN SMALL CAP EQUITY FUND**

**Statement of Net Assets**

as at December 31

(in \$000s except number of units outstanding)

	2009	2008
<b>Assets</b>		
Investments at fair value	73,469	80,158
Cash	894	2,030
Receivable from sale of investments	73	448
Accrued investment income	107	179
	<u>74,543</u>	<u>82,815</u>
<b>Liabilities</b>		
bclMC funds management fees payable (note 8)	5	6
Payable for purchase of investments	40	215
External management fees payable	116	181
Custodial fees payable	12	8
Accounts payable	5	4
	<u>178</u>	<u>414</u>
<b>Net assets representing unitholders' equity</b>	<u>74,365</u>	<u>82,401</u>
Number of units outstanding (note 9)	81.081	147.049
<b>Net asset value per unit</b>	<u>917</u>	<u>560</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets**

for the period ended December 31

(in \$000s)

	2009	2008
		(note 1)
Investment Income	1,500	1,082
Expenses (note 8):		
Commissions and stock exchange fees	816	837
bclMC funds management fees	70	51
External management fees	618	507
Custodial fees	43	29
Administrative and professional fees	4	4
	<u>1,551</u>	<u>1,428</u>
<b>Net investment loss</b>	(51)	(346)
Realized and unrealized gains (losses):		<sup>1</sup>
Net realized loss	(4,996)	(15,260)
Unrealized gain (loss)	50,858	(42,002)
	<u>45,862</u>	<u>(57,262)</u>
<b>Net income (loss) from operations</b>	45,811	(57,608)
Capital Transactions:		
Proceeds from units issued	110	140,009
Amounts paid for units redeemed	(53,957)	-
	<u>(53,847)</u>	<u>140,009</u>
Increase (decrease) in net assets	(8,036)	82,401
Net assets, beginning of year	82,401	-
<b>Net Assets, end of year</b>	<u>74,365</u>	<u>82,401</u>

<sup>1</sup> The net realized loss and change in unrealized gain (loss) include the following foreign exchange gains (losses):

(2)	2
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BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ACTIVE CANADIAN SMALL CAP EQUITY FUND**

**Statement of Cash Flows**  
**for the period ended December 31**  
**(in \$000s)**

	<u>2009</u>	<u>2008</u> (note 1)
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income (loss) from operations	45,811	(57,608)
Items not affecting cash:		
Net realized loss	4,996	15,260
Unrealized loss (gain)	<u>(50,858)</u>	<u>42,002</u>
	(51)	(346)
Changes in non-cash operating accounts:		
Receivable from sale of investments	375	(448)
Accrued investment income	72	(179)
bcIMC funds management fees payable	(1)	6
Payable for purchase of investments	(175)	215
External management fees payable	(65)	181
Custodial fees payable	4	8
Accounts payable	<u>1</u>	<u>4</u>
	<u>160</u>	<u>(559)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	211,654	192,289
Amounts paid for purchase of investments	<u>(159,103)</u>	<u>(329,709)</u>
	<u>52,551</u>	<u>(137,420)</u>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	110	140,009
Amounts paid for units redeemed	<u>(53,957)</u>	<u>-</u>
	<u>(53,847)</u>	<u>140,009</u>
<b>Net increase (decrease) in cash</b>	(1,136)	2,030
<b>Cash, beginning of year</b>	<u>2,030</u>	<u>-</u>
<b>Cash, end of year</b>	<u><u>894</u></u>	<u><u>2,030</u></u>

**Statement of Investments**  
**as at December 31**  
**(in \$000s)**

	<u>2009</u>		<u>2008</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Equities:</b>				
Publicly Traded	71,838	62,982	76,215	118,217
<b>Money Market Investments:</b>				
Units in bcIMC Pooled Investment Portfolio Fund ST1	<u>1,631</u>	<u>1,631</u>	<u>3,943</u>	<u>3,943</u>
<b>Total Investments</b>	<u><u>73,469</u></u>	<u><u>64,613</u></u>	<u><u>80,158</u></u>	<u><u>122,160</u></u>

See accompanying Notes to the Financial Statements.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE CANADIAN SMALL CAP EQUITY FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Active Canadian Small Cap Equity Fund (the Fund) is to provide clients with a higher rate of return than the S&P/TSX Small Cap Equity Index, the Fund's benchmark. The Fund provides clients with a diversity of active management investment styles (e.g., value, growth, and market oriented), exposure to a variety of market outlooks, and exposure to the various segments of Canadian small cap equity markets. Active managers within the Fund are selected to add value over full market cycles. The managers operate independently of each other and are given specific value added targets, consistent with their expected risk profile. Each manager may have a different approach to risk. The Fund is diversified on an industry sector basis, reducing exposure to risks.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of Canadian equities with a small to mid-level range of capitalization,
- publicly traded income trust units,
- exchange traded funds based on the Fund's Index or a similar index,
- units in Manager's pooled funds provided such holdings are permissible investments for the Fund,
- private placements (defined as off-exchange purchase of securities that have limited transferability) with CIO approval,
- other derivative instruments with CIO approval , and
- money market securities rated A-1 (low) or better, and units of bclMC's Pooled Investment Portfolios ST1 and ST2,

The following restrictions apply to the Fund:

- Up to 20% of the Pool's assets over any 3 month period or up to 15% of the Fund's assets over any 12 month period may be invested in money market securities rated A-1(low) or better, or in units of bclMC's Pooled Investment Portfolios ST1 or ST2.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.

**Financial Risk Management Discussion (continued)  
as at December 31**

The Fund's activities expose it to a variety of financial risks as described below.

**Credit Risk**

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

**Interest Rate Risk**

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Other Price Risk**

*Equity by Industry Sector*

Industry sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
<b>Consumer Discretionary</b>	<b>3,901</b>	<b>5.4%</b>	6,497	8.5%
<b>Consumer Staple</b>	<b>1,946</b>	<b>2.7%</b>	3,389	4.4%
<b>Energy</b>	<b>16,715</b>	<b>23.3%</b>	16,500	21.6%
<b>Financial Services</b>	<b>5,655</b>	<b>7.9%</b>	6,468	8.5%
<b>Health Care</b>	<b>1,856</b>	<b>2.6%</b>	3,709	4.9%
<b>Industrial Products</b>	<b>7,289</b>	<b>10.1%</b>	6,576	8.6%
<b>Information Technology</b>	<b>5,518</b>	<b>7.7%</b>	6,394	8.4%
<b>Materials and Processing</b>	<b>27,229</b>	<b>37.9%</b>	22,508	29.6%
<b>Telecommunication Services</b>	-	<b>0.0%</b>	517	0.7%
<b>Utilities</b>	<b>1,729</b>	<b>2.4%</b>	3,657	4.8%
<b>Total Equities</b>	<b>71,838</b>	<b>100.0%</b>	76,215	100.0%

The expected impact on the Net Assets of the Fund, assuming a 10 percent increase/decrease in the Fund's benchmark, would be an increase/decrease of \$6,896,000 (2008 - \$6,554,000). This forecast is estimated based on the risk/return characteristics of the



**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE CANADIAN SMALL CAP EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

other variables are held constant. BarraOne, a product of MSCI Barra Inc., is used to forecast the Fund's beta and provide other analytics and data that are used in the preparation of the forecast. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

*Equity by Geographic Region*

All of the Fund's equity investments are exposed to the Canadian market.

**Currency Risk**

The Fund is not exposed to significant currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

	<b>2009</b>		
	<b>Quoted Price in Active Market (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Total</b>
<b>(\$000s)</b>			
<b>Money Market Investments</b>	-	<b>1,631</b>	<b>1,631</b>
<b>Public Equities</b>	<b>70,697</b>	<b>609</b>	<b>71,306</b>
<b>Warrants</b>	<b>155</b>	<b>377</b>	<b>532</b>
<b>Total Investments</b>	<b>70,852</b>	<b>2,617</b>	<b>73,469</b>

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

	<b>2008</b>		
	<b>Quoted Price in Active Market (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Total</b>
<b>(\$000s)</b>			
Money Market Investments	-	3,943	3,943
Public Equities	76,172	-	76,172
Warrants	43	-	43
Total Investments	76,215	3,943	80,158

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2008.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ACTIVE U.S. SMALL CAP EQUITY FUND**

**Statement of Net Assets**

as at December 31

(in \$000s except number of units outstanding)

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Investments at fair value	82,008	111,420
Cash	1,033	3,405
Receivable from sale of investments	-	158
Receivable from issue of units	80	-
Accrued investment income	41	49
	<u>83,162</u>	<u>115,032</u>
<b>Liabilities</b>		
bcIMC funds management fees payable (note 8)	5	6
Payable for purchase of investments	18	282
External management fees payable	171	250
Custodial fees payable	9	11
Accounts payable	5	4
	<u>208</u>	<u>553</u>
<b>Net assets representing unitholders' equity</b>	<u>82,954</u>	<u>114,479</u>
Number of units outstanding (note 9)	84,430	123,296
<b>Net asset value per unit</b>	<u>983</u>	<u>928</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets**

for the period ended December 31

(in \$000s)

	<u>2009</u>	<u>2008</u>
		(note 1)
Investment Income	1,051	1,369
Foreign exchange gains	-	1,191
	<u>1,051</u>	<u>2,560</u>
Expenses (note 8):		
Foreign exchange losses	553	-
External management fees	805	1,002
Commissions and stock exchange fees	254	358
bcIMC funds management fees	75	63
Custodial fees	32	37
Administrative and professional fees	5	4
	<u>1,724</u>	<u>1,464</u>
<b>Net investment income (loss)</b>	(673)	1,096
Realized and unrealized gains (losses):		
Net realized loss	(4,197) <sup>1</sup>	(933) <sup>1</sup>
Change in unrealized gain (loss)	11,215 <sup>1</sup>	(7,884) <sup>1</sup>
	<u>7,018</u>	<u>(8,817)</u>
<b>Net income (loss) from operations</b>	6,345	(7,721)
Capital Transactions:		
Proceeds from units issued	130	146,200
Amounts paid for units redeemed	(38,000)	(24,000)
	<u>(37,870)</u>	<u>122,200</u>
Increase (decrease) in net assets	(31,525)	114,479
Net assets, beginning of year	114,479	-
<b>Net Assets, end of year</b>	<u>82,954</u>	<u>114,479</u>

<sup>1</sup> The net realized loss and change in unrealized gain (loss) include the following foreign exchange gains (losses):

(16,361)	23,571
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BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ACTIVE U.S. SMALL CAP EQUITY FUND**

**Statement of Cash Flows**  
**for the period ended December 31**  
**(in \$000s)**

	<u>2009</u>	<u>2008</u> (note 1)
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income (loss) from operations	6,345	(7,721)
Items not affecting cash:		
Net realized loss	4,197	933
Unrealized loss (gain)	<u>(11,215)</u>	<u>7,884</u>
	(673)	1,096
Changes in non-cash operating accounts:		
Receivable from sale of investments	158	(158)
Receivable from issue of units	(80)	-
Accrued investment income	8	(49)
bclMC funds management fees payable	(1)	6
Payable for purchase of investments	(264)	282
External management fees payable	(79)	250
Custodial fees payable	(2)	11
Accounts payable	<u>1</u>	<u>4</u>
	<u>(932)</u>	<u>1,442</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	98,889	78,822
Amounts paid for purchase of investments	<u>(62,459)</u>	<u>(199,059)</u>
	36,430	(120,237)
<b>Cash flows from financing activities</b>		
Proceeds from units issued	130	146,200
Amounts paid for units redeemed	<u>(38,000)</u>	<u>(24,000)</u>
	<u>(37,870)</u>	<u>122,200</u>
<b>Net increase (decrease) in cash</b>	(2,372)	3,405
<b>Cash, beginning of year</b>	<u>3,405</u>	<u>-</u>
<b>Cash, end of year</b>	<u><u>1,033</u></u>	<u><u>3,405</u></u>

**Statement of Investments**  
**as at December 31**  
**(in \$000s)**

	<u>2009</u>		<u>2008</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Equities:</b>				
Publicly Traded	<u>81,956</u>	<u>78,621</u>	<u>111,299</u>	<u>119,183</u>
<b>Money Market Investments:</b>				
Units in bclMC Pooled Investment Portfolio				
Fund ST1	18	18	106	106
Fund ST3	<u>34</u>	<u>38</u>	<u>15</u>	<u>15</u>
	<u>52</u>	<u>56</u>	<u>121</u>	<u>121</u>
<b>Total Investments</b>	<u><u>82,008</u></u>	<u><u>78,677</u></u>	<u><u>111,420</u></u>	<u><u>119,304</u></u>

See accompanying Notes to the Financial Statements.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE U.S. SMALL CAP EQUITY FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Active U.S. Small Cap Equity Fund (the Fund) is to provide clients with a higher rate of return than the Russell 2000 Total Return Index, the Fund's benchmark. The Fund provides clients with a diversity of active management investment styles (e.g., value, growth, and market oriented), exposure to a variety of market outlooks, and exposure to the various segments of U.S. small cap equity markets. Active managers within the Fund are selected to add value over full market cycles. The managers operate independently of each other and are given specific value added targets, consistent with their expected risk profile. Each manager may have a different approach to risk. The Fund is diversified on an industry sector basis.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of U.S. equities with a small to mid-level range of capitalization,
- exchange traded funds based on the Fund's Index or a subset of the Index,
- international exchange-listed depository receipts of U.S. listed companies,
- units in Manager's pooled funds provided such holdings are permissible investments for the Fund,
- private placements (defined as off-exchange purchase of securities that have limited transferability) with CIO approval,
- other derivative instruments with CIO approval, and
- money market securities rated A-1(low) or better, and units of bclMC's Pooled Investment Portfolios ST1, ST2 and ST3.

The following restrictions apply to the Fund:

- Up to 20% of the Pool's assets over any 3 month period or up to 15% of the Fund's assets over any 12 month period may be invested in money market securities rated A-1(low) or better, or in units of bclMC's Pooled Investment Portfolios ST1, ST2 and ST3.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.

The Fund's activities expose it to a variety of financial risks as described below.

**Financial Risk Management Discussion (continued)  
as at December 31**

**Credit Risk**

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

**Interest Rate Risk**

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Other Price Risk**

*Equity by Industry Sector*

Industry sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
<b>Consumer Discretionary</b>	<b>13,838</b>	<b>16.9%</b>	15,622	14.0%
<b>Consumer Staple</b>	<b>1,367</b>	<b>1.7%</b>	4,236	3.8%
<b>Energy</b>	<b>7,587</b>	<b>9.3%</b>	10,225	9.2%
<b>Financial Services</b>	<b>13,572</b>	<b>16.5%</b>	22,919	20.6%
<b>Health Care</b>	<b>12,510</b>	<b>15.3%</b>	17,105	15.4%
<b>Industrial Products</b>	<b>10,890</b>	<b>13.3%</b>	15,678	14.1%
<b>Information Technology</b>	<b>15,679</b>	<b>19.1%</b>	14,355	12.9%
<b>Materials and Processing</b>	<b>4,928</b>	<b>6.0%</b>	5,241	4.7%
<b>Telecommunication Services</b>	<b>679</b>	<b>0.8%</b>	761	0.7%
<b>Utilities</b>	<b>906</b>	<b>1.1%</b>	5,157	4.6%
<b>Total Equities</b>	<b>81,956</b>	<b>100.0%</b>	111,299	100.0%

The expected impact on the Net Assets of the Fund, assuming a 10 percent increase/decrease in the Fund's benchmark, would be an increase/decrease of \$7,786,000 (2008 - \$10,907,000). This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2009 and assuming all other variables are held constant. BarraOne, a product of MSCI Barra Inc., is used to forecast the Fund's beta and

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE U.S. SMALL CAP EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

provide other analytics and data that are used in the preparation of the forecast. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

*Equity by Geographic Region*

All of the Fund's equity investments are exposed to U.S. market.

**Currency Risk**

The Fund holds cash and investments denominated in U.S. currency totalling \$83,045,000 (2008 - \$114,645,000). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to the U.S. currency, holding all other variables constant, net assets would have decreased/increased by \$830,450 (2008 - \$1,146,450).

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
(\$000s)			
<b>Money Market Investments</b>	-	52	52
<b>Public Equities</b>	81,956	-	81,956
<b>Total Investments</b>	81,956	52	82,008

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

	2008		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
(\$000s)			
Money Market Investments	-	121	121
Public Equities	111,299	-	111,299
Total Investments	111,299	121	111,420

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31,

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ACTIVE JAPAN EQUITY FUND**

**Statement of Net Assets**

as at December 31

(in \$000s except number of units outstanding)

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Investments at fair value	529,808	664,625
Unrealized gain on foreign currency contracts (Schedule One)	-	1
Cash	806	14,693
Receivable from sale of investments	-	5,124
Accrued investment income	376	462
	<u>530,990</u>	<u>684,905</u>
<b>Liabilities</b>		
Unrealized loss on foreign currency contracts (Schedule One)	-	3
bclMC funds management fees payable (note 8)	21	16
Payable for purchase of investments	-	5,860
External management fees payable	517	1,049
Custodial fees payable	19	30
Accounts payable	4	4
	<u>561</u>	<u>6,962</u>
<b>Net assets representing unitholders' equity</b>	<u>530,429</u>	<u>677,943</u>
Number of units outstanding (note 9)	681.481	764.441
<b>Net asset value per unit</b>	<u>778</u>	<u>887</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets**

for the period ended December 31

(in \$000s)

	<u>2009</u>	<u>2008</u>
		(note 1)
Investment Income	8,734	2,484
Foreign exchange gains	-	9,636
	<u>8,734</u>	<u>12,120</u>
<b>Expenses (note 8):</b>		
Foreign exchange losses	3,308	-
External management fees	1,813	1,282
Commissions and stock exchange fees	658	559
bclMC funds management fees	236	122
Custodial fees	76	66
Administrative and professional fees	5	4
	<u>6,096</u>	<u>2,033</u>
<b>Net investment income</b>	2,638	10,087
<b>Realized and unrealized losses:</b>		
Net realized loss	(82,072) <sup>1</sup>	(102,921) <sup>1</sup>
Unrealized loss	(8,395) <sup>1</sup>	(13,363) <sup>1</sup>
	<u>(90,467)</u>	<u>(116,284)</u>
<b>Net loss from operations</b>	(87,829)	(106,197)
<b>Capital Transactions:</b>		
Proceeds from units issued	13,783	896,728
Amounts paid for units redeemed	(73,468)	(112,588)
	<u>(59,685)</u>	<u>784,140</u>
Increase (decrease) in net assets	(147,514)	677,943
Net assets, beginning of year	677,943	-
<b>Net Assets, end of year</b>	<u>530,429</u>	<u>677,943</u>

<sup>1</sup> The net realized loss and unrealized loss include the following foreign exchange gains (losses):

(108,207)	198,843
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BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ACTIVE JAPAN EQUITY FUND**

**Statement of Cash Flows**  
for the period ended December 31  
(in \$000s)

	2009	2008 (note 1)
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net loss from operations	(87,829)	(106,197)
Items not affecting cash:		
Net realized loss	82,072	102,921
Change in unrealized loss	8,395	13,363
	2,638	10,087
Changes in non-cash operating accounts:		
Receivable from sale of investments	5,124	(5,124)
Accrued investment income	86	(462)
bcIMC funds management fees payable	5	16
Payable for purchase of investments	(5,860)	5,860
External management fees payable	(532)	1,049
Custodial fees payable	(11)	30
Accounts payable	-	4
	1,450	11,460
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	972,884	435,741
Amounts paid for purchase of investments	(928,536)	(1,216,648)
	44,348	(780,907)
<b>Cash flows from financing activities</b>		
Proceeds from units issued	13,783	896,728
Amounts paid for units redeemed	(73,468)	(112,588)
	(59,685)	784,140
<b>Net increase (decrease) in cash</b>	(13,887)	14,693
<b>Cash, beginning of year</b>	14,693	-
<b>Cash, end of year</b>	806	14,693

**Statement of Investments**  
as at December 31  
(in \$000s)

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
<b>Equities:</b>				
Publicly Traded	529,715	551,475	664,526	677,889
<b>Money Market Investments:</b>				
Units in bcIMC Pooled Investment Portfolio Fund ST2	93	93	99	99
<b>Total Investments</b>	<u>529,808</u>	<u>551,568</u>	<u>664,625</u>	<u>677,988</u>

**Schedule One - Foreign Currency Contracts**  
as at December 31, 2008

Number of Contracts	Expiry Dates	Notional Value (\$000s)	Unrealized Gain (Loss) (\$000s)
1	January 2009	25	1
2	January 2009	524	(3)

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE JAPAN EQUITY FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Active Japan Equity Fund (the Fund) is to provide clients with a higher rate of return than the Morgan Stanley Capital International (MSCI) Japan Net Index, the Fund's benchmark. The Fund provides clients with a diversity of active management investment styles (e.g., value, growth, and market oriented), exposure to a variety of market outlooks, and exposure to the various segments of Japanese equity markets. Active managers within the Fund are selected to add value over full market cycles. The managers operate independently of each other and are given specific value added targets, consistent with their expected risk profile. Each manager may have a different approach to risk management.

The Fund is diversified on an industry sector basis, reducing exposure to firm specific risks. However, the Fund's holdings may be more concentrated in certain industry sectors than the Index.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of Japanese companies,
- exchange traded funds based on the Index or countries/regions within the Index,
- international exchange-listed depository receipts of Japanese listed companies,
- units in the Managers' pooled funds provided such holdings are permissible investments of the Fund,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval , and
- money market securities rated A-1 (low) or better, and units of bclMC's Pooled Investment Portfolios ST1, ST2 and ST3.

The following restrictions apply to the Fund:

- Up to 20% of the Pool's assets over any 3 month period or up to 15% of the Fund's assets over any 12 month period may be invested in money market securities rated A-1(low) or better, or in units of bclMC's Pooled Investment Portfolio ST1, ST2 and ST3.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.

**Financial Risk Management Discussion (continued)  
as at December 31**

The Fund's activities expose it to a variety of financial risks as described below.

**Credit Risk**

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

**Interest Rate Risk**

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Other Price Risk**

*Equity by Industry Sector*

Industry sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
<b>Consumer Discretionary</b>	<b>110,779</b>	<b>21.0%</b>	110,740	16.7%
<b>Consumer Staple</b>	<b>28,309</b>	<b>5.3%</b>	55,880	8.4%
<b>Energy</b>	<b>5,846</b>	<b>1.1%</b>	13,133	2.0%
<b>Financial Services</b>	<b>87,122</b>	<b>16.4%</b>	121,310	18.2%
<b>Health Care</b>	<b>31,496</b>	<b>5.9%</b>	70,888	10.7%
<b>Industrial Products</b>	<b>98,420</b>	<b>18.7%</b>	105,343	15.9%
<b>Information Technology</b>	<b>73,532</b>	<b>13.9%</b>	84,130	12.7%
<b>Materials and Processing</b>	<b>44,861</b>	<b>8.5%</b>	26,906	4.0%
<b>Telecommunication Services</b>	<b>18,754</b>	<b>3.5%</b>	66,752	10.0%
<b>Utilities</b>	<b>29,811</b>	<b>5.6%</b>	-	-
<b>Other</b>	<b>785</b>	<b>0.1%</b>	9,444	1.4%
<b>Total Equities</b>	<b>529,715</b>	<b>100.0%</b>	664,526	100.0%

The expected impact on the Net Assets of the Fund, assuming a 10 percent increase/decrease in the Fund's benchmark, would be an increase/decrease of \$53,024,000 (2008 - \$63,794,000). This forecast is estimated based on the risk/return characteristics of the



**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE JAPAN EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

Fund's benchmark and the Fund's actual holdings as at December 31, 2009, and assuming all other variables are held constant. BarraOne, a product of MSCI Barra Inc., is used to forecast the Fund's beta and provide other analytics and data that are used in the preparation of the forecast. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material. *Equity by Geographic Region*

All of the Fund's equity investments are exposed to the Japanese market.

**Currency Risk**

Currencies to which the Fund had exposure as at December 31 are as follows:

CURRENCY (\$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Canadian Dollar	(93)	0.0%	(753)	(0.1%)
Japanese Yen	529,378	99.8%	678,312	100.0%
United States Dollar	1,144	0.2%	384	0.1%
<b>Total Net Assets</b>	<b>530,429</b>	<b>100.0%</b>	<b>677,943</b>	<b>100.0%</b>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$5,305,000 (2008 - \$6,787,000).

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

(\$000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
Money Market Investments	-	83	83
Bonds	-	10	10
Public Equities	529,715	-	529,715
<b>Total Investments</b>	<b>529,715</b>	<b>93</b>	<b>529,808</b>

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

(\$000s)	2008		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
Money Market Investments	-	91	91
Bonds	-	8	8
Public Equities	664,526	-	664,526
Total Investments	664,526	99	664,625
Foreign Currency Contracts	-	(2)	(2)
<b>Total</b>	<b>664,526</b>	<b>97</b>	<b>664,623</b>

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2008.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ACTIVE ASIAN EX-JAPAN EQUITY FUND**

**Statement of Net Assets**

as at December 31

(in \$000s except number of units outstanding)

	2009	2008
<b>Assets</b>		
Investments at fair value	1,825,169	1,185,228
Unrealized gain on foreign currency contracts (Schedule One)	4	-
Cash	21,714	54,407
Receivable from sale of investments	2,657	565
Receivable from issue of units	570	-
Accrued investment income	611	720
Withholding taxes receivable	11	8
	<u>1,850,736</u>	<u>1,240,928</u>
<b>Liabilities</b>		
Unrealized loss on foreign currency contracts (Schedule One and Two)	3	4
bclMC funds management fees payable (note 8)	51	30
Payable for purchase of investments	1,611	126
External management fees payable	2,176	1,384
Custodial fees payable	399	347
Accounts payable	6	7
	<u>4,246</u>	<u>1,898</u>
<b>Net assets representing unitholders' equity</b>	<u>1,846,490</u>	<u>1,239,030</u>
Number of units outstanding (note 9)	965.765	965.197
<b>Net asset value per unit</b>	<u>1,912</u>	<u>1,284</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets**

for the year ended December 31

(in \$000s)

	2009	2008
Investment Income	35,683	48,776
Expenses (note 8):		
Foreign exchange losses	1,937	12,001
External management fees	7,518	7,648
Commissions and stock exchange fees	6,122	6,681
Custodial fees	1,456	1,721
bclMC funds management fees	496	581
Administrative and professional fees	72	39
	<u>17,601</u>	<u>28,671</u>
<b>Net investment income</b>	18,082	20,105
Realized and unrealized gains (losses):		
Net realized loss	(1,219) <sup>1</sup>	(241,603) <sup>1</sup>
Change in unrealized gain (loss)	589,538 <sup>1</sup>	(483,926) <sup>1</sup>
	<u>588,319</u>	<u>(725,529)</u>
<b>Net income (loss) from operations</b>	606,401	(705,424)
Capital Transactions:		
Proceeds from units issued	16,223	165,176
Amounts paid for units redeemed	(15,164)	(921,886)
	<u>1,059</u>	<u>(756,710)</u>
Increase (decrease) in net assets	607,460	(1,462,134)
Net assets, beginning of year, as previously reported	1,239,030	2,703,129
Transitional adjustment (note 5)	-	(1,965)
<b>Net Assets, end of year</b>	<u>1,846,490</u>	<u>1,239,030</u>

<sup>1</sup> The net realized loss and change in unrealized gain (loss) include the following foreign exchange losses:

(163,485)	(264,525)
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BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ACTIVE ASIAN EX-JAPAN EQUITY FUND**

**Statement of Cash Flows**  
for the year ended December 31  
(in \$000s)

	2009	2008
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income (loss) from operations	606,401	(705,424)
Items not affecting cash:		
Net realized loss	1,219	241,603
Change in unrealized loss (gain)	(589,538)	483,926
	18,082	20,105
Changes in non-cash operating accounts:		
Receivable from sale of investments	(2,092)	7,690
Receivable from issue of units	(570)	-
Accrued investment income	109	607
Withholding taxes receivable	(3)	(8)
bcIMC funds management fees payable	21	(30)
Payable for purchase of investments	1,485	(8,680)
External management fees payable	792	(1,392)
Custodial fees payable	52	(23)
Accounts payable	(1)	2
	17,875	18,271
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	1,209,270	6,316,757
Amounts paid for purchase of investments	(1,260,897)	(5,569,822)
	(51,627)	746,935
<b>Cash flows from financing activities</b>		
Proceeds from units issued	16,223	165,176
Amounts paid for units redeemed	(15,164)	(921,886)
	1,059	(756,710)
<b>Net increase (decrease) in cash</b>	(32,693)	8,496
<b>Cash, beginning of year</b>	54,407	45,911
<b>Cash, end of year</b>	21,714	54,407

**Statement of Investments**  
as at December 31  
(in \$000s)

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
<b>Equities:</b>				
Publicly Traded	1,825,103	1,504,608	1,184,011	1,453,053
<b>Money Market Investments:</b>				
Units in bcIMC Pooled Investment Portfolio Fund ST2	66	67	1,217	1,215
<b>Total Investments</b>	<u>1,825,169</u>	<u>1,504,675</u>	<u>1,185,228</u>	<u>1,454,268</u>

**Schedule One - Foreign Currency Contracts**  
as at December 31, 2009

Number of Contracts	Expiry Dates	Notional Value (\$000s)	Unrealized Gain (Loss) (\$000s)
1	January 2010	986	4
4	January 2010	1,441	(3)

**Schedule Two - Foreign Currency Contracts**  
as at December 31, 2008

Number of Contracts	Expiry Dates	Notional Value (\$000s)	Unrealized Loss (\$000s)
2	January 2009	407	(4)

See accompanying Notes to the Financial Statements.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE ASIAN EX-JAPAN EQUITY FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Active Asian Ex-Japan Equity Fund (the Fund) is to provide clients with a higher rate of return than the Morgan Stanley Capital International (MSCI) All Country Asia ex-Japan Net Index, the Fund's benchmark. The Fund provides clients with a diversity of active management investment styles (e.g., value, growth, and market oriented), exposure to a variety of market outlooks, and exposure to the various segments of Asian equity markets other than Japan. Active managers within the Fund are selected to add value over full market cycles. The managers operate independently of each other and are given specific value added targets, consistent with their expected risk profile. Each manager may have a different approach to risk management.

At year end, bclMC had transferred the assets to an internally managed portfolio, employing an indexed strategy as a temporary measure.

The Fund is diversified on a geographic and industry sector basis, reducing exposure to firm specific risks. However, the Fund's holdings may be more concentrated in certain geographic regions and industry sectors than the Index.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of Asia Pacific companies, excluding Japan,
- exchange traded funds based on the Index or countries/regions within the Index,
- international exchange-listed depository receipts of non-Japanese, Asia Pacific listed companies,
- units in the Managers' pooled funds provided such holdings are permissible investments of the Fund,
- private placements with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval , and
- money market securities rated A-1 (low) or better, and units of bclMC's Pooled Investment Portfolios ST1, ST2 and ST3.

The following restrictions apply to the Fund:

- Up to 20% of the Pool's assets over any 3 month period or up to 15% of the Fund's assets over any 12 month period may be invested in money market securities rated A-1(low), or better or in units of bclMC's Pooled Investment Portfolios ST1, ST2 and

**Financial Risk Management Discussion (continued)  
as at December 31**

- ST3.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.

The Fund's activities expose it to a variety of financial risks as described below.

**Credit Risk**

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

**Interest Rate Risk**

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Other Price Risk**

*Equity by Industry Sector*

Industry sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
<b>Consumer Discretionary</b>	<b>81,945</b>	<b>4.5%</b>	67,598	5.7%
<b>Consumer Staple</b>	<b>93,369</b>	<b>5.1%</b>	61,903	5.2%
<b>Energy</b>	<b>140,119</b>	<b>7.7%</b>	92,148	7.8%
<b>Financial Services</b>	<b>727,560</b>	<b>39.9%</b>	407,467	34.5%
<b>Health Care</b>	<b>12,729</b>	<b>0.7%</b>	32,031	2.7%
<b>Industrial Products</b>	<b>175,134</b>	<b>9.6%</b>	106,315	9.0%
<b>Information Technology</b>	<b>288,350</b>	<b>15.8%</b>	146,601	12.4%
<b>Materials and Processing</b>	<b>229,680</b>	<b>12.6%</b>	92,895	7.8%
<b>Telecommunication Services</b>	<b>60,844</b>	<b>3.3%</b>	143,771	12.1%
<b>Utilities</b>	<b>15,373</b>	<b>0.8%</b>	33,282	2.8%
<b>Total Equities</b>	<b>1,825,103</b>	<b>100.0%</b>	1,184,011	100.0%

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE ASIAN EX-JAPAN EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

The expected impact on the Net Assets of the Fund, assuming a 10 percent increase/decrease in the Fund's benchmark, would be an increase/decrease of \$184,335,000 (2008 - \$103,009,000). This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2009, and assuming all other variables are held constant. BarraOne, a product of MSCI Barra Inc., is used to forecast the Fund's beta and provide other analytics and data that are used in the preparation of the forecast. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

*Equity by Geographic Region*

Geographic regions to which the Fund had exposure as at December 31 are as follows:

GEOGRAPHIC REGION (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Australia	256,877	14.1%	174,760	14.8%
China	316,274	17.2%	278,468	23.6%
Hong Kong	186,550	10.2%	116,433	9.8%
India	306,660	16.8%	140,532	11.9%
Indonesia	33,481	1.8%	15,660	1.3%
Japan	-	-	866	0.1%
Korea	228,623	12.5%	151,932	12.8%
Malaysia	32,513	1.8%	15,852	1.3%
New Zealand	8,474	0.5%	-	-
Philippines	10,056	0.6%	6,181	0.5%
Singapore	145,977	8.0%	114,306	9.7%
Taiwan	185,679	10.2%	111,254	9.4%
Thailand	76,144	4.2%	28,786	2.4%
United Kingdom	37,795	2.1%	10,030	0.8%
United States	-	-	18,951	1.6%
<b>Total Equities</b>	<b>1,825,103</b>	<b>100.0%</b>	<b>1,184,011</b>	<b>100.0%</b>

**Financial Risk Management Discussion (continued)  
as at December 31**

**Currency Risk**

Currencies to which the Fund had exposure as at December 31 are as follows:

CURRENCY (\$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Australian Dollar	265,488	14.4%	175,669	14.2%
British Pound Sterling	35,667	1.9%	10,030	0.8%
Canadian Dollar	11,214	0.6%	24,133	1.9%
Euro	8	0.0%	8	0.0%
Hong Kong Dollar	461,711	25.0%	389,383	31.3%
Indian Rupee	269,476	14.6%	15,731	1.3%
Indonesian Rupiah	33,521	1.8%	138,160	11.2%
Korean Won	230,082	12.5%	153,143	12.4%
Malaysian Ringgit	32,513	1.8%	15,852	1.3%
Philippine Peso	10,066	0.5%	6,190	0.5%
Singapore Dollar	146,355	7.9%	95,155	7.7%
Taiwan Dollar	186,395	10.1%	112,445	9.1%
Thai Baht	76,145	4.1%	28,787	2.3%
United States Dollar	87,849	4.8%	74,344	6.0%
<b>Total Net Assets</b>	<b>1,846,490</b>	<b>100.0%</b>	<b>1,239,030</b>	<b>100.0%</b>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$18,353,000 (2008 - \$12,149,000).

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE ASIAN EX-JAPAN EQUITY FUND**

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

(\$000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Money Market Investments</b>	-	59	59
<b>Bonds</b>	-	7	7
<b>Public Equities</b>	1,825,103	-	1,825,103
<b>Total Investments</b>	1,825,103	66	1,825,169
<b>Foreign Currency Contracts</b>	-	1	1
<b>Total</b>	1,825,103	67	1,825,170

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

(\$000s)	2008		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
Money Market Investments	-	1,119	1,119
Bonds	-	98	98
Public Equities	1,180,376	3,635	1,184,011
Total Investments	1,180,376	4,852	1,185,228
Foreign Currency Contracts	-	(4)	(4)
Total	1,180,376	4,848	1,185,224

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2008.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ACTIVE EUROPEAN EQUITY FUND**

**Statement of Net Assets  
as at December 31  
(in \$000s except number of units outstanding)**

	2009	2008
<b>Assets</b>		
Investments at fair value	1,302,230	1,147,244
Unrealized gain on foreign currency contracts (Schedule One and Two)	422	4
Cash	15,588	26,245
Receivable from sale of investments	1,246	3,302
Accrued investment income	1,183	1,225
Withholding taxes receivable	407	631
	<u>1,321,076</u>	<u>1,178,651</u>
<b>Liabilities</b>		
Unrealized loss on foreign currency contracts (Schedule Two)	-	6
bclMC funds management fees payable (note 8)	40	36
Payable for purchase of investments	852	2,543
External management fees payable	1,560	1,810
Custodial fees payable	109	121
Accounts payable	5	6
	<u>2,566</u>	<u>4,522</u>
<b>Net assets representing unitholders' equity</b>	<u>1,318,510</u>	<u>1,174,129</u>
Number of units outstanding (note 9)	1,109,253	1,120,016
<b>Net asset value per unit</b>	<u>1,189</u>	<u>1,048</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets  
for the year ended December 31  
(in \$000s)**

	2009	2008
Investment Income	45,614	62,678
Foreign exchange gains	199	16,688
	<u>45,813</u>	<u>79,366</u>
<b>Expenses (note 8):</b>		
External management fees	5,724	7,221
Commissions and stock exchange fees	2,893	3,885
bclMC funds management fees	433	566
Custodial fees	429	563
Administrative and professional fees	6	4
	<u>9,485</u>	<u>12,239</u>
<b>Net investment income</b>	36,328	67,127
<b>Realized and unrealized gains (losses):</b>		
Net realized loss	(191,166) <sup>1</sup>	(258,959) <sup>1</sup>
Change in unrealized gain (loss)	312,182 <sup>1</sup>	(487,498) <sup>1</sup>
	<u>121,016</u>	<u>(746,457)</u>
<b>Net income (loss) from operations</b>	157,344	(679,330)
<b>Capital Transactions:</b>		
Proceeds from units issued	16,618	99,613
Amounts paid for units redeemed	(29,581)	(394,728)
	<u>(12,963)</u>	<u>(295,115)</u>
Increase (decrease) in net assets	144,381	(974,445)
Net assets, beginning of year, as previously reported	1,174,129	2,149,310
Transitional adjustment (note 5)	-	(736)
<b>Net Assets, end of year</b>	<u>1,318,510</u>	<u>1,174,129</u>

<sup>1</sup> The net realized loss and change in unrealized gain (loss) include the following foreign exchange gains (losses):

	(133,746)	133,540
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BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ACTIVE EUROPEAN EQUITY FUND**

**Statement of Cash Flows**  
for the year ended December 31  
(in \$000s)

	2009	2008
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income (loss) from operations	157,344	(679,330)
Items not affecting cash:		
Net realized loss	191,166	258,959
Change in unrealized loss (gain)	(312,182)	487,498
	36,328	67,127
Changes in non-cash operating accounts:		
Receivable from sale of investments	2,056	9,837
Accrued investment income	42	472
Withholding taxes receivable	224	100
bcIMC funds management fees payable	4	(13)
Payable for purchase of investments	(1,691)	808
External management fees payable	(250)	(936)
Custodial fees payable	(12)	(69)
Accounts payable	(1)	1
	36,700	77,327
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	925,670	1,477,760
Amounts paid for purchase of investments	(960,064)	(1,253,189)
	(34,394)	224,571
<b>Cash flows from financing activities</b>		
Proceeds from units issued	16,618	99,613
Amounts paid for units redeemed	(29,581)	(394,728)
	(12,963)	(295,115)
<b>Net increase (decrease) in cash</b>	(10,657)	6,783
<b>Cash, beginning of year</b>	26,245	19,462
<b>Cash, end of year</b>	15,588	26,245

**Statement of Investments**  
as at December 31  
(in \$000s)

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
<b>Equities:</b>				
Publicly Traded	1,302,179	1,346,021	1,147,043	1,502,644
<b>Money Market Investments:</b>				
Units in bcIMC Pooled Investment Portfolio Fund ST2	51	52	201	201
<b>Total Investments</b>	<u>1,302,230</u>	<u>1,346,073</u>	<u>1,147,244</u>	<u>1,502,845</u>

**Schedule One - Foreign Currency Contracts**  
as at December 31, 2009

Number of Contracts	Expiry Dates	Notional Value (\$000s)	Unrealized Gain (\$000s)
1	March 2010	11,302	422

**Schedule Two - Foreign Currency Contracts**  
as at December 31, 2008

Number of Contracts	Expiry Dates	Notional Value (\$000s)	Unrealized Gain (Loss) (\$000s)
2	January 2009	944	4
1	January 2009	1,078	(6)

See accompanying Notes to the Financial Statements.



**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE EUROPEAN EQUITY FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Active European Equity Fund (the Fund) is to provide clients with a higher rate of return than the Morgan Stanley Capital International (MSCI) Europe Net Index, the Fund's benchmark. The Fund provides clients with a diversity of active management investment styles (e.g., value, growth, and market oriented), exposure to a variety of market outlooks, and exposure to the various segments of European markets, including emerging markets. Active managers within the Fund are selected to add value over full market cycles. The managers operate independently of each other and are given specific value added targets, consistent with their expected risk profile. Each manager may have a different approach to risk management.

The Fund is diversified on a geographic and industry sector basis, reducing exposure to firm specific risks. However, the Fund's holdings may be more concentrated in certain geographic regions and industry sectors than the Index.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of European companies,
- exchange traded funds based on the Index or countries/regions within the Index,
- international exchange-listed depository receipts of European listed companies,
- units in the Managers' pooled funds provided such holdings are permissible investments of the Fund,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval , and
- money market securities rated A-1 (low) or better, and units of bclMC's Pooled Investment Portfolios ST1, ST2 and ST3.

The following restrictions apply to the Fund:

- Up to 20% of the Pool's assets over any 3 month period or up to 15% of the Fund's assets over any 12 month period may be invested in money market securities rated A-1(low) or better, or in units of bclMC's Pooled Investment Portfolios ST1, ST2 and ST3.
- Investments in European emerging markets and investments in the securities of a single company are both limited to 10% of the market value of the Fund.

**Financial Risk Management Discussion (continued)  
as at December 31**

The Fund's activities expose it to a variety of financial risks as described below.

**Credit Risk**

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

**Interest Rate Risk**

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Other Price Risk**

*Equity by Industry Sector*

Industry sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
<b>Consumer Discretionary</b>	<b>101,620</b>	<b>7.8%</b>	73,733	6.4%
<b>Consumer Staple</b>	<b>158,550</b>	<b>12.2%</b>	138,440	12.1%
<b>Energy</b>	<b>137,460</b>	<b>10.6%</b>	142,549	12.4%
<b>Financial Services</b>	<b>298,588</b>	<b>23.0%</b>	213,819	18.7%
<b>Health Care</b>	<b>145,095</b>	<b>11.1%</b>	178,549	15.6%
<b>Industrial Products</b>	<b>140,657</b>	<b>10.8%</b>	92,938	8.1%
<b>Information Technology</b>	<b>56,104</b>	<b>4.3%</b>	50,049	4.4%
<b>Materials and Processing</b>	<b>90,428</b>	<b>6.9%</b>	63,271	5.5%
<b>Telecommunication Services</b>	<b>87,159</b>	<b>6.7%</b>	101,411	8.8%
<b>Utilities</b>	<b>86,518</b>	<b>6.6%</b>	92,284	8.0%
<b>Total Equities</b>	<b>1,302,179</b>	<b>100.0%</b>	1,147,043	100.0%

The expected impact on the Net Assets of the Fund, assuming a 10 percent increase/decrease in the Fund's benchmark, would be an increase/decrease of \$132,822,000 (2008 - \$116,998,000). This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2009, and assuming

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE EUROPEAN EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

all other variables are held constant. BarraOne, a product of MSCI Barra Inc., is used to forecast the Fund's beta and provide other analytics and data that are used in the preparation of the forecast. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

*Equity by Geographic Region*

Geographic regions to which the Fund had exposure as at December 31 are as follows:

GEOGRAPHIC REGION (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Austria	6,774	0.5%	1,597	0.1%
Belgium	8,507	0.7%	14,099	1.2%
Denmark	25,155	1.9%	9,713	0.8%
Finland	18,466	1.4%	22,924	2.0%
France	229,532	17.6%	207,118	18.2%
Germany	228,281	17.6%	193,189	16.9%
Greece	8,749	0.7%	7,429	0.6%
Ireland	5,487	0.4%	-	-
Italy	74,482	5.7%	44,409	3.9%
Netherlands	84,471	6.5%	72,293	6.3%
Norway	29,776	2.3%	20,797	1.8%
Portugal	2,179	0.2%	2,143	0.2%
Spain	48,357	3.7%	48,845	4.3%
Sweden	34,496	2.6%	18,560	1.6%
Switzerland	81,588	6.3%	116,173	10.1%
United Kingdom	389,728	29.9%	340,967	29.7%
Other	26,151	2.0%	26,787	2.3%
<b>Total Equities</b>	<b>1,302,179</b>	<b>100.0%</b>	<b>1,147,043</b>	<b>100.0%</b>

**Financial Risk Management Discussion (continued)  
as at December 31**

**Currency Risk**

Currencies to which the Fund had exposure as at December 31 are as follows:

CURRENCY (\$000s)	2009		2008	
	Total	% of Total	Total	% of Total
British Pound Sterling	356,595	27.0%	309,304	26.3%
Canadian Dollar	16,771	1.3%	2,981	0.3%
Czech Koruna	3,270	0.2%	372	0.0%
Danish Krone	25,481	1.9%	10,185	0.9%
Euro	744,153	56.5%	658,891	56.1%
Hungarian Forint	2,703	0.2%	158	0.0%
Norwegian Krone	30,265	2.3%	21,384	1.8%
Polish Zloty	2,803	0.2%	8,643	0.7%
Swedish Krone	35,104	2.7%	19,613	1.7%
Swiss Franc	81,613	6.2%	121,540	10.4%
Turkish Lira	18,513	1.4%	13,218	1.1%
United States Dollar	1,239	0.1%	7,840	0.7%
<b>Total Net Assets</b>	<b>1,318,510</b>	<b>100.0%</b>	<b>1,174,129</b>	<b>100.0%</b>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$13,017,000 (2008 - \$11,711,000).

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE EUROPEAN EQUITY FUND**

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

(\$000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Money Market Investments</b>	-	46	46
<b>Bonds</b>	-	5	5
<b>Public Equities</b>	1,298,995	3,184	1,302,179
<b>Total Investments</b>	1,298,995	3,235	1,302,230
<b>Foreign Currency Contracts</b>	-	422	422
<b>Total</b>	1,298,995	3,657	1,302,652

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

(\$000s)	2008		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
Money Market Investments	-	185	185
Bonds	-	16	16
Public Equities	1,144,499	2,544	1,147,043
<b>Total Investments</b>	1,144,499	2,745	1,147,244
Foreign Currency Contracts	-	(2)	(2)
<b>Total</b>	1,144,499	2,743	1,147,242

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2008.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ENHANCED INDEXED EUROPEAN EQUITY FUND**

**Statement of Net Assets  
as at December 31  
(in \$000s except number of units outstanding)**

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Investments at fair value	242,352	213,106
Cash	241	269
Accrued investment income	268	330
Withholding taxes receivable	71	67
	<u>242,932</u>	<u>213,772</u>
<b>Liabilities</b>		
bclMC funds management fees payable (note 8)	20	25
Custodial fees payable	32	48
Accounts payable	5	7
	<u>57</u>	<u>80</u>
<b>Net assets representing unitholders' equity</b>	<u>242,875</u>	<u>213,692</u>
Number of units outstanding (note 9)	350.000	350.000
<b>Net asset value per unit</b>	<u>694</u>	<u>611</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets  
for the year ended December 31  
(in \$000s)**

	<u>2009</u>	<u>2008</u>
Investment Income	8,229	10,261
Foreign exchange gains	-	31
	<u>8,229</u>	<u>10,292</u>
<b>Expenses (note 8):</b>		
Foreign exchange losses	267	-
Commissions and stock exchange fees	567	873
bclMC funds management fees	296	282
Custodial fees	133	230
Administrative and professional fees	6	4
	<u>1,269</u>	<u>1,389</u>
<b>Net investment income</b>	6,960	8,903
<b>Realized and unrealized gains (losses):</b>		
Net realized loss	(25,669) <sup>1</sup>	(72,427) <sup>1</sup>
Change in unrealized gain (loss)	47,892 <sup>1</sup>	(44,694) <sup>1</sup>
	<u>22,223</u>	<u>(117,121)</u>
<b>Net income (loss) from operations</b>	29,183	(108,218)
<b>Capital Transactions:</b>		
Proceeds from units issued	2,838	20,146
Amounts paid for units redeemed	(2,838)	(20,146)
	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	29,183	(108,218)
Net assets, beginning of year, as previously reported	213,692	322,018
Transitional adjustment (note 5)	-	(108)
<b>Net Assets, end of year</b>	<u>242,875</u>	<u>213,692</u>
<sup>1</sup> The net realized loss and change in unrealized gain (loss) include the following foreign exchange gains (losses):		
	(22,759)	25,396

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ENHANCED INDEXED EUROPEAN EQUITY FUND**

**Statement of Cash Flows**  
**for the year ended December 31**  
**(in \$000s)**

	2009	2008
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income (loss) from operations	29,183	(108,218)
Items not affecting cash:		
Net realized loss	25,669	72,427
Change in unrealized loss (gain)	<u>(47,892)</u>	<u>44,694</u>
	6,960	8,903
Changes in non-cash operating accounts:		
Receivable from sale of investments	-	893
Accrued investment income	62	(4)
Withholding taxes receivable	(4)	2
bclMC funds management fees payable	(5)	3
Custodial fees payable	(16)	(15)
Accounts payable	<u>(2)</u>	<u>2</u>
	6,995	9,784
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	248,927	358,817
Amounts paid for purchase of investments	<u>(255,950)</u>	<u>(368,393)</u>
	<u>(7,023)</u>	<u>(9,576)</u>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	2,838	20,146
Amounts paid for units redeemed	<u>(2,838)</u>	<u>(20,146)</u>
	-	-
<b>Net increase in cash</b>	(28)	208
<b>Cash, beginning of year</b>	<u>269</u>	<u>61</u>
<b>Cash, end of year</b>	<u><u>241</u></u>	<u><u>269</u></u>

**Statement of Investments**  
**as at December 31**  
**(in \$000s)**

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
<b>Equities:</b>				
Publicly Traded	242,312	250,466	213,060	269,106
<b>Money Market Investments:</b>				
Units in bclMC Pooled Investment Portfolio Fund ST2	<u>40</u>	<u>40</u>	<u>46</u>	<u>46</u>
<b>Total Investments</b>	<u><u>242,352</u></u>	<u><u>250,506</u></u>	<u><u>213,106</u></u>	<u><u>269,152</u></u>

See accompanying Notes to the Financial Statements.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ENHANCED INDEXED EUROPEAN EQUITY FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Enhanced Indexed European Equity Fund (the Fund) is to provide clients with a higher rate of return than the Morgan Stanley Capital International (MSCI) Europe Net Index, the Fund's benchmark. Enhanced indexing combines the value adding strategies of active management with the risk controls of indexing.

The Enhanced Indexed European Equity Fund differs from the Active European Equity Fund in that it takes a lower level of active management risk and will more closely reflect the sector and financial characteristics of the benchmark. The Fund is managed internally with the bcIMC portfolio manager seeking to outperform the Index through superior stock selection by using quantitative analysis to forecast a stock's relative performance. The Fund is diversified on a geographic and industry sector basis, reducing exposure to firm specific risks.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of benchmark member companies,
- exchange traded funds based on the Index or countries/regions within the Index,
- unleveraged futures based on the Index,
- international exchange-listed depository receipts of European listed companies,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval , and
- units of bcIMC's Pooled Investment Portfolios ST1, ST2 and ST3.

The following restrictions apply to the Fund:

- Up to 10% of the Fund's assets can be held over any 12 month period in units of bcIMC's Pooled Investment Portfolios ST1, ST2 and ST3.
- 
- Investments in the securities of a single company are limited to 10% of the market value of the Fund

**Financial Risk Management Discussion (continued)  
as at December 31**

The Fund's activities expose it to a variety of financial risks as described below.

**Credit Risk**

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

**Interest Rate Risk**

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Other Price Risk**

*Equity by Industry Sector*

Industry sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
<b>Consumer Discretionary</b>	17,292	7.1%	16,299	7.6%
<b>Consumer Staple</b>	29,045	12.0%	25,761	12.1%
<b>Energy</b>	27,377	11.3%	25,442	11.9%
<b>Financial Services</b>	57,971	24.0%	44,029	20.6%
<b>Health Care</b>	24,935	10.3%	24,956	11.7%
<b>Industrial Products</b>	23,335	9.6%	20,349	9.6%
<b>Information Technology</b>	6,402	2.6%	6,337	3.0%
<b>Materials and Processing</b>	23,076	9.5%	14,598	6.9%
<b>Telecommunication Services</b>	17,111	7.1%	17,534	8.2%
<b>Utilities</b>	15,455	6.4%	16,788	7.9%
<b>Other</b>	313	0.1%	967	0.5%
<b>Total Equities</b>	<b>242,312</b>	<b>100.0%</b>	213,060	100.0%

The expected impact on the Net Assets of the Fund, assuming a 10 percent increase/decrease in the Fund's benchmark, would be an increase/decrease of \$24,716,000 (2008 - \$20,667,000). This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2009, and assuming all other variables are held constant. BarraOne, a product of MSCI Barra Inc., is used to forecast

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ENHANCED INDEXED EUROPEAN EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

the Fund's beta and provide other analytics and data that are used in the preparation of the forecast. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

*Equity by Geographic Region*

Geographic regions to which the Fund had exposure as at December 31 are as follows:

GEOGRAPHIC REGION (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Austria	1,773	0.7%	1,202	0.6%
Belgium	6,260	2.6%	3,544	1.7%
Denmark	2,443	1.0%	3,573	1.7%
Finland	4,387	1.8%	7,431	3.5%
France	43,836	18.1%	30,751	14.4%
Germany	23,440	9.7%	26,440	12.4%
Greece	1,842	0.8%	1,081	0.5%
Ireland	744	0.3%	755	0.4%
Italy	13,540	5.6%	11,380	5.3%
Netherlands	9,032	3.7%	7,086	3.3%
Norway	3,961	1.6%	1,707	0.8%
Portugal	972	0.4%	734	0.3%
Spain	13,698	5.7%	16,289	7.6%
Sweden	6,889	2.8%	6,500	3.1%
Switzerland	28,525	11.8%	26,536	12.5%
United Kingdom	80,657	33.3%	67,084	31.4%
Other	313	0.1%	967	0.5%
<b>Total Equities</b>	<b>242,312</b>	<b>100.0%</b>	<b>213,060</b>	<b>100.0%</b>

**Financial Risk Management Discussion (continued)  
as at December 31**

**Currency Risk**

Currencies to which the Fund had exposure as at December 31 are as follows:

CURRENCY (\$000s)	2009		2008	
	Total	% of Total	Total	% of Total
British Pound Sterling	79,002	32.5%	65,019	30.5%
Canadian Dollar	34	0.0%	67	0.0%
Danish Krone	2,443	1.0%	3,573	1.7%
Euro	121,614	50.2%	109,180	51.1%
Norwegian Krone	3,961	1.6%	1,707	0.8%
Swedish Krone	6,889	2.8%	6,500	3.0%
Swiss Franc	28,526	11.7%	26,540	12.4%
United States Dollar	406	0.2%	1,106	0.5%
<b>Total Net Assets</b>	<b>242,875</b>	<b>100.0%</b>	<b>213,692</b>	<b>100.0%</b>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$2,428,000 (2008 - \$2,136,000).

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ENHANCED INDEXED EUROPEAN EQUITY FUND**

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

(\$000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Money Market Investments</b>	-	36	36
<b>Bonds</b>	-	4	4
<b>Public Equities</b>	242,310	-	242,310
<b>Warrants</b>	2	-	2
<b>Total Investments</b>	<b>242,312</b>	<b>40</b>	<b>242,352</b>

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

(\$000s)	2008		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
Money Market Investments	-	42	42
Bonds	-	4	4
Public Equities	213,054	6	213,060
Total Investments	213,054	52	213,106

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2008.



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**INDEXED EUROPEAN EQUITY FUND**

**Statement of Net Assets**

as at December 31

(in \$000s except number of units outstanding)

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Investments at fair value	1,082,445	933,912
Cash	772	285
Accrued investment income	1,175	1,500
Withholding taxes receivable	347	332
	<u>1,084,739</u>	<u>936,029</u>
<b>Liabilities</b>		
bclMC funds management fees payable (note 8)	37	33
Custodial fees payable	57	94
Accounts payable	5	6
	<u>99</u>	<u>133</u>
<b>Net assets representing unitholders' equity</b>	<u>1,084,640</u>	<u>935,896</u>
Number of units outstanding (note 9)	895.343	895.343
<b>Net asset value per unit</b>	<u>1,211</u>	<u>1,045</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets**

for the year ended December 31

(in \$000s)

	<u>2009</u>	<u>2008</u>
Investment Income	36,726	53,212
Expenses (note 8):		
Foreign exchange losses	247	1,531
bclMC funds management fees	437	523
Commissions and stock exchange fees	96	358
Custodial fees	223	444
Administrative and professional fees	6	4
	<u>1,009</u>	<u>2,860</u>
<b>Net investment income</b>	35,717	50,352
Realized and unrealized gains (losses):		
Net realized gain (loss)	(32,086) <sup>1</sup>	7,245 <sup>1</sup>
Change in unrealized gain (loss)	145,113 <sup>1</sup>	(565,064) <sup>1</sup>
	<u>113,027</u>	<u>(557,819)</u>
<b>Net income (loss) from operations</b>	148,744	(507,467)
Capital Transactions:		
Proceeds from units issued	14,504	108,903
Amounts paid for units redeemed	(14,504)	(396,403)
	<u>-</u>	<u>(287,500)</u>
Increase (decrease) in net assets	148,744	(794,967)
Net assets, beginning of year, as previously reported	935,896	1,731,284
Transitional adjustment (note 5)	-	(421)
<b>Net Assets, end of year</b>	<u>1,084,640</u>	<u>935,896</u>

<sup>1</sup> The net realized gain (loss) and change in unrealized gain (loss) include the following foreign exchange gains (losses):

(117,592)	154,415
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BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**INDEXED EUROPEAN EQUITY FUND**

**Statement of Cash Flows**  
for the year ended December 31  
(in \$000s)

	<u>2009</u>	<u>2008</u>
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income (loss) from operations	148,744	(507,467)
Items not affecting cash:		
Net realized loss (gain)	32,086	(7,245)
Change in unrealized loss (gain)	<u>(145,113)</u>	<u>565,064</u>
	35,717	50,352
Changes in non-cash operating accounts:		
Receivable from sale of investments	-	3,335
Accrued investment income	325	409
Withholding taxes receivable	(15)	218
bcIMC funds management fees payable (note 6)	4	(14)
Custodial fees payable	(37)	(58)
Accounts payable	<u>(1)</u>	<u>-</u>
	<u>35,993</u>	<u>54,242</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	71,119	447,145
Amounts paid for purchase of investments	<u>(106,625)</u>	<u>(214,045)</u>
	<u>(35,506)</u>	<u>233,100</u>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	14,504	108,903
Amounts paid for units redeemed	<u>(14,504)</u>	<u>(396,403)</u>
	<u>-</u>	<u>(287,500)</u>
<b>Net increase (decrease) in cash</b>	487	(158)
<b>Cash, beginning of year</b>	<u>285</u>	<u>443</u>
<b>Cash, end of year</b>	<u><u>772</u></u>	<u><u>285</u></u>

**Statement of Investments**  
as at December 31  
(in \$000s)

	<u>2009</u>		<u>2008</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Equities:</b>				
Publicly Traded	1,082,388	1,142,696	933,887	1,139,308
<b>Money Market Investments:</b>				
Units in bcIMC Pooled Investment Portfolio Fund ST2	<u>57</u>	<u>57</u>	<u>25</u>	<u>25</u>
<b>Total Investments</b>	<u><u>1,082,445</u></u>	<u><u>1,142,753</u></u>	<u><u>933,912</u></u>	<u><u>1,139,333</u></u>

See accompanying Notes to the Financial Statements.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**INDEXED EUROPEAN EQUITY FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Indexed European Equity Fund (the Fund) is to generate a risk/return profile that is very similar to the Morgan Stanley Capital International (MSCI) Europe Net Index, the Fund's benchmark. The Fund is managed internally by bclMC and is a full replication index. Performance results will track quite closely to the underlying benchmark. bclMC portfolio managers hold all company, sector, and country allocations at or near their benchmark weights but have discretion to determine the appropriate timing of implementing Index changes. The Fund is diversified on a geographic and industry sector basis, reducing exposure to firm specific risks.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of benchmark member companies,
- exchange traded funds based on the Index or countries/regions within the Index,
- international exchange-listed depository receipts of European listed companies,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval , and
- units of bclMC's Pooled Investment Portfolios ST1, ST2 and ST3.

The following restrictions apply to the Fund:

- Up to 0.5% of the Fund's assets can be invested in units of bclMC's Pooled Investment Portfolios ST1, ST2 and ST3.

The Fund's activities expose it to a variety of financial risks as described below.

**Credit Risk**

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

**Financial Risk Management Discussion (continued)  
as at December 31**

**Interest Rate Risk**

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Other Price Risk**

*Equity by Industry Sector*

Industry sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
<b>Consumer Discretionary</b>	<b>77,453</b>	<b>7.2%</b>	72,811	7.8%
<b>Consumer Staple</b>	<b>129,807</b>	<b>12.0%</b>	113,065	12.1%
<b>Energy</b>	<b>121,883</b>	<b>11.3%</b>	111,319	11.9%
<b>Financial Services</b>	<b>260,133</b>	<b>23.9%</b>	194,567	20.9%
<b>Health Care</b>	<b>111,675</b>	<b>10.3%</b>	109,658	11.7%
<b>Industrial Products</b>	<b>103,125</b>	<b>9.5%</b>	89,342	9.6%
<b>Information Technology</b>	<b>29,063</b>	<b>2.7%</b>	27,927	3.0%
<b>Materials and Processing</b>	<b>102,959</b>	<b>9.5%</b>	63,226	6.8%
<b>Telecommunication Services</b>	<b>76,341</b>	<b>7.1%</b>	76,758	8.2%
<b>Utilities</b>	<b>69,313</b>	<b>6.4%</b>	74,840	8.0%
<b>Other</b>	<b>636</b>	<b>0.1%</b>	374	0.0%
<b>Total Equities</b>	<b>1,082,388</b>	<b>100.0%</b>	933,887	100.0%

The expected impact on the Net Assets of the Fund, assuming a 10 percent increase/decrease in the Fund's benchmark, would be an increase/decrease of \$108,239,000 (2008 - \$93,389,000). This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2009, and assuming all other variables are held constant. BarraOne, a product of MSCI Barra Inc., is used to forecast the Fund's beta and provide other analytics and data that are used in the preparation of the forecast. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**INDEXED EUROPEAN EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$10,846,000 (2008 - \$9,359,000).

*Equity by Geographic Region*

Geographic regions to which the Fund had exposure as at December 31 are as follows:

GEOGRAPHIC REGION (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Austria	5,300	0.5%	4,470	0.5%
Belgium	15,774	1.5%	10,729	1.1%
Denmark	14,081	1.3%	11,940	1.3%
Finland	18,116	1.7%	19,808	2.1%
France	176,358	16.2%	153,345	16.4%
Germany	129,937	11.9%	123,963	13.3%
Greece	8,167	0.8%	6,894	0.7%
Ireland	4,434	0.4%	4,407	0.5%
Italy	55,985	5.2%	52,080	5.6%
Netherlands	46,529	4.3%	36,376	3.9%
Norway	12,918	1.2%	8,660	0.9%
Portugal	5,074	0.5%	4,731	0.5%
Spain	74,353	6.9%	64,620	6.9%
Sweden	40,896	3.8%	28,656	3.1%
Switzerland	124,352	11.5%	118,463	12.7%
United Kingdom	349,478	32.2%	283,024	30.3%
Other	636	0.1%	1,721	0.2%
<b>Total Equities</b>	<b>1,082,388</b>	<b>100.0%</b>	<b>933,887</b>	<b>100.0%</b>

**Financial Risk Management Discussion (continued)  
as at December 31**

**Currency Risk**

Currencies to which the Fund had exposure as at December 31 are as follows:

CURRENCY (\$000s)	2009		2008	
	Total	% of Total	Total	% of Total
British Pound Sterling	334,367	30.8%	268,310	28.7%
Canadian Dollar	38	0.0%	(8)	0.0%
Danish Krone	14,081	1.3%	11,941	1.3%
Euro	557,037	51.3%	497,720	53.1%
Norwegian Krone	12,918	1.2%	8,660	0.9%
Swedish Krone	40,909	3.8%	28,656	3.1%
Swiss Franc	124,388	11.5%	119,842	12.8%
United States Dollar	902	0.1%	775	0.1%
<b>Total Net Assets</b>	<b>1,084,640</b>	<b>100.0%</b>	<b>935,896</b>	<b>100.0%</b>

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**INDEXED EUROPEAN EQUITY FUND**

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

(\$000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Money Market Investments</b>	-	51	51
<b>Bonds</b>	-	6	6
<b>Public Equities</b>	1,082,366	2	1,082,368
<b>Warrants</b>	20	-	20
<b>Total Investments</b>	<b>1,082,386</b>	<b>59</b>	<b>1,082,445</b>

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

(\$000s)	2008		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
Money Market Investments	-	23	23
Bonds	-	2	2
Public Equities	933,860	27	933,887
<b>Total Investments</b>	<b>933,860</b>	<b>52</b>	<b>933,912</b>

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2008.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ACTIVE EAFE EQUITY FUND**

**Statement of Net Assets**

as at December 31

(in \$000s except number of units outstanding)

	2009	2008
<b>Assets</b>		
Investments at fair value	1,687,466	1,844,338
Unrealized gain on foreign currency contracts (Schedule One and Two)	372	27
Cash	48,689	47,132
Receivable from sale of investments	9,718	1,707
Accrued investment income	2,191	1,962
Withholding taxes receivable	474	768
	<u>1,748,910</u>	<u>1,895,934</u>
<b>Liabilities</b>		
Unrealized loss on foreign currency contracts (Schedule One and Two)	130	14
bclMC funds management fees payable (note 8)	59	47
Payable for purchase of investments	4,534	259
External management fees payable	1,976	2,605
Custodial fees payable	187	259
Accounts payable	5	6
	<u>6,891</u>	<u>3,190</u>
<b>Net assets representing unitholders' equity</b>	<u>1,742,019</u>	<u>1,892,744</u>
Number of units outstanding (note 9)	1,403,050	1,761,020
<b>Net asset value per unit</b>	<u>1,242</u>	<u>1,075</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets**

for the year ended December 31

(in \$000s)

	2009	2008
Investment Income	71,797	94,798
Foreign exchange gains	6,112	-
	<u>77,909</u>	<u>94,798</u>
<b>Expenses (note 8):</b>		
Foreign exchange losses	-	11,547
External management fees	8,194	9,017
Commissions and stock exchange fees	4,166	6,022
Custodial fees	713	1,034
bclMC funds management fees	634	745
Administrative and professional fees	23	15
	<u>13,730</u>	<u>28,380</u>
<b>Net investment income</b>	64,179	66,418
<b>Realized and unrealized gains (losses):</b>		
Net realized loss	(308,280) <sup>1</sup>	(409,249) <sup>1</sup>
Change in unrealized gain (loss)	529,626 <sup>1</sup>	(605,585) <sup>1</sup>
	<u>221,346</u>	<u>(1,014,834)</u>
<b>Net income (loss) from operations</b>	285,525	(948,416)
<b>Capital Transactions:</b>		
Proceeds from units issued	38,404	154,703
Amounts paid for units redeemed	(474,654)	(114,525)
	<u>(436,250)</u>	<u>40,178</u>
Decrease in net assets	(150,725)	(908,238)
Net assets, beginning of year, as previously reported	1,892,744	2,802,113
Transitional adjustment (note 5)	-	(1,131)
<b>Net Assets, end of year</b>	<u>1,742,019</u>	<u>1,892,744</u>

<sup>1</sup> The net realized loss and change in unrealized

gain (loss) include the following

foreign exchange gains (losses):

(223,387)

358,913

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ACTIVE EAFE EQUITY FUND**

**Statement of Cash Flows**  
for the year ended December 31  
(in \$000s)

	2009	2008
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income (loss) from operations	285,525	(948,416)
Items not affecting cash:		
Net realized loss	308,280	409,249
Change in unrealized loss (gain)	<u>(529,626)</u>	<u>605,585</u>
	64,179	66,418
Changes in non-cash operating accounts:		
Receivable from sale of investments	(8,011)	2,428
Accrued investment income	(229)	1,235
Withholding taxes receivable	294	538
bcIMC funds management fees payable	12	(13)
Payable for purchase of investments	4,275	(7,033)
External management fees payable	(629)	(446)
Custodial fees payable	(72)	(55)
Accounts payable	<u>(1)</u>	<u>(1)</u>
	<u>59,818</u>	<u>63,071</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	1,690,788	1,929,944
Amounts paid for purchase of investments	<u>(1,312,799)</u>	<u>(2,034,442)</u>
	<u>377,989</u>	<u>(104,498)</u>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	38,404	154,703
Amounts paid for units redeemed	<u>(474,654)</u>	<u>(114,525)</u>
	<u>(436,250)</u>	<u>40,178</u>
<b>Net increase (decrease) in cash</b>	1,557	(1,249)
<b>Cash, beginning of year</b>	<u>47,132</u>	<u>48,381</u>
<b>Cash, end of year</b>	<u><u>48,689</u></u>	<u><u>47,132</u></u>

**Statement of Investments**  
as at December 31  
(in \$000s)

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
<b>Equities:</b>				
Publicly Traded	1,687,148	1,697,368	1,842,704	2,382,326
<b>Money Market Investments:</b>				
Units in bcIMC Pooled				
Investment Portfolio Fund ST2	<u>318</u>	<u>320</u>	<u>1,634</u>	<u>1,630</u>
<b>Total Investments</b>	<u><u>1,687,466</u></u>	<u><u>1,697,688</u></u>	<u><u>1,844,338</u></u>	<u><u>2,383,956</u></u>

**Schedule One - Foreign Currency Contracts**  
As at December 31, 2009

Number of Contracts	Expiry Dates	Notional Value (\$000s)	Unrealized Gain (Loss) (\$000s)
16	January 2010	4,544	30
2	February 2010	23,455	200
3	March 2010	4,265	142
		<u>32,264</u>	<u>372</u>
2	January 2010	5,005	(36)
18	March 2010	3,683	(94)
		<u>8,688</u>	<u>(130)</u>

**Schedule Two - Foreign Currency Contracts**  
As at December 31, 2008

Number of Contracts	Expiry Dates	Notional Value (\$000s)	Unrealized Gain (Loss) (\$000s)
6	January 2009	2,826	27
4	January 2009	1,898	(14)

See accompanying Notes to the Financial Statements.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE EAFE EQUITY FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Active EAFE Equity Fund (the Fund) is to provide clients with a higher rate of return than the Morgan Stanley Capital International (MSCI) Europe, Australasia and Far East (EAFE) Net Index, the Fund's benchmark. The Fund provides clients with a diversity of active management investment styles (e.g., value, growth, and market oriented), exposure to a variety of market outlooks, and exposure to the various segments of international markets, including emerging markets. Active managers within the Fund are selected to add value over full market cycles. The managers operate independently of each other and are given specific value added targets, consistent with their expected risk profile. Each manager may have a different approach to risk management.

The Fund is diversified on a geographic and industry sector basis, reducing exposure to firm specific risks. However, the Fund's holdings may be more concentrated in certain geographic regions and industry sectors than the Index.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of international companies,
- exchange traded funds based on the Index or countries/regions within the Index,
- international exchange-listed depository receipts of European and Asian listed companies,
- units in the Managers' pooled funds provided such holdings are permissible investments of the Fund,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval, and
- money market securities rated A-1 (low) or better, and units of bclMC's Pooled Investment Portfolios ST1, ST2 and ST3.

The following restrictions apply to the Fund:

- Up to 20% of the Pool's assets over any 3 month period or up to 15% of the Fund's assets over any 12 month period may be invested in money market securities rated

**Financial Risk Management Discussion (continued)  
as at December 31**

- A-1 (low) or better, or in units of bclMC's Pooled Investment Portfolios ST1, ST2 and ST3.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.

The Fund's activities expose it to a variety of financial risks as described below.

**Credit Risk**

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

**Interest Rate Risk**

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Other Price Risk**

*Equity by Industry Sector*

Industry sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
<b>Consumer Discretionary</b>	159,396	9.4%	181,645	9.9%
<b>Consumer Staple</b>	147,531	8.7%	170,332	9.2%
<b>Energy</b>	155,589	9.2%	169,430	9.2%
<b>Financial Services</b>	400,856	23.8%	407,751	22.1%
<b>Health Care</b>	143,166	8.5%	173,101	9.4%
<b>Industrial Products</b>	229,888	13.6%	227,293	12.3%
<b>Information Technology</b>	96,784	5.7%	100,808	5.5%
<b>Materials and Processing</b>	124,019	7.4%	105,775	5.7%
<b>Telecommunication Services</b>	132,768	7.9%	171,117	9.3%
<b>Utilities</b>	97,151	5.8%	135,452	7.4%
<b>Total Equities</b>	<b>1,687,148</b>	<b>100.0%</b>	<b>1,842,704</b>	<b>100.0%</b>



**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE EAFE EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

The expected impact on the Net Assets of the Fund, assuming a 10 percent increase/decrease in the Fund's benchmark, would be an increase/decrease of \$167,028,000 (2008 - \$186,113,000). This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2009, and assuming all other variables are held constant. BarraOne, a product of MSCI Barra Inc., is used to forecast the Fund's beta and provide other analytics and data that are used in the preparation of the forecast. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

*Equity by Geographic Region*

Geographic regions to which the Fund had exposure as at December 31 are as follows:

GEOGRAPHIC REGION (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Australia	66,111	3.9%	43,309	2.4%
Austria	9,723	0.6%	11,521	0.6%
Belgium	18,975	1.1%	26,733	1.5%
Denmark	13,897	0.8%	7,891	0.4%
Finland	11,725	0.7%	18,274	1.0%
France	163,530	9.8%	199,565	10.8%
Germany	129,890	7.7%	167,791	9.1%
Greece	15,872	0.9%	16,583	0.9%
Hong Kong	82,839	4.9%	40,826	2.2%
Ireland	5,473	0.3%	10,829	0.6%
Italy	93,892	5.6%	82,048	4.5%
Japan	235,262	14.0%	391,090	21.1%
Netherlands	71,494	4.2%	43,507	2.4%
New Zealand	838	0.0%	80	0.0%
Norway	18,600	1.1%	10,477	0.6%
Portugal	6,705	0.4%	4,777	0.3%
Singapore	27,756	1.6%	34,431	1.9%
Spain	98,397	5.8%	101,969	5.5%
Sweden	15,645	0.9%	32,991	1.8%
Switzerland	144,938	8.6%	172,579	9.4%
United Kingdom	329,783	19.6%	292,674	15.8%
Other	125,803	7.5%	132,759	7.2%
<b>Total Equities</b>	<b>1,687,148</b>	<b>100.0%</b>	<b>1,842,704</b>	<b>100.0%</b>

**Financial Risk Management Discussion (continued)  
as at December 31**

**Currency Risk**

Currencies to which the Fund had exposure as at December 31 are as follows:

CURRENCY (\$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Australian Dollar	44,560	2.6%	44,665	2.4%
Brazilian Real	4,937	0.3%	4,049	0.2%
British Pound Sterling	294,985	16.9%	235,570	12.4%
Canadian Dollar	57,795	3.3%	21,291	1.1%
Czech Koruna	17	0.0%	-	-
Danish Krone	13,915	0.8%	7,890	0.4%
Euro	649,191	37.2%	727,728	38.3%
Hong Kong Dollar	90,132	5.2%	48,480	2.6%
Indian Rupee	3,318	0.2%	11,340	0.6%
Israeli Ringgit	699	0.0%	1	0.0%
Japanese Yen	245,001	14.1%	410,355	21.7%
Korean Won	12,238	0.7%	14,347	0.8%
Malaysian Ringgit	7,932	0.5%	8,732	0.5%
Mexican Peso	-	-	1,373	0.1%
New Zealand Dollar	7	0.0%	82	0.0%
Norwegian Krone	19,153	1.1%	10,508	0.6%
Polish Zloty	-	-	1,985	0.1%
Singapore Dollar	27,856	1.6%	25,050	1.3%
South African Rand	4,367	0.3%	9,537	0.5%
Swedish Krona	15,815	0.9%	33,903	1.8%
Swiss Franc	145,258	8.3%	173,695	9.2%
Taiwan Dollar	18,723	1.1%	9,218	0.5%
Thai Baht	6,884	0.4%	6,312	0.3%
Turkish Lira	4,301	0.2%	7,399	0.4%
United States Dollar	74,935	4.3%	79,234	4.2%
<b>Total Net Assets</b>	<b>1,742,019</b>	<b>100.0%</b>	<b>1,892,744</b>	<b>100.0%</b>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$16,842,000 (2008 - \$18,715,000).

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE EAFE EQUITY FUND**

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

(\$000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Money Market Investments</b>	-	282	282
<b>Bonds</b>	-	36	36
<b>Public Equities</b>	<b>1,687,144</b>	<b>4</b>	<b>1,687,148</b>
<b>Total Investments</b>	<b>1,687,144</b>	<b>322</b>	<b>1,687,466</b>
<b>Foreign Currency Contracts</b>	-	242	242
<b>Total</b>	<b>1,687,144</b>	<b>564</b>	<b>1,687,708</b>

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

(\$000s)	2008		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
Money Market Investments	-	1,502	1,502
Bonds	-	132	132
Public Equities	1,842,636	68	1,842,704
Total Investments	1,842,636	1,702	1,844,338
Foreign Currency Contracts	-	13	13
Total	1,842,636	1,715	1,844,351

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2008.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ENHANCED INDEXED EAFE EQUITY FUND**

**Statement of Net Assets**

as at December 31

(in \$000s except number of units outstanding)

	2009	2008
<b>Assets</b>		
Investments at fair value	686,978	674,740
Unrealized gain on foreign currency contracts (Schedule One)	117	-
Cash	4,013	9,191
Receivable from sale of investments	2,214	450
Accrued investment income	710	961
Withholding taxes receivable	126	131
	<u>694,158</u>	<u>685,473</u>
<b>Liabilities</b>		
Unrealized loss on foreign currency contracts (Schedule One)	172	-
bclMC funds management fees payable (note 8)	19	15
Payable for purchase of investments	1,453	-
External management fees payable	499	743
Custodial fees payable	76	48
Accounts payable	5	6
	<u>2,224</u>	<u>812</u>
<b>Net assets representing unitholders' equity</b>	<u>691,934</u>	<u>684,661</u>
Number of units outstanding (note 9)	942,924	1,039,687
<b>Net asset value per unit</b>	<u>734</u>	<u>659</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets**

for the year ended December 31

(in \$000s)

	2009	2008
Investment Income	22,660	30,039
Foreign exchange gains	-	332
	<u>22,660</u>	<u>30,371</u>
<b>Expenses (note 8):</b>		
Foreign exchange losses	740	-
External management fees	1,633	1,856
Commissions and stock exchange fees	1,237	1,199
bclMC funds management fees	201	248
Custodial fees	249	243
Administrative and professional fees	6	4
	<u>4,066</u>	<u>3,550</u>
<b>Net investment income</b>	18,594	26,821
<b>Realized and unrealized gains (losses):</b>		
Net realized loss	(230,470) <sup>1</sup>	(73,384) <sup>1</sup>
Change in unrealized gain (loss)	273,762 <sup>1</sup>	(305,719) <sup>1</sup>
	<u>43,292</u>	<u>(379,103)</u>
<b>Net income (loss) from operations</b>	61,886	(352,282)
<b>Capital Transactions:</b>		
Proceeds from units issued	17,266	146,712
Amounts paid for units redeemed	(71,879)	(42,183)
	<u>(54,613)</u>	<u>104,529</u>
Increase (decrease) in net assets	7,273	(247,753)
Net assets, beginning of year, as previously reported	684,661	932,756
Transitional adjustment (note 5)	-	(342)
<b>Net Assets, end of year</b>	<u>691,934</u>	<u>684,661</u>
<sup>1</sup> The net realized loss and change in unrealized gain (loss) include the following foreign exchange gains (losses):		
	(66,009)	91,574

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ENHANCED INDEXED EAFE EQUITY FUND**

**Statement of Cash Flows**  
for the year ended December 31  
(in \$000s)

	2009	2008
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income (loss) from operations	61,886	(352,282)
Items not affecting cash:		
Net realized loss	230,470	73,384
Change in unrealized loss (gain)	<u>(273,762)</u>	<u>305,719</u>
	18,594	26,821
Changes in non-cash operating accounts:		
Receivable from sale of investments	(1,764)	(450)
Receivable from issue of units	-	120
Accrued investment income	251	(297)
Withholding taxes receivable	5	(131)
bcIMC funds management fees payable	4	(4)
Payable for purchase of investments	1,453	-
External management fees payable	(244)	685
Custodial fees payable	28	30
Accounts payable	(1)	1
	<u>18,326</u>	<u>26,775</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	1,045,086	441,894
Amounts paid for purchase of investments	<u>(1,013,977)</u>	<u>(574,060)</u>
	<u>31,109</u>	<u>(132,166)</u>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	17,266	146,712
Amounts paid for units redeemed	<u>(71,879)</u>	<u>(42,183)</u>
	<u>(54,613)</u>	<u>104,529</u>
<b>Net decrease in cash</b>	(5,178)	(862)
<b>Cash, beginning of year</b>	<u>9,191</u>	<u>10,053</u>
<b>Cash, end of year</b>	<u><u>4,013</u></u>	<u><u>9,191</u></u>

**Statement of Investments**  
as at December 31  
(in \$000s)

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
<b>Equities:</b>				
Publicly Traded	686,831	712,523	674,556	974,065
<b>Money Market Investments:</b>				
Units in bcIMC Pooled				
Investment Portfolio Fund ST2	<u>147</u>	<u>147</u>	<u>184</u>	<u>184</u>
<b>Total Investments</b>	<u><u>686,978</u></u>	<u><u>712,670</u></u>	<u><u>674,740</u></u>	<u><u>974,249</u></u>

**Schedule One - Foreign Currency Contracts**  
As at December 31, 2009

Number of Contracts	Expiry Dates	Notional Value (\$000s)	Unrealized Gain (Loss) (\$000s)
4	January 2010	2,532	117
7	January 2010	6,257	(172)

There were no outstanding foreign currency contracts at December 31, 2008.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ENHANCED INDEXED EAFE EQUITY FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Enhanced Indexed EAFE Equity Fund (the Fund) is to provide clients with a higher rate of return than the Morgan Stanley Capital International (MSCI) Europe, Australasia and Far East (EAFE) Net Index, the Fund's benchmark. Enhanced indexing combines the value adding strategies of active management with the risk controls of indexing.

The Enhanced Indexed EAFE Equity Fund differs from the Active EAFE Equity Fund in that it takes a lower level of active management risk and will more closely reflect the sector and financial characteristics of the benchmark. The portfolio managers will typically try to outperform the benchmark through company selection. The Fund is diversified on a geographic and industry sector basis, reducing exposure to firm specific risks.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of European, Australasian and Far East companies,
- exchange traded funds based on the Index or countries/regions within the Index,
- unleveraged futures based on the Index,
- international exchange-listed depository receipts of European and Asian listed companies,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval, and
- units of bclIMC's Pooled Investment Portfolios ST1, ST2 and ST3.

The following restrictions apply to the Fund:

- Up to 10% of the Fund's assets can be held over any 12 month period in units of bclIMC's Pooled Investment Portfolios ST1, ST2 and ST3.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.

**Financial Risk Management Discussion (continued)  
as at December 31**

The Fund's activities expose it to a variety of financial risks as described below.

**Credit Risk**

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

**Interest Rate Risk**

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Other Price Risk**

*Equity by Industry Sector*

Industry sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Consumer Discretionary	78,104	11.4%	64,387	9.5%
Consumer Staple	63,452	9.2%	61,245	9.1%
Energy	59,289	8.6%	67,759	10.0%
Financial Services	167,049	24.3%	144,504	21.5%
Health Care	61,540	9.0%	70,361	10.4%
Industrial Products	73,150	10.7%	65,922	9.8%
Information Technology	31,740	4.6%	36,330	5.4%
Materials and Processing	75,713	11.0%	58,682	8.7%
Telecommunication Services	41,573	6.1%	56,030	8.3%
Utilities	35,221	5.1%	49,336	7.3%
<b>Total Equities</b>	<b>686,831</b>	<b>100.0%</b>	<b>674,556</b>	<b>100.0%</b>

The expected impact on the Net Assets of the Fund, assuming a 10 percent increase/decrease in the Fund's benchmark, would be an increase/decrease of \$68,683,000 (2008 - \$68,805,000). This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2009, and assuming all other variables are held constant. BarraOne, a product of MSCI Barra Inc., is used to forecast

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ENHANCED INDEXED EAFE EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

the Fund's beta and provide other analytics and data that are used in the preparation of the forecast. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

*Equity by Geographic Region*

Geographic regions to which the Fund had exposure as at December 31 are as follows:

GEOGRAPHIC REGION (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Australia	55,008	8.0%	34,118	5.1%
Austria	3,394	0.5%	1,333	0.2%
Brazil	6,085	0.9%	3,377	0.5%
Denmark	6,614	1.0%	5,592	0.8%
Finland	7,817	1.1%	7,361	1.1%
France	71,521	10.4%	67,237	10.0%
Germany	56,344	8.2%	70,080	10.4%
Greece	2,539	0.4%	4,702	0.7%
Hong Kong	12,522	1.8%	5,122	0.8%
Ireland	1,654	0.2%	2,926	0.4%
Italy	23,974	3.5%	22,401	3.3%
Japan	138,959	20.3%	180,785	26.7%
Netherlands	19,287	2.8%	18,962	2.8%
Norway	7,404	1.1%	7,218	1.1%
Singapore	6,787	1.0%	791	0.1%
Spain	36,556	5.3%	28,073	4.2%
Sweden	13,885	2.0%	10,041	1.5%
Switzerland	56,456	8.2%	51,620	7.7%
United Kingdom	152,214	22.2%	152,787	22.6%
Other	7,811	1.1%	30	0.0%
<b>Total Equities</b>	<b>686,831</b>	<b>100.0%</b>	<b>674,556</b>	<b>100.0%</b>

**Financial Risk Management Discussion (continued)  
as at December 31**

**Currency Risk**

Currencies to which the Fund had exposure as at December 31 are as follows:

CURRENCY (\$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Australian Dollar	55,775	8.1%	34,173	5.0%
British Pound Sterling	144,753	20.9%	147,348	21.5%
Canadian Dollar	10,107	1.5%	8,364	1.2%
Danish Krone	6,667	1.0%	5,592	0.8%
Euro	236,332	34.1%	233,372	34.2%
Hong Kong Dollar	15,046	2.2%	5,125	0.7%
Japanese Yen	137,055	19.8%	180,916	26.4%
Norwegian Krone	7,490	1.1%	7,218	1.1%
New Zealand Dollar	98	0.0%	-	-
Singapore Dollar	6,884	1.0%	791	0.1%
Swedish Krona	13,891	2.0%	10,041	1.5%
Swiss Franc	55,559	8.0%	51,620	7.5%
United States Dollar	2,277	0.3%	101	0.0%
<b>Total Net Assets</b>	<b>691,934</b>	<b>100.0%</b>	<b>684,661</b>	<b>100.0%</b>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$6,818,000 (2008 - \$6,763,000).

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ENHANCED INDEXED EAFE EQUITY FUND**

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

(\$000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Money Market Investments</b>	-	131	131
<b>Bonds</b>	-	16	16
<b>Public Equities</b>	685,802	1,029	686,831
<b>Total Investments</b>	685,802	1,176	686,978
<b>Foreign Currency Contracts</b>	-	(55)	(55)
<b>Total</b>	685,802	1,121	686,923

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

(\$000s)	2008		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
Money Market Investments	-	169	169
Bonds	-	15	15
Public Equities	674,556	-	674,556
Total Investments	674,556	184	674,740

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2008.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**INDEXED EAFE EQUITY FUND**

**Statement of Net Assets**

as at December 31

(in \$000s except number of units outstanding)

	2009	2008
<b>Assets</b>		
Investments at fair value	3,170,911	1,666,724
Unrealized gain on foreign currency contracts (Schedule One and Two)	2	2
Cash	1,577	273
Receivable from issue of units	150	-
Accrued investment income	3,111	2,267
Withholding taxes receivable	458	399
	<u>3,176,209</u>	<u>1,669,665</u>
<b>Liabilities</b>		
Unrealized loss on foreign currency contracts (Schedule One)	1	-
bciMC funds management fees payable (note 8)	85	43
Payable for purchase of investments	810	-
Payable for redemption of units	150	-
Custodial fees payable	143	127
Accounts payable	5	6
	<u>1,194</u>	<u>176</u>
<b>Net assets representing unitholders' equity</b>	<u>3,175,015</u>	<u>1,669,489</u>
Number of units outstanding (note 9)	2,690.635	1,586.144
<b>Net asset value per unit</b>	<u>1,180</u>	<u>1,053</u>



Doug Pearce

Chief Executive Officer

Chief Investment Officer

**Statement of Operations and Change in Net Assets**

for the year ended December 31

(in \$000s)

	2009	2008
Investment Income	89,297	81,016
Foreign exchange gains	3,154	-
	<u>92,451</u>	<u>81,016</u>
<b>Expenses (note 8):</b>		
Commissions and stock exchange fees	1,806	1,022
Foreign exchange losses	-	780
bciMC funds management fees	872	720
Custodial fees	621	632
Administrative and professional fees	7	4
	<u>3,306</u>	<u>3,158</u>
<b>Net investment income</b>	89,145	77,858
<b>Realized and unrealized gains (losses):</b>		
Net realized gain (loss)	(46,022) <sup>1</sup>	6,282 <sup>1</sup>
Change in unrealized gain (loss)	373,570 <sup>1</sup>	(727,352) <sup>1</sup>
	<u>327,548</u>	<u>(721,070)</u>
<b>Net income (loss) from operations</b>	416,693	(643,212)
<b>Capital Transactions:</b>		
Proceeds from units issued	1,517,657	882,604
Amounts paid for units redeemed	(428,824)	(1,393,644)
	<u>1,088,833</u>	<u>(511,040)</u>
Increase (decrease) in net assets	1,505,526	(1,154,252)
Net assets, beginning of year, as previously reported	1,669,489	2,825,051
Transitional adjustment (note 5)	-	(1,310)
<b>Net Assets, end of year</b>	<u>3,175,015</u>	<u>1,669,489</u>

<sup>1</sup> The net realized gain (loss) and change in unrealized gain (loss) include the following foreign exchange gains:

373,569	405,773
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**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS**

**INDEXED EAFE EQUITY FUND**

**Statement of Cash Flows  
for the year ended December 31  
(in \$000s)**

	<u>2009</u>	<u>2008</u>
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income (loss) from operations	416,693	(643,212)
Items not affecting cash:		
Net realized loss (gain)	46,022	(6,282)
Change in unrealized loss (gain)	<u>(373,570)</u>	<u>727,352</u>
	89,145	77,858
Changes in non-cash operating accounts:		
Receivable from sale of investments	(150)	3,406
Accrued investment income	(844)	648
Withholding taxes receivable	(59)	288
bcIMC funds management fees payable	42	(23)
Payable for purchase of investments	810	-
Payable for redemption of units	150	-
Custodial fees payable	16	(113)
Accounts payable	<u>(1)</u>	<u>-</u>
	<u>89,109</u>	<u>82,064</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	257,071	1,036,184
Amounts paid for purchase of investments	<u>(1,433,709)</u>	<u>(608,379)</u>
	<u>(1,176,638)</u>	<u>427,805</u>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	1,517,657	882,604
Amounts paid for units redeemed	<u>(428,824)</u>	<u>(1,393,644)</u>
	<u>1,088,833</u>	<u>(511,040)</u>
<b>Net increase (decrease) in cash</b>	1,304	(1,171)
<b>Cash, beginning of year</b>	<u>273</u>	<u>1,444</u>
<b>Cash, end of year</b>	<u><u>1,577</u></u>	<u><u>273</u></u>

**Statement of Investments  
as at December 31  
(in \$000s)**

	<u>2009</u>		<u>2008</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Equities:</b>				
Publicly Traded	3,170,868	3,102,396	1,666,644	1,974,745
<b>Money Market Investments:</b>				
Units in bcIMC Pooled Investment Portfolio Fund ST2	<u>43</u>	<u>43</u>	<u>80</u>	<u>80</u>
<b>Total Investments</b>	<u><u>3,170,911</u></u>	<u><u>3,102,439</u></u>	<u><u>1,666,724</u></u>	<u><u>1,974,825</u></u>

**Schedule One - Foreign Currency Contracts  
as at December 31, 2009**

<u>Number of Contracts</u>	<u>Expiry Dates</u>	<u>Notional Value (\$000s)</u>	<u>Unrealized Gain (Loss) (\$000s)</u>
2	January 2010	121	2
1	January 2010	386	(1)

**Schedule Two - Foreign Currency Contracts  
as at December 31, 2008**

<u>Number of Contracts</u>	<u>Expiry Dates</u>	<u>Notional Value (\$000s)</u>	<u>Unrealized Gain (\$000s)</u>
5	January 2009	177	2

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**INDEXED EAFE EQUITY FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Indexed EAFE Equity Fund (the Fund) is to generate a risk/return profile that is very similar to the Morgan Stanley Capital International (MSCI) Europe, Australasia, Far East (EAFE) Net Index, the Fund's benchmark. The Fund is managed internally by bcIMC and is a full replication index. Performance results will track quite closely to the underlying benchmark. bcIMC portfolio managers hold all company, sector, and country allocations at or near their benchmark weights but have discretion to determine the appropriate timing of implementing Index changes. The Fund is diversified on a geographic and industry sector basis, reducing exposure to firm specific risks.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of benchmark member companies,
- exchange traded funds based on the Index or countries/regions within the Index,
- international exchange-listed depository receipts of European and Asian listed companies,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- forward contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval , and
- units of bcIMC's Pooled Investment Portfolios ST1, ST2 and ST3.

The following restrictions apply to the Fund:

- Up to 0.5% of the Fund's assets can be invested in units of bcIMC's Pooled Investment Portfolios ST1, ST2 and ST3.

The Fund's activities expose it to a variety of financial risks as described below.

**Credit Risk**

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

**Financial Risk Management Discussion (continued)  
as at December 31**

**Interest Rate Risk**

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Other Price Risk**

*Equity by Industry Sector*

Industry sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
<b>Consumer Discretionary</b>	<b>307,064</b>	<b>9.7%</b>	160,346	9.6%
<b>Consumer Staple</b>	<b>319,195</b>	<b>10.1%</b>	171,050	10.3%
<b>Energy</b>	<b>265,111</b>	<b>8.4%</b>	142,638	8.6%
<b>Financial Services</b>	<b>807,627</b>	<b>25.4%</b>	376,086	22.7%
<b>Health Care</b>	<b>265,917</b>	<b>8.4%</b>	162,301	9.7%
<b>Industrial Products</b>	<b>354,935</b>	<b>11.2%</b>	192,290	11.5%
<b>Information Technology</b>	<b>151,014</b>	<b>4.8%</b>	85,414	5.1%
<b>Materials and Processing</b>	<b>329,160</b>	<b>10.3%</b>	130,698	7.8%
<b>Telecommunication Services</b>	<b>184,444</b>	<b>5.8%</b>	116,046	7.0%
<b>Utilities</b>	<b>185,763</b>	<b>5.9%</b>	128,811	7.7%
<b>Other</b>	<b>638</b>	<b>0.0%</b>	964	0.1%
<b>Total Equities</b>	<b>3,170,868</b>	<b>100.0%</b>	1,666,644	100.0%

The expected impact on the Net Assets of the Fund, assuming a 10 percent increase/decrease in the Fund's benchmark, would be an increase/decrease of \$317,087,000 (2008 – \$166,664,000). This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2009, and assuming all other variables are held constant. BarraOne, a product of MSCI Barra Inc., is used to forecast the Fund's beta and provide other analytics and data that are used in the preparation of the forecast. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**INDEXED EAFE EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

*Equity by Geographic Region*

Geographic regions to which the Fund had exposure as at December 31 are as follows:

GEOGRAPHIC REGION (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Australia	263,296	8.3%	98,118	5.9%
Belgium	30,881	1.0%	12,533	0.8%
Denmark	27,742	0.9%	14,060	0.8%
Finland	35,759	1.1%	23,310	1.4%
France	346,251	10.9%	179,917	10.8%
Germany	255,322	8.1%	145,367	8.7%
Greece	15,924	0.5%	7,912	0.5%
Ireland	8,509	0.3%	4,923	0.3%
Italy	110,185	3.5%	61,225	3.7%
Netherlands	92,157	2.9%	42,986	2.6%
Norway	25,256	0.8%	10,233	0.6%
Portugal	9,592	0.3%	5,180	0.3%
Spain	146,055	4.6%	75,670	4.5%
Sweden	80,393	2.5%	33,457	2.0%
Switzerland	244,310	7.7%	138,747	8.3%
United Kingdom	687,910	21.7%	331,909	19.9%
Non-Indexed Countries	791,326	24.9%	481,097	28.9%
<b>Total Equities</b>	<b>3,170,868</b>	<b>100.0%</b>	<b>1,666,644</b>	<b>100.0%</b>

**Financial Risk Management Discussion (continued)  
as at December 31**

**Currency Risk**

Currencies to which the Fund had exposure as at December 31 are as follows:

CURRENCY (\$000s)	2009		2008	
	Total	% of Total	Total	% of Total
Australian Dollar	264,479	8.3%	98,839	5.9%
British Pound Sterling	654,826	20.6%	311,654	18.7%
Canadian Dollar	(8)	0.0%	(95)	0.0%
Danish Krone	27,743	0.9%	14,060	0.8%
Euro	1,095,806	34.6%	585,716	35.1%
Hong Kong Dollar	74,236	2.3%	33,560	2.0%
Japanese Yen	656,543	20.7%	421,745	25.3%
New Zealand Dollar	3,037	0.1%	1,349	0.1%
Norwegian Krone	25,257	0.8%	10,233	0.6%
Singapore Dollar	80,415	2.5%	17,335	1.0%
Swedish Krona	47,224	1.5%	33,457	2.0%
Swiss Franc	244,345	7.7%	140,375	8.4%
United States Dollar	1,112	0.0%	1,261	0.1%
<b>Total Net Assets</b>	<b>3,175,015</b>	<b>100.0%</b>	<b>1,669,489</b>	<b>100.0%</b>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$31,750,000 (2008 – \$16,696,000).

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**INDEXED EAFE EQUITY FUND**

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

(\$000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Money Market Investments</b>	-	37	37
<b>Bonds</b>	-	5	5
<b>Public Equities</b>	3,170,830	2	3,170,832
<b>Warrants</b>	37	-	37
<b>Total Investments</b>	3,170,867	44	3,170,911
<b>Foreign Currency Contracts</b>	-	1	1
<b>Total</b>	3,170,867	45	3,170,912

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

(\$000s)	2008		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
Money Market Investments	-	74	74
Bonds	-	6	6
Public Equities	1,666,610	34	1,666,644
Total Investments	1,666,610	114	1,666,724
Foreign Currency Contracts	-	2	2
Total	1,666,610	116	1,666,726

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2008.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ACTIVE GLOBAL EQUITY FUND**

**Statement of Net Assets  
as at December 31  
(in \$000s except number of units outstanding)**

	<u>2009</u> (note 1)
<b>Assets</b>	
Investments at fair value	196,785
Cash	5,649
Accrued investment income	215
	<u>202,649</u>
<b>Liabilities</b>	
bciMC funds management fees payable (note 8)	9
External management fees payable	336
Custodial fees payable	5
	<u>350</u>
<b>Net assets representing unitholders' equity</b>	<u>202,299</u>
Number of units outstanding (note 9)	201,171
<b>Net asset value per unit</b>	<u>1,006</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets  
for the period ended December 31  
(in \$000s)**

	<u>2009</u> (note 1)
Investment Income	593
Foreign exchange gains	3,018
	<u>3,611</u>
Expenses (note 8):	
Commissions and stock exchange fees	264
bciMC funds management fees	17
External management fees	351
Custodial fees	9
Administrative and professional fees	1
	<u>642</u>
<b>Net investment income</b>	2,969
Realized and unrealized gains (losses):	
Net realized loss	(4,043) <sup>1</sup>
Change in unrealized gain	3,228 <sup>1</sup>
	<u>(815)</u>
<b>Net income from operations</b>	2,154
Capital Transactions:	
Proceeds from units issued	217,145
Amounts paid for units redeemed	(17,000)
	<u>200,145</u>
Increase in net assets	202,299
Net assets, beginning of year	<u>-</u>
<b>Net Assets, end of year</b>	<u>202,299</u>

<sup>1</sup> The net realized loss and change in unrealized gain include the following foreign exchange losses: (10,294)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**ACTIVE GLOBAL EQUITY FUND**

**Statement of Cash Flows**  
**for the period ended December 31**  
**(in \$000s)**

	<u>2009</u>
	(note 1)
<b>Cash flow provided by (used for):</b>	
<b>Cash flows from operating activities</b>	
Net income from operations	2,154
Items not affecting cash:	
Net realized loss	4,043
Change in unrealized gain	<u>(3,228)</u>
	2,969
Changes in non-cash operating accounts:	
Accrued investment income	(215)
bcIMC funds management fees payable	9
External management fees payable	336
Custodial fees payable	<u>5</u>
	<u>3,104</u>
<b>Cash flows from investing activities</b>	
Proceeds from sale of investments	18,984
Amounts paid for purchase of investments	<u>(216,584)</u>
	<u>(197,600)</u>
<b>Cash flows from financing activities</b>	
Proceeds from units issued	217,145
Amounts paid for units redeemed	<u>(17,000)</u>
	<u>200,145</u>
<b>Net increase in cash</b>	5,649
<b>Cash, beginning of period</b>	<u>-</u>
<b>Cash, end of period</b>	<u><u>5,649</u></u>

**Statement of Investments**  
**as at December 31**  
**(in \$000s)**

	<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>
<b>Equities:</b>		
Publicly Traded	196,653	193,426
<b>Money Market Investments:</b>		
Units in bcIMC Pooled		
Investment Portfolio Fund ST2	<u>132</u>	<u>131</u>
<b>Total Investments</b>	<u><u>196,785</u></u>	<u><u>193,557</u></u>

See accompanying Notes to the Financial Statements.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE GLOBAL EQUITY FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Active Global Equity Fund (the Fund) provides clients with exposure to a portfolio of actively managed stocks from across the globe. The Fund invests primarily in developed markets and seeks to earn a higher rate of return than the Morgan Stanley Capital International (MSCI) World Net Index, the Fund's benchmark. The Fund provides clients with a diversity of active management investment styles, exposure to a variety of market outlooks, and market exposure globally across geographic lines, industry sectors, and market capitalizations. The managers operate independently of each other and are given specific value added targets, consistent with their expected risk profile.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents of companies from all equity markets, including preferred shares, instalment receipts, convertible securities, rights and warrants,
- exchange traded funds based on the Index or countries/regions within the Index,
- international exchange-listed depository receipts,
- private placements (defined as off-exchange purchase of securities that may have limited transferability) with CIO approval,
- foreign currency contracts for currency conversions and/or currency hedging,
- other derivative instruments with CIO approval , and
- money market securities rated A-1 (Low) or better, and units of bclMC's Pooled Investment Portfolios ST1, ST2, and ST3.

The following restrictions apply to the Fund:

- Up to 20% of the Fund's assets over a 3 month period up to 15% over any 12 month period can be invested in money market securities and units of bclMC's Pooled Investment Portfolios ST1, ST2, and ST3.
- Investments in the securities of a single company are limited to 10% of the market value of the Fund.
- Investments in the securities of emerging markets are limited to 10% of the market value of the Fund.

The Fund's activities expose it to a variety of financial risks as described below.

**Financial Risk Management Discussion (continued)  
as at December 31**

**Credit Risk**

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

**Interest Rate Risk**

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Other Price Risk**

*Equity by Industry Sector*

Industry sectors to which the Fund had exposure as at December 31 are as follows:

<b>INDUSTRY SECTOR (in \$000s)</b>	<b>2009</b>	
	<b>Total</b>	<b>% of Total</b>
<b>Consumer Discretionary</b>	<b>17,350</b>	<b>8.8%</b>
<b>Consumer Staple</b>	<b>27,900</b>	<b>14.2%</b>
<b>Energy</b>	<b>24,202</b>	<b>12.3%</b>
<b>Financial Services</b>	<b>26,859</b>	<b>13.7%</b>
<b>Health Care</b>	<b>26,461</b>	<b>13.5%</b>
<b>Industrial Products</b>	<b>16,336</b>	<b>8.3%</b>
<b>Information Technology</b>	<b>28,532</b>	<b>14.5%</b>
<b>Materials and Processing</b>	<b>15,377</b>	<b>7.8%</b>
<b>Telecommunication Services</b>	<b>8,108</b>	<b>4.1%</b>
<b>Utilities</b>	<b>5,528</b>	<b>2.8%</b>
<b>Total Equities</b>	<b>196,653</b>	<b>100.0%</b>

The expected impact on the Net Assets of the Fund, assuming a 10 percent increase/decrease in the Fund's benchmark, would be an increase/decrease of \$18,485,000. This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2009, and assuming all other variables are held

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE GLOBAL EQUITY FUND**

**Financial Risk Management Discussion (continued)  
as at December 31**

constant. BarraOne, a product of MSCI Barra Inc., is used to forecast the Fund's beta and provide other analytics and data that are used in the preparation of the forecast. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

*Equity by Geographic Region*

Geographic regions to which the Fund had exposure as at December 31 are as follows:

<b>GEOGRAPHIC REGION (in \$000s)</b>	<b>2009</b>	
	<b>Total</b>	<b>% of Total</b>
<b>Australia</b>	<b>1,773</b>	<b>0.9%</b>
<b>Belgium</b>	<b>776</b>	<b>0.4%</b>
<b>Brazil</b>	<b>2,754</b>	<b>1.4%</b>
<b>Denmark</b>	<b>986</b>	<b>0.5%</b>
<b>Finland</b>	<b>720</b>	<b>0.4%</b>
<b>France</b>	<b>6,796</b>	<b>3.5%</b>
<b>Germany</b>	<b>9,128</b>	<b>4.6%</b>
<b>Greece</b>	<b>460</b>	<b>0.2%</b>
<b>Hong Kong</b>	<b>3,526</b>	<b>1.8%</b>
<b>Ireland</b>	<b>109</b>	<b>0.1%</b>
<b>Italy</b>	<b>4,904</b>	<b>2.5%</b>
<b>Japan</b>	<b>20,663</b>	<b>10.4%</b>
<b>Netherlands</b>	<b>2,696</b>	<b>1.4%</b>
<b>Norway</b>	<b>792</b>	<b>0.4%</b>
<b>Singapore</b>	<b>1,098</b>	<b>0.6%</b>
<b>Spain</b>	<b>796</b>	<b>0.4%</b>
<b>Sweden</b>	<b>729</b>	<b>0.4%</b>
<b>Switzerland</b>	<b>19,690</b>	<b>10.0%</b>
<b>United Kingdom</b>	<b>28,161</b>	<b>14.3%</b>
<b>United States</b>	<b>75,826</b>	<b>38.5%</b>
<b>Other</b>	<b>14,270</b>	<b>7.3%</b>
<b>Total Equities</b>	<b>196,653</b>	<b>100.0%</b>

**Financial Risk Management Discussion (continued)  
as at December 31**

**Currency Risk**

Currencies to which the Fund had exposure as at December 31 are as follows:

<b>CURRENCY (\$000s)</b>	<b>2009</b>	
	<b>Total</b>	<b>% of Total</b>
<b>Australian Dollar</b>	<b>1,772</b>	<b>0.9%</b>
<b>Brazilian Real</b>	<b>1,712</b>	<b>0.8%</b>
<b>British Pound Sterling</b>	<b>28,247</b>	<b>13.9%</b>
<b>Canadian Dollar</b>	<b>4,491</b>	<b>2.2%</b>
<b>Danish Krone</b>	<b>987</b>	<b>0.5%</b>
<b>Euro</b>	<b>27,724</b>	<b>13.7%</b>
<b>Hong Kong Dollar</b>	<b>8,535</b>	<b>4.2%</b>
<b>Japanese Yen</b>	<b>20,706</b>	<b>10.2%</b>
<b>Korean Won</b>	<b>780</b>	<b>0.4%</b>
<b>Mexican Peso</b>	<b>334</b>	<b>0.2%</b>
<b>Norwegian Krone</b>	<b>792</b>	<b>0.4%</b>
<b>Swedish Krona</b>	<b>729</b>	<b>0.4%</b>
<b>Swiss Franc</b>	<b>18,550</b>	<b>9.2%</b>
<b>United States Dollar</b>	<b>86,940</b>	<b>43.0%</b>
<b>Total Net Assets</b>	<b>202,299</b>	<b>100.0%</b>

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$19,780,000.



**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**ACTIVE GLOBAL EQUITY FUND**

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

(\$000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Money Market Investments</b>	-	117	117
<b>Bonds</b>	-	15	15
<b>Public Equities</b>	196,653	-	196,653
<b>Total Investments</b>	196,653	132	196,785

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INVESTMENT PUBLIC EQUITY FUND**

**Statement of Net Assets**

as at December 31

(in \$000s except number of units outstanding)

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Investments at fair value	752,995	549,714
Accrued investment income	<u>1,476</u>	<u>1,746</u>
	<u>754,471</u>	<u>551,460</u>
<b>Liabilities</b>		
bciMC funds management fees payable (note 8)	35	45
Payable for purchase of investments	-	853
Custodial fees payable	2	3
Accounts payable	<u>5</u>	<u>6</u>
	<u>42</u>	<u>907</u>
<b>Net assets representing unitholders' equity</b>	<u>754,429</u>	<u>550,553</u>
Number of units outstanding (note 9)	513.994	560.180
<b>Net asset value per unit</b>	<u>1,468</u>	<u>983</u>



Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

**Statement of Operations and Change in Net Assets**

for the year ended December 31

(in \$000s)

	<u>2009</u>	<u>2008</u>
Investment Income	14,106	15,263
Expenses (note 8):		
Commissions and stock exchange fees	3	153
bciMC funds management fees	494	572
Custodial fees payable	8	13
Administrative and professional fees	<u>5</u>	<u>4</u>
	<u>510</u>	<u>742</u>
<b>Net investment income</b>	13,596	14,521
Realized and unrealized gains (losses):		
Net realized gain (loss)	723 <sup>1</sup>	(27,971) <sup>1</sup>
Change in unrealized gain (loss)	<u>249,557 <sup>1</sup></u>	<u>(339,934) <sup>1</sup></u>
	<u>250,280</u>	<u>(367,905)</u>
<b>Net income (loss) from operations</b>	263,876	(353,384)
Capital Transactions:		
Proceeds from units issued	6,601	93,510
Amounts paid for units redeemed	<u>(66,601)</u>	<u>(23,510)</u>
	<u>(60,000)</u>	<u>70,000</u>
Increase (decrease) in net assets	203,876	(283,384)
Net assets, beginning of year, as previously reported	550,553	834,255
Transitional adjustment (note 5)	<u>-</u>	<u>(318)</u>
<b>Net Assets, end of year</b>	<u>754,429</u>	<u>550,553</u>

<sup>1</sup> The net realized gain (loss) and change in unrealized gain (loss) include the following exchange gains (losses):

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BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIOS

**STRATEGIC INVESTMENT PUBLIC EQUITY FUND**

**Statement of Cash Flows**  
**for the year ended December 31**  
**(in \$000s)**

	2009	2008
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income (loss) from operations	263,876	(353,384)
Items not affecting cash:		
Net realized loss (gain)	(723)	27,971
Change in unrealized loss (gain)	<u>(249,557)</u>	<u>339,934</u>
	13,596	14,521
Changes in non-cash operating accounts:		
Accrued investment income	270	22
bclMC funds management fees payable	(10)	(1)
Payable for purchase of investments	(853)	853
Custodial fees payable	(1)	-
Accounts payable	<u>(1)</u>	<u>-</u>
	<u>13,001</u>	<u>15,395</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	370,092	73,400
Amounts paid for purchase of investments	<u>(323,093)</u>	<u>(158,795)</u>
	46,999	(85,395)
<b>Cash flows from financing activities</b>		
Proceeds from units issued	6,601	93,510
Amounts paid for units redeemed	<u>(66,601)</u>	<u>(23,510)</u>
	<u>(60,000)</u>	<u>70,000</u>
<b>Net increase in cash</b>	-	-
<b>Cash, beginning of year</b>	-	-
<b>Cash, end of year</b>	<u>-</u>	<u>-</u>

**Statement of Investments**  
**as at December 31**  
**(in \$000s)**

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
<b>Equities:</b>				
Publicly Traded	746,491	598,195	522,433	623,720
<b>Money Market Investments:</b>				
Units in bclMC Pooled Investment Portfolio Fund ST2	<u>6,504</u>	<u>6,535</u>	<u>27,281</u>	<u>27,286</u>
<b>Total Investments</b>	<u>752,995</u>	<u>604,730</u>	<u>549,714</u>	<u>651,007</u>

See accompanying Notes to the Financial Statements.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
POOLED INVESTMENT PORTFOLIO**

**STRATEGIC PUBLIC EQUITY FUND**

**Financial Risk Management Discussion (note 6)  
as at December 31**

The investment objective of the Strategic Investment Public Equity Fund (the Fund) is to provide exposure to strategic investments in public companies that have strong cash flows, high dividend yields, toll-type revenues with regulated rates of return, and/or strong balance sheets with a significant component of real estate. The Fund is managed internally by bclMC using a longer term "buy and hold" strategy. The Fund is part of the overall Strategic Investments and Infrastructure Program which seeks to invest in tangible long-life assets with potential for strong cash flows and favourable risk-return characteristics.

The Fund invests in the following securities:

- publicly traded common stock or common stock equivalents including preferred shares, instalment receipts, convertible securities, as well as rights and warrants received via corporate actions,
- private placements (defined as an off-exchange purchase of securities that have limited transferability) with CIO approval,
- futures and other derivative instruments with CIO approval , and
- units of bclMC Canadian Money Market Fund (ST1), bclMC Pooled Investment Portfolios ST1, ST2 and ST3.

The following restrictions apply to the Fund:

- The Fund's investments must be eligible investments under the *Pensions Benefits Standards Act*.

The Fund's activities expose it to a variety of financial risks as described below.

**Credit Risk**

The majority of the Fund's financial assets and liabilities are held in securities that are not subject to credit risk.

**Interest Rate Risk**

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Financial Risk Management Discussion (continued)  
as at December 31**

**Other Price Risk**

*Equity by Industry Sector*

Industry sectors to which the Fund had exposure as at December 31 are as follows:

INDUSTRY SECTOR (in \$000s)	2009		2008	
	Total	% of Total	Total	% of Total
<b>Energy</b>	<b>418,151</b>	<b>56.0%</b>	351,274	67.3%
<b>Financial Services</b>	<b>61,895</b>	<b>8.3%</b>	48,267	9.2%
<b>Industrial Products</b>	<b>134,474</b>	<b>18.0%</b>	78,516	15.0%
<b>Materials and Processing</b>	<b>131,971</b>	<b>17.7%</b>	44,376	8.5%
<b>Total Equities</b>	<b>746,491</b>	<b>100.0%</b>	522,433	100.0%

The expected impact on the Net Assets of the Fund, assuming a 10 percent increase/decrease in the benchmark S&P/TSX Equity Index, would be an increase/decrease of \$90,325,000 (2008 - \$61,125,000). This forecast is estimated based on the risk/return characteristics of the Fund's benchmark and the Fund's actual holdings as at December 31, 2009, and assuming all other variables are held constant. BarraOne, a product of MSCI Barra Inc., is used to forecast the Fund's beta and provide other analytics and data that are used in the preparation of the forecast. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

*Equity by Geographic Region*

All of the Fund's equity investments are exposed to the Canadian market.

**Currency Risk**

The Fund is not exposed to currency risk since the Fund's assets and liabilities are denominated in Canadian dollars.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
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**STRATEGIC PUBLIC EQUITY FUND**

**Fair Value Measurement Discussion (note 3)  
as at December 31**

CICA 3862, Financial Instruments - Disclosures establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments and derivatives.

The following is a summary of the inputs used to value the Fund's investments and derivatives as of December 31:

(\$000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Money Market Investments</b>	-	5,774	5,774
<b>Bonds</b>	-	730	730
<b>Public Equities</b>	746,491	-	746,491
<b>Total Investments</b>	746,491	6,504	752,995

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

(\$000s)	2008		Total
	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	
Money Market Investments	-	25,083	25,083
Bonds	-	2,198	2,198
Public Equities	522,433	-	522,433
Total Investments	522,433	27,281	549,714

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2008.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
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**1. The Portfolios**

British Columbia Investment Management Corporation ("bcIMC") was established under the *Public Sector Pension Plans Act* as a trust company authorized to carry on trust business and investment management services. These financial statements have been prepared by bcIMC and are the responsibility of bcIMC management.

Under the *Public Sector Pension Plans Act* and the *Pooled Investment Portfolios Regulation*, B.C. Reg. 447/99, bcIMC may establish and operate pooled investment portfolios "... in which money from trust funds, special funds or other funds, other public money and the money of government bodies and designated institutions may be combined in common for the purpose of investment by means of investment units of participation in a pooled investment portfolio." In addition, pooled investment portfolios (the Funds) previously established under the *Financial Administration Act* and the *Pooled Investment Portfolios Regulation*, B.C. Reg. 84/86, were continued under the *Pooled Investment Portfolios Regulation*, B.C. Reg. 447/99, to be held in trust by bcIMC and invested by the Chief Investment Officer of bcIMC.

The Bond, Equity, Mortgage and Strategic Public Equity Funds were established on the following dates:

<b>Fund</b>	<b>Dates Established</b>
Short Term Bond Fund	November 1, 1995
Canadian Universe Bond Fund	April 20, 2006
Fixed Term Mortgage Fund	June 30, 1995
Construction Mortgage Fund	December 1, 1995
Active Canadian Small Cap Equity Fund	March 20, 2008
Active U.S. Small Cap Equity Fund	March 13, 2008
Active Japan Equity Fund	June 30, 2008
Active Asian Ex-Japan Equity Fund	January 2, 1998
Active European Equity Fund	January 2, 1998
Enhanced Indexed European Equity Fund	April 2, 2007
Indexed European Equity Fund	January 1, 2004
Active EAFE Equity Fund	January 2, 1998
Enhanced Indexed EAFE Equity Fund	November 16, 2007
Indexed EAFE Equity Fund	January 1, 2004
Active Global Equity Fund*	June 19, 2009
Strategic Investment Public Equity Fund	January 1, 2004

\*As this Fund was established in 2009, no comparative balances have been presented in its respective financial statements.

**2. Significant Accounting Policies**

a) Basis of Presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). Certain comparative figures have been reclassified to conform to the presentation adopted in the current year

b) Valuation

Investments and investment-related receivables and liabilities are stated at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties under no compulsion to act.

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**2. Significant Accounting Policies (continued)**

Fair value is determined as follows:

- (i) Money market securities values are derived from external market quotations provided by recognized data suppliers in the securities industry.
- (ii) Bonds, debentures, real return bonds, and public equities (including exchange traded funds) are valued at bid prices on the valuation date. Securities not traded on that date are valued at the mean price between the latest bid and asked quotations. Securities not listed on any stock exchange, or which are traded over-the-counter, are valued in the same manner based on available public quotes from recognized data suppliers in the securities industry or at the price estimated by the fund manager to be the fair value.
- (iii) Derivatives, including foreign currency contracts, are valued at the quoted market prices for the underlying assets or at prevailing spot and forward exchange rates on the valuation date. Swaps and options are valued based on the quoted market prices for the underlying assets or other accepted industry valuation methods where there are no quoted market prices.
- (iv) Fixed-rate, fixed-term mortgages are valued based on a discounted cash flow model that uses a risk free rate of return and a mortgage credit spread for each mortgage using information received from independent external sources. Variable rate mortgages are valued based on the principal balance of the mortgages less any provisions for impairment.

c) Income Recognition

Investment transactions are accounted for on a trade date basis. Dividend income is recognized on the ex-dividend date and interest income on the accrual basis. Income on foreign investments is reported net of withholding tax expense. Commissions, stock exchange fees and other identifiable transaction costs that are directly attributable to the acquisition or disposal of an investment are expensed as incurred. Pursuit costs are charged to net income of the respective Funds in the period incurred.

Gains and losses on the settlement of foreign currency contracts and on the sale of investments are recorded as net realized gains and losses. Gain and losses on the sale of investments are calculated as the difference between the sales proceeds and cost. Translation gains and losses on foreign denominated monetary balances are recorded as foreign exchange gains and losses. The year-over-year change in the difference between the fair value and the cost of investments and foreign currency contracts held at year end is recognized as unrealized gains or losses. The cost used for the calculation of realized gains and losses and change in unrealized gains and losses is based on historical cost for foreign exchange contracts, average cost for equities, and amortized cost for money market securities, bonds and mortgages. The amortized cost is the cost of acquisition adjusted by amortization of discounts and premiums on a true constant yield basis over the terms of the investments.

d) Issue and Redemption of Units

Participation in each Fund is expressed in units, each unit giving its holder a proportionate share in the net assets of the respective Fund. The initial value of a unit of a Fund on inception is \$1 million. For each subsequent unit issuance and redemption, the unit value is determined by dividing the fair value of the net assets of the portfolio by the total number of units outstanding. Where one Fund invests in another Fund, the unit issuances and redemptions are transacted on the same basis as client transactions. All unit transactions are recorded on a trade date basis. All of the Funds were open-ended Funds throughout the year where the number of units available for issue was unlimited and the proportion of units issued or redeemed by each client on a particular valuation date depended on changes to their desired asset allocation.

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**2. Significant Accounting Policies (continued)**

e) Foreign Currency Translation

The financial statements of the Funds are presented in Canadian dollars. Assets, liabilities and commitments in foreign currencies are translated into Canadian dollars at the current exchange rate on December 31. Investment income and expenses, and purchases and sales of investments are translated at the rate prevailing on the respective dates of such transactions. Realized gains (losses) and changes in unrealized gains (losses) include foreign currency translation gains (losses) on investments and foreign currency contracts, which have been footnoted and disclosed in each Statement of Operations and Change in Net Assets.

f) Income Taxes

Under paragraph 104(6) of the *Income Tax Act (Canada)*, the Funds may deduct from their taxable income any amounts that are distributed to beneficiaries (i.e. unitholders) and taxable in their hands. All income and net taxable capital gains earned by the Fund are distributed to the unitholders through either actual cash distributions or an increase in the tax cost of the units prior to the end of each calendar year, resulting in no Canadian taxes being payable for the Funds. The intermediary holding corporations held by the Funds are exempt from Canadian tax under section 149 (o.2) of the *Income Tax Act (Canada)*.

g) Use of Estimates

Financial statements prepared in accordance with Canadian generally accepted accounting principles require management to make certain estimates and assumptions that can affect the reported balances. In determining the fair value of some of its investments, management relies on external managers' estimates and assumptions regarding investment industry performance and prospects, as well as general business and economic conditions that prevail or are expected to prevail. By nature, these asset valuations are subjective and do not necessarily result in precise determinations. Financial results as determined by actual events could differ from those estimates and assumptions, and the difference could be material.

**3. Adoption of Accounting Standards in Current Fiscal Year**

The Fund adopted the amendments to CICA 3862, *Financial Instruments – Disclosures* on January 1, 2009. CICA 3862 establishes a fair value hierarchy that categorizes the inputs used to calculate a financial instrument's fair value. The hierarchy contains three "levels" of fair value inputs as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability (i.e. quoted prices of similar securities, Bank of Canada rates, commercial credit spreads).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. budgeted or forecast revenue or net income, weighted average cost of capital).

Changes in valuation methods may result in transfers of investments between levels. See additional discussion on the three-tier hierarchy in the Fair Value Measurement Discussion following each Fund's financial statements.



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**4. Future Accounting Changes**

In January 2006, the Accounting Standards Board (AcSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of this plan, accounting standards in Canada are expected to converge with International Financial Reporting Standards (IFRS) in 2011. Management continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS, and has assigned appropriate resources to facilitate compliance. The Funds' date of transition for reporting purposes will be January 1, 2011 following which date all financial information will be reported in accordance with IFRS on a go forward basis, but including comparative amounts for the year ended December 31, 2010. As at December 31, 2009, management does not believe the impact on net assets from the changeover to IFRS will be significant. The impact of adopting IFRS is expected to be mainly in presentation and additional disclosures in the financial statements of the Funds.

**5. Reconciliation of Net Asset Value**

The calculation of net assets of the Funds for financial reporting purposes (GAAP NAV) requires investments to be valued using the bid price where securities are traded in active market. To be consistent with the investment funds industry and the Rules and Policies implemented by the Canadian Securities Administrators, the Funds determine NAV for purposes of transacting purchases and redemptions of units of Funds (Transactional NAV) based upon either last sale price or the midpoint between bid and asked quotations. Reconciliations between the Transactional NAV and GAAP NAV as at December 31, 2009 follow:

<b>Fund</b>	<b>Transactional NAV (\$000s)</b>	<b>Bid Pricing Impact (\$000s)</b>	<b>GAAP NAV (\$000s)</b>	<b>Transactional NAV per Unit (\$000s)</b>	<b>Bid Pricing Impact (\$000s)</b>	<b>GAAP NAV per Unit (\$000s)</b>
Short Term Bond Fund	602,505	(146)	602,359	2,227	-	2,227
Canadian Universe Bond Fund	14,797,659	(20,013)	14,777,646	1,241	(2)	1,239
Fixed Term Mortgage Fund	2,875,960	-	2,875,960	2,920	-	2,920
Construction Mortgage Fund	646,176	-	646,176	2,547	-	2,547
Active Canadian Small Cap Equity Fund	74,919	(554)	74,365	924	(7)	917
Active U.S. Small Cap Equity Fund	83,017	(63)	82,954	983	-	983
Active Japan Equity Fund	530,430	(1)	530,429	778	-	778
Active Asian Ex-Japan Equity Fund	1,847,693	(1,208)	1,846,485	1,913	(1)	1,912
Active European Equity Fund	1,318,624	(114)	1,318,510	1,189	-	1,189
Enhanced Indexed European Equity Fund	242,883	(8)	242,875	694	-	694
Indexed European Equity Fund	1,084,611	29	1,084,640	1,211	-	1,211
Active EAFE Equity Fund	1,742,208	(189)	1,742,019	1,242	-	1,242
Enhanced Indexed EAFE Fund	692,070	(136)	691,934	734	-	734
Indexed EAFE Equity Fund	3,175,600	(585)	3,175,015	1,180	-	1,180
Active Global Equity Fund	202,243	(56)	202,299	1,006	-	1,006
Strategic Investment Public Equity Fund	756,748	(2,319)	754,429	1,472	(4)	1,468

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**5. Reconciliation of Net Asset Value (continued)**

Reconciliations between the Transactional NAV and GAAP NAV as at December 31, 2008 follow:

<b>Fund</b>	<b>Transactional NAV (\$000s)</b>	<b>Bid Pricing Impact (\$000s)</b>	<b>GAAP NAV (\$000s)</b>	<b>Transactional NAV per Unit (\$000s)</b>	<b>Bid Pricing Impact (\$000s)</b>	<b>GAAP NAV per Unit (\$000s)</b>
Short Term Bond Fund	820,917	(1)	820,916	2,182	-	2,182
Canadian Universe Bond Fund	14,846,421	(1)	14,846,420	1,154	-	1,154
Fixed Term Mortgage Fund	2,812,912	-	2,812,912	2,732	-	2,732
Construction Mortgage Fund	698,579	-	698,579	2,439	-	2,439
Mezzanine Mortgage Fund	194,127	-	194,127	2,197	-	2,197
Active Canadian Small Cap Equity Fund	83,267	(866)	82,401	566	(6)	560
Active U.S. Small Cap Equity Fund	114,758	(279)	114,479	931	(9)	922
Active Japan Equity Fund	677,943	-	677,943	887	-	887
Active Asian Ex-Japan Equity Fund	1,240,418	(1,388)	1,239,030	1,285	(1)	1,284
Active European Equity Fund	1,174,591	(462)	1,174,129	1,049	(1)	1,048
Enhanced Indexed European Equity Fund	213,821	(129)	213,692	611	-	611
Indexed European Equity Fund	936,388	(492)	935,896	1,046	(1)	1,045
Active EAFE Equity Fund	1,894,180	(1,436)	1,892,744	1,076	(1)	1,075
Enhanced Indexed EAFE Fund	685,307	(646)	684,661	659	-	659
Indexed EAFE Equity Fund	1,670,629	(1,140)	1,669,489	1,053	-	1,053
Strategic Investment Public Equity Fund	551,626	(1,073)	550,553	985	(2)	983

The funds adopted the use of bid prices for financial reporting effective January 1, 2008 and accordingly a transition adjustment was recorded to the opening balances of net assets for each Fund, as applicable.

**6. Financial Risk Management**

Each Fund has its own investment objectives. The Fund's overall risk management program seeks to minimize the potentially adverse effect of risk on the Fund's financial performance in a manner consistent with the Fund's investment objectives. In the normal course of business, each Fund is exposed to financial risks including credit risk, liquidity risk, and market risk (including interest rate risk, currency risk and other price risk). The level of risk varies depending on the investment objective of the Fund and the type of investments it holds.

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**6. Financial Risk Management (continued)**

- a) Credit Risk  
Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into, resulting in a financial loss to the Fund. The market value of fixed income instruments and derivatives involves assessing the credit worthiness of the issuer, and represents the maximum credit risk exposure for a Fund. To avoid undue credit risk, the Funds have established specific investment criteria, such as minimum credit ratings for investees and counterparties and maximum concentrations with given counterparties. All investment transactions are settled or paid upon delivery with approved brokers. The risk of default is considered minimal since the delivery of securities sold is only made after the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade fails if either party fails to meet its obligations. See additional discussion of credit risk in the Financial Risk Management Discussion following each Fund's financial statements.
- b) Liquidity Risk  
Liquidity risk is the risk that a Fund will be unable to generate sufficient cash in a timely manner or at a reasonable price to meet commitments as they come due. Each Fund is exposed to the liquidity risk associated with the requirement to redeem units. Units of a Fund may only be acquired by eligible clients or client groups in accordance with the Fund's purchasing limits that may be established by the Chief Investment Officer (CIO). In order to protect the interest of all clients, the CIO may also establish redemption limits for each Fund. The purchase and redemption limits may vary depending on market circumstances, client demand, and the liquidity of the underlying investments.
- c) Interest Rate Risk  
Interest rate risk is the risk that the market value or cash flows of interest-bearing investments will fluctuate due to changes in market interest rates. The money market investments, bonds and mortgages are subject to interest rate risk. The Funds that hold these investments have established duration bands based on their relevant benchmark to avoid undue interest rate risk. See additional discussion of interest rate risk in the Financial Risk Management Discussion following each Fund's financial statements.
- d) Currency Risk  
Currency risk is the risk that the value of investments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. Some funds are exposed to currency risk through holding of investments, and investment-related receivables, and liabilities in various currencies. The Funds may use foreign currency contracts to hedge some foreign currency exposure on investment-related receivables and liabilities, and engage in the buying and selling of currencies through the spot market, forward contracts, equity index futures contracts, and/or options in order to achieve the desired currency exposure. See additional discussion of currency risk in the Financial Risk Management Discussion following each Fund's financial statements.
- e) Other Price Risk  
Market risk is the risk that the value of an investment will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). These changes can be caused by factors specific to the individual investments, on class of investment, or by factors affecting all investments. All financial instruments are subject to other price risk and a potential loss of capital. The maximum risk is determined by the market value of the financial instruments, except for options and future contracts. The Funds may not sell short, borrow securities, or purchase securities on margin, which limits the potential loss of capital. There are established investment criteria for each Fund related to diversification of investments and investment mandates for external managers to avoid undue market risk. See additional discussion of other price risk in the Financial Risk Management Discussion following each Fund's financial statements.
- f) Fair Value of Investment-Related Assets and Liabilities  
Each pooled investment portfolio's investments and derivatives are carried at fair value. In the opinion of bclMC, the fair values of the investment-related assets and liabilities approximate their carrying values given their short-term nature.

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**7. Derivatives**

Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indexes, interest rates or currency exchange rates. Derivative transactions are conducted either in the over-the-counter market directly between the two counterparties or on regulated exchange markets. The Funds use derivative financial instruments, when appropriate, to assist in the management of financial risks, including interest rate, currency, and market risks. The financial derivative contracts entered into by the Funds during the year included foreign currency contracts.

Foreign currency contracts are agreements to exchange a specified amount of one currency for another currency on a specific date in the future for a specified price. In the case of foreign currency contracts, the notional value represents the amount to be exchanged on the future contract date. The fair value of the foreign currency contracts at a point in time is calculated as the difference between the amount to be exchanged on the future contract date and the amount that would be exchanged using the prevailing forward foreign currency rates. The unrealized gains (losses) on unexpired foreign currency contracts as at December 31 are included in Unrealized Gain (Loss) on Foreign Currency Contracts on the Statements of Net Assets and included in the Change in Unrealized Gain (Loss) on the Statements of Operations and Change in Net Assets. The notional amount, number of contracts and expiry periods for the foreign currency contracts are shown, as appropriate, in Schedules One and Two - Foreign Currency Contracts of the respective Statement of Investments.

**8. Expenses**

Third party costs that are attributable to a specific Fund are charged to that portfolio. Other costs initially borne by bcIMC are recovered from the various Funds by bcIMC charging management fees, which are calculated on a cost recovery basis.

**9. Units Outstanding**

Units issued and outstanding represent the capital of each Fund. The Funds are not permitted to issue debt as part of their capital structure. bcIMC manages the capital of each Fund in accordance with the Fund's investment objectives, including managing liquidity in order to meet redemptions as discussed in note 6. The Statement of Change in Net Assets identifies changes in each Fund's capital during the period. The following is a summary of the changes in units outstanding during the year:

	<b>SHORT TERM BOND FUND</b>		<b>CANADIAN UNIVERSE BOND FUND</b>		<b>FIXED TERM MORTGAGE FUND</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Outstanding, beginning of year	376.146	1,242.506	12,860.348	11,853.340	1,029.656	903.162
Issued	227.617	850.206	2,298.603	2,546.040	72.423	289.057
Redeemed	(333.232)	(1,716.566)	(3,230.885)	(1,539.032)	(117.289)	(162.564)
Outstanding, end of year	<u>270.532</u>	<u>376.146</u>	<u>11,928.065</u>	<u>12,860.348</u>	<u>984.790</u>	<u>1,029.656</u>

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**9. Units Outstanding (continued)**

	<b>CONSTRUCTION MORTGAGE FUND</b>		<b>ACTIVE CANADIAN SMALL CAP EQUITY FUND</b>		<b>ACTIVE U.S. SMALL CAP EQUITY FUND</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
				(note 1)		(note 1)
Outstanding, beginning of year	286.369	352.031	147.049	-	123.296	-
Issued	40.545	60.616	0.201	147.049	0.136	146.182
Redeemed	(73.170)	(126.278)	(66.169)	-	(39.002)	(22.886)
Outstanding, end of year	<u>253.743</u>	<u>286.369</u>	<u>81.081</u>	<u>147.049</u>	<u>84.430</u>	<u>123.296</u>
	<b>ACTIVE JAPAN EQUITY FUND</b>		<b>ACTIVE ASIAN EX-JAPAN EQUITY FUND</b>		<b>ACTIVE EUROPEAN EQUITY FUND</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		(note 1)				
Outstanding, beginning of year	764.441	-	965.197	1,409.797	1,120.016	1,315.441
Issued	17.371	897.072	13.141	110.948	17.455	71.392
Redeemed	(100.331)	(132.631)	(12.573)	(555.548)	(28.218)	(266.817)
Outstanding, end of year	<u>681.481</u>	<u>764.441</u>	<u>965.765</u>	<u>965.197</u>	<u>1,109.253</u>	<u>1,120.016</u>
	<b>ENHANCED INDEXED EUROPEAN EQUITY FUND</b>		<b>INDEXED EUROPEAN EQUITY FUND</b>		<b>ACTIVE EAFE EQUITY FUND</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Outstanding, beginning of year	350.000	350.000	895.343	1,116.246	1,761.020	1,732.469
Issued	5.141	25.192	15.527	78.773	39.008	109.403
Redeemed	(5.141)	(25.192)	(15.527)	(299.676)	(396.978)	(80.852)
Outstanding, end of year	<u>350.000</u>	<u>350.000</u>	<u>895.343</u>	<u>895.343</u>	<u>1,403.050</u>	<u>1,761.020</u>

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 FOR THE YEAR ENDED DECEMBER 31, 2009**

**9. Units Outstanding (continued)**

	<b>ENHANCED INDEXED EAFE EQUITY FUND</b>		<b>INDEXED EAFE EQUITY FUND</b>		<b>ACTIVE GLOBAL EQUITY FUND</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
					(note 1)
Outstanding, beginning of year	1,039.687	918.880	1,586.144	1,911.843	-
Issued	29.389	170.128	1,498.057	739.587	218.454
Redeemed	(126.152)	(49.321)	(393.566)	(1,065.286)	(17.283)
Outstanding, end of year	<u>942.924</u>	<u>1,039.687</u>	<u>2,690.635</u>	<u>1,586.144</u>	<u>201.171</u>
	<b>STRATEGIC INVESTMENT PUBLIC EQUITY FUND</b>				
	<b>2009</b>	<b>2008</b>			
Outstanding, beginning of year	560.180	502.389			
Issued	6.867	72.343			
Redeemed	(53.053)	(14.552)			
Outstanding, end of year	<u>513.994</u>	<u>560.180</u>			