
BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
GROUP OF FUNDS

Short Term Bond Fund
Canadian Universe Bond Fund
Canadian Real Return 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
Indexed Asian 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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

**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, 2010:

Short Term Bond Fund	Indexed Asian Equity Fund
Canadian Universe Bond Fund	Active European Equity Fund
Canadian Real Return 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.



Doug Pearce
Chief Executive Officer, Chief Investment Officer



David Woodward
Vice President, Finance & Operations



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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

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

Short Term Bond Fund	Indexed Asian Equity Fund
Canadian Universe Bond Fund	Active European Equity Fund
Canadian Real Return 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 accompanying financial statements of the Funds, which comprise the statement of net assets and of investments of the Funds as at December 31, 2010 and their statements of operations and changes in net assets, and of cash flows for the year (or shorter period since establishment as indicated in note 1) then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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



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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the net assets and investments of the Funds as at December 31, 2010 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.

KPMG LLP

Chartered Accountants

March 31, 2011
Vancouver, Canada

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)

	2010	2009
Assets		
Investments at fair value	802,505	601,231
Receivable from issue of units	-	62,388
Accrued investment income	3,315	2,800
	<u>805,820</u>	<u>666,419</u>
Liabilities		
bclMC funds management fees payable (note 8)	30	16
Payable for purchase of investments	-	61,268
Payable for redemption of units	-	2,768
Custodial fees payable	3	3
Accounts payable	5	5
	<u>38</u>	<u>64,060</u>
Net assets representing unitholders' equity	<u>805,782</u>	<u>602,359</u>
Number of units outstanding (note 9)	350,182	270,532
Net asset value per unit	<u>2,301</u>	<u>2,227</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)

	2010	2009
Investment Income	19,369	17,353
Expenses (note 8):		
bclMC funds management fees	342	262
Custodial fees	21	12
Administrative and professional fees	6	5
	<u>369</u>	<u>279</u>
Net investment income	19,000	17,074
Realized and unrealized gains (losses):		
Net realized gain	5,434	30,417
Change in unrealized gain (loss)	1,443	(33,690)
	<u>6,877</u>	<u>(3,273)</u>
Net income from operations	25,877	13,801
Capital Transactions:		
Proceeds from units issued	1,205,028	502,965
Amounts paid for units redeemed	(1,027,482)	(735,323)
	<u>177,546</u>	<u>(232,358)</u>
Increase (decrease) in net assets	203,423	(218,557)
Net assets, beginning of year	602,359	820,916
Net Assets, end of year	<u>805,782</u>	<u>602,359</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>2010</u>	<u>2009</u>
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income from operations	25,877	13,801
Items not affecting cash:		
Amortization of premiums and discounts	11,019	6,897
Net realized gain	(5,434)	(30,417)
Change in unrealized loss (gain)	(1,443)	33,690
	<u>30,019</u>	<u>23,971</u>
Changes in non-cash operating accounts:		
Receivable from sale of investments	-	100,216
Receivable from issue of units	62,388	(62,388)
Accrued investment income	(515)	527
bcIMC funds management fees payable	14	(16)
Payable for purchase of investments	(61,268)	61,268
Payable for redemption of units	(2,768)	(97,232)
Custodial fees payable	-	(3)
Accounts payable	-	(1)
	<u>27,870</u>	<u>26,342</u>
Cash flows from investing activities		
Proceeds from sale of investments	9,604,021	3,236,117
Amounts paid for purchase of investments	(9,809,437)	(3,030,101)
	<u>(205,416)</u>	<u>206,016</u>
Cash flows from financing activities		
Proceeds from units issued	1,205,028	502,965
Amounts paid for units redeemed	(1,027,482)	(735,323)
	<u>177,546</u>	<u>(232,358)</u>
Net increase in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	<u>-</u>	<u>-</u>

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

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Bonds:				
Federal Government	535,285	535,420	468,070	468,620
Provincial Government	154,600	154,032	95,966	96,284
Municipal Government	86,671	86,300	21,996	21,769
	<u>776,556</u>	<u>775,752</u>	<u>586,032</u>	<u>586,672</u>
Money Market Investments:				
Units in bcIMC Pooled Investment Portfolio Fund ST1	<u>25,949</u>	<u>25,949</u>	<u>15,199</u>	<u>15,198</u>
Total Investments	<u>802,505</u>	<u>801,701</u>	<u>601,231</u>	<u>601,870</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 in the following securities:

- Canadian dollar denominated debt securities issued, insured or guaranteed by, the Government of Canada, sovereign governments or supranational entities.
- units in the bclMC's Pooled Investment Portfolio ST1 for cash management purposes.

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

- the Fund may not invest in derivatives with exception of the securities noted above.
- 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'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:

BONDS BY CREDIT RATING (\$ 000s)	2010		2009	
	Total	% of Total	Total	% of Total
AAA/AA	701,707	90.4%	534,163	91.1%
A	74,849	9.6%	51,869	8.9%
Total Bonds	776,556	100.0%	586,032	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:

BONDS BY MATURITY DATE (\$ 000s)	2010		2009	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	52,117	1.76%	2,699	1.47%
1 to 5 years	724,439	2.16%	583,333	2.22%
Total Bonds	776,556	2.13%	586,032	2.21%

The duration is to be managed within \pm 20 percent of the benchmark duration. As at December 31, 2010, the Fund had a duration of 2.8 years. The maximum term to maturity is 4 years.

If prevailing interest rates increased or decreased by 1% (100 bps), with all others variables held constant, net assets would have decreased or increased, respectively, by approximately \$21,812,000 (2009 - \$16,673,000). 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
as at December 31**

As described in note 5 of the financial statements, 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)	2010		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
Money Market Investments	-	25,949	25,949
Bonds	-	776,556	776,556
Total Investments	-	802,505	802,505

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2010.

The following is a summary of the inputs used to value the Fund's investments and derivatives as at December 31, 2009:

(\$ 000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
Money Market Investments	-	15,199	15,199
Bonds	-	586,032	586,032
Total Investments	-	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.

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>2010</u>	<u>2009</u>
Assets		
Investments at fair value	15,324,680	14,674,622
Receivable from issue of units	-	1,290
Accrued investment income	100,184	102,085
	<u>15,424,864</u>	<u>14,777,997</u>
Liabilities		
bclMC funds management fees payable (note 8)	333	302
Custodial fees payable	5	44
Accounts payable	5	5
	<u>343</u>	<u>351</u>
Net assets representing unitholders' equity	<u>15,424,521</u>	<u>14,777,646</u>
Number of units outstanding (note 9)	11,557.027	11,928.065
Net asset value per unit	<u>1,335</u>	<u>1,239</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>2010</u>	<u>2009</u>
Investment Income	552,743	586,017
Expenses (note 8):		
bclMC funds management fees	4,395	3,568
Custodial fees	200	215
Administrative and professional fees	7	5
	<u>4,602</u>	<u>3,788</u>
Net investment income	548,141	582,229
Realized and unrealized gains:		
Net realized gain	375,175	173,426
Change in unrealized gain	214,166	205,772
	<u>589,341</u>	<u>379,198</u>
Net income from operations	1,137,482	961,427
Capital Transactions:		
Proceeds from units issued	281,732	2,780,455
Amounts paid for units redeemed	(772,339)	(3,810,656)
	<u>(490,607)</u>	<u>(1,030,201)</u>
Increase (decrease) in net assets	646,875	(68,774)
Net assets, beginning of year	14,777,646	14,846,420
Net Assets, end of year	<u>15,424,521</u>	<u>14,777,646</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)**

	<u>2010</u>	<u>2009</u>
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income from operations	1,137,482	961,427
Items not affecting cash:		
Amortization of premiums and discounts	(40,451)	(16,832)
Net realized gain	(375,175)	(173,426)
Change in unrealized loss (gain)	<u>(214,166)</u>	<u>(205,772)</u>
	507,690	565,397
Changes in non-cash operating accounts:		
Receivable from sale of investments	-	50,327
Receivable from issue of units	1,290	(1,290)
Accrued investment income	1,901	16,467
bclMC funds management fees payable	31	(16)
Payable for purchase of investments	-	(91,239)
Custodial fees payable	(39)	(24)
Accounts payable	-	(1)
	<u>510,873</u>	<u>539,621</u>
Cash flows from investing activities		
Proceeds from sale of investments	86,554,593	61,111,225
Amounts paid for purchase of investments	<u>(86,574,859)</u>	<u>(60,620,646)</u>
	(20,266)	490,579
Cash flows from financing activities		
Proceeds from units issued	281,732	2,780,455
Amounts paid for units redeemed	<u>(772,339)</u>	<u>(3,810,656)</u>
	<u>(490,607)</u>	<u>(1,030,201)</u>
Net increase in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	<u>-</u>	<u>-</u>

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

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Bonds:				
Federal Government	7,501,448	7,465,499	4,654,657	4,661,054
Provincial Government	2,715,859	2,627,907	3,994,825	4,009,843
Municipal Government	29,467	27,417	24,690	24,391
Corporate	4,749,879	4,534,038	5,642,795	5,483,139
Supranational and Sovereign	244,536	233,617	-	-
	<u>15,241,189</u>	<u>14,888,478</u>	<u>14,316,967</u>	<u>14,178,427</u>
Money Market Investments:				
Units in bclMC Pooled Investment Portfolio Fund ST1	83,491	83,496	357,655	357,654
Total Investments	<u>15,324,680</u>	<u>14,971,974</u>	<u>14,674,622</u>	<u>14,536,081</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:

BONDS BY CREDIT RATING (\$ 000s)	2010		2009	
	Total	% of Total	Total	% of Total
AAA/AA	11,246,388	73.8%	8,985,260	62.8%
A	2,882,110	18.9%	4,414,717	30.8%
BBB	1,112,691	7.3%	916,990	6.4%
Total Bonds	15,241,189	100.0%	14,316,967	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:

BONDS BY MATURITY DATE (\$ 000s)	2010		2009	
	Total	Avg Effective Yield	Total	Avg Effective Yield
Within 1 year	41,692	2.01%	262	2.51%
1 to 5 years	7,049,409	2.17%	5,377,548	2.56%
5 to 10 years	3,956,175	3.98%	5,240,241	4.21%
Over 10 years	4,193,913	4.19%	3,698,916	4.85%
Total Bonds	15,241,189	3.19%	14,316,967	3.75%

The duration is to be managed within \pm 20 percent of the benchmark duration. As at December 31, 2010, the Fund had a duration of 6 years.

If prevailing interest rates increased or decreased by 1% (100 bps), with all others 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 \$988,901,000 (2009 - \$863,743,000). 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
as at December 31**

As described in note 5 of the financial statements, 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.

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

	2010		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
(\$ 000s)			
Money Market Investments	-	83,491	83,491
Bonds	-	15,241,189	15,241,189
Total Investments	-	15,324,680	15,324,680

Significant unobservable inputs (Level 3) were not used to value the Fund's investments as at December 31, 2010.

The following is a summary of the inputs used to value the Fund's investments as at December 31, 2009:

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

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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

CANADIAN REAL RETURN BOND FUND

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

	<u>2010</u> (note 1)
Assets	
Investments at fair value	4,352,916
Accrued investment income	<u>8,172</u>
	<u>4,361,088</u>
Liabilities	
bclMC funds management fees payable (note 8)	76
Custodial fees payable	1
Accounts payable	<u>4</u>
	<u>81</u>
Net assets representing unitholders' equity	<u><u>4,361,007</u></u>
Number of units outstanding (note 9)	4,031.753
Net asset value per unit	<u><u>1,082</u></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>2010</u> (note 1)
Investment Income	<u>47,254</u>
Expenses (note 8):	
bclMC funds management fees	756
Custodial fees	29
Administrative and professional fees	<u>5</u>
	<u>790</u>
Net investment income	46,464
Realized and unrealized gains:	
Net realized gain	12,491
Change in unrealized gain	<u>276,960</u>
	<u>289,451</u>
Net income from operations	335,915
Capital Transactions:	
Proceeds from units issued	4,153,692
Amounts paid for units redeemed	<u>(128,600)</u>
	<u>4,025,092</u>
Increase in net assets	4,361,007
Net assets, beginning of period	<u>-</u>
Net Assets, end of period	<u><u>4,361,007</u></u>

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS**

CANADIAN REAL RETURN BOND FUND

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

	2010
	(note 1)
Cash flow provided by (used for):	
Cash flows from operating activities	
Net income from operations	335,915
Items not affecting cash:	
Amortization of premiums and discounts	23,384
Net realized gain	(12,491)
Change in unrealized gain	<u>(276,960)</u>
	69,848
Changes in non-cash operating accounts:	
Accrued investment income	(8,172)
bcIMC funds management fees payable	76
Custodial fees payable	1
Accounts payable	4
	<u>61,757</u>
Cash flows from investing activities	
Proceeds from sale of investments	789,722
Amounts paid for purchase of investments	<u>(4,876,571)</u>
	<u>(4,086,849)</u>
Cash flows from financing activities	
Proceeds from units issued	4,153,692
Amounts paid for units redeemed	<u>(128,600)</u>
	<u>4,025,092</u>
Net increase in cash	-
Cash, beginning of period	<u>-</u>
Cash, end of period	<u><u>-</u></u>

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

	2010	
	Fair Value	Cost
Bonds:		
Federal Government	3,531,472	3,360,844
Provincial Government	<u>602,880</u>	<u>558,109</u>
	<u>4,134,352</u>	<u>3,918,953</u>
Money Market Investments:		
Units in bcIMC Pooled Investment Portfolio Fund ST1	<u>218,564</u>	<u>218,564</u>
Total Investments	<u><u>4,352,916</u></u>	<u><u>4,137,517</u></u>

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS**

CANADIAN REAL RETURN BOND FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Canadian Real Return Bond Fund (the Fund) is to meet the returns of the Fund's benchmark, the DEX Real Return Bond Overall Index, net of all investment expenses incurred, with federal/provincial relative weightings managed close to those of the benchmark. The Fund is actively managed. The portfolio manager ensures that the Pool's characteristics are close to those of the benchmark, including modified duration, convexity, yield curve exposures, liquidity and sector composition.

The Fund invests in the following securities:

- real return debt securities issued, insured or guaranteed by the Government of Canada, a provincial or municipal government.
- nominal bonds issued, insured or guaranteed by the Government of Canada.
- derivative instruments with CIO approval,
- private placement fixed income securities may be purchased with prior CIO approval provided that they are issued or guaranteed by the Government of Canada, a provincial or municipal government.
- units of bclMC's Pooled Investment Portfolio Fund ST1.

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

- nominal bonds may only be held for cash and liquidity management purposes and may not exceed 10% of the market value of the pool.

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:

BONDS BY CREDIT RATING (\$000s)	2010	
	Total	% of Total
AAA/AA	4,110,744	99.4%
A	23,608	0.6%
Total Bonds	4,134,352	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:

BONDS BY MATURITY DATE (\$000s)	2010	
	Total	Avg Effective Yield
Within 1 year	1	0.5%
1 to 5 years	-	0.0%
5 to 10 years	-	0.0%
Over 10 years	4,134,351	1.1%
Total Bonds	4,134,352	1.1%

The duration is to be managed within \pm 10 percent of the benchmark duration. As at December 31, 2010, the Fund had a duration of 16 years. The maximum term to maturity is 27 years.

If prevailing interest rates increased or decreased by 1% (100 bps), with all others variables held constant, net assets would have decreased or increased, respectively, by approximately \$685,236,000. 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 the Fund's assets and liabilities are denominated in Canadian dollars.

See accompanying Notes to Financial Statements

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS**

CANADIAN REAL RETURN BOND FUND

**Fair Value Measurement Discussion
as at March 31**

As described in note 5 of the financial statements. 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 Dec 31:

	2010		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
(\$ 000s)			
Money Market Investments	-	218,564	218,564
Bonds	-	4,134,352	4,134,352
Total Investments	-	4,352,916	4,352,916

Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2010.

See accompanying Notes to Financial Statements

**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>2010</u>	<u>2009</u>
Assets		
Investments at fair value	2,790,489	2,881,085
Liabilities		
bclMC funds management fees payable (note 8)	94	89
Payable for redemption of units	10,000	5,000
Accounts payable	33	36
	<u>10,127</u>	<u>5,125</u>
Net assets representing unitholders' equity	<u>2,780,362</u>	<u>2,875,960</u>
Number of units outstanding (note 9)	876.427	984.790
Net asset value per unit	<u>3,172</u>	<u>2,920</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>2010</u>	<u>2009</u>
Investment Income	336,276	143,110
Expenses (note 8):		
bclMC funds management fees	1,222	1,160
Administrative and professional fees	96	27
Custodial fees	-	1
	<u>1,318</u>	<u>1,188</u>
Net investment income	334,958	141,922
Realized and unrealized gains (losses):		
Net realized gain (loss)	1	(5)
Change in unrealized gain (loss)	<u>(93,557)</u>	<u>51,131</u>
	<u>(93,556)</u>	<u>51,126</u>
Net income from operations	241,402	193,048
Capital Transactions:		
Proceeds from units issued	5,514	199,246
Amounts paid for units redeemed	<u>(342,514)</u>	<u>(329,246)</u>
	<u>(337,000)</u>	<u>(130,000)</u>
Increase (decrease) in net assets	(95,598)	63,048
Net assets, beginning of year	<u>2,875,960</u>	<u>2,812,912</u>
Net Assets, end of year	<u>2,780,362</u>	<u>2,875,960</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)**

	<u>2010</u>	<u>2009</u>
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income from operations	241,402	193,048
Items not affecting cash:		
Net realized loss (gain)	(1)	5
Change in unrealized loss (gain)	<u>93,557</u>	<u>(51,131)</u>
	334,958	141,922
Changes in non-cash operating accounts:		
Receivable from issue of units	-	200,000
bcIMC funds management fees payable	5	(12)
Payable for redemption of units	5,000	(212,000)
Accounts payable	<u>(3)</u>	<u>(11)</u>
	339,960	129,899
Cash flows from investing activities		
Proceeds from sale of investments	333,312	294,213
Purchase of investments	<u>(336,272)</u>	<u>(294,112)</u>
	(2,960)	101
Cash flows from financing activities		
Proceeds from units issued	5,514	199,246
Amounts paid for units redeemed	<u>(342,514)</u>	<u>(329,246)</u>
	<u>(337,000)</u>	<u>(130,000)</u>
Net increase in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	<u>-</u>	<u>-</u>

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

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Mortgage Investments¹:	2,779,460	2,620,496	2,873,018	2,620,497
Money Market Investments:				
Units in bcIMC Pooled				
Investment Portfolio Fund ST1	<u>11,029</u>	<u>11,029</u>	<u>8,067</u>	<u>8,068</u>
Total Investments	<u><u>2,790,489</u></u>	<u><u>2,631,525</u></u>	<u><u>2,881,085</u></u>	<u><u>2,628,565</u></u>

¹The mortgage investments are held through a limited partnership.

See accompanying Notes to the Financial Statements.

**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:

(\$000's)	2010		2009	
	Total	% of Total	Total	% of Total
Fixed-Rate Mortgages	2,718,116	97.8%	2,815,387	98.0%
Mortgage Bonds	39,460	1.4%	40,532	1.4%
Money Market Investments	9,298	0.3%	3,555	0.1%
Net Investment Related Receivables	12,586	0.5%	13,544	0.5%
Total Net Assets of Corporation	2,779,460	100.0%	2,873,018	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 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**

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 (\$000's)	2010		2009	
	Total	% of Total	Total	% of Total
Industrial	738,315	27.2%	741,385	26.3%
Office	763,904	28.1%	765,132	27.2%
Residential	386,589	14.2%	360,479	12.8%
Retail	725,906	26.7%	831,171	29.5%
Other	103,402	3.8%	117,220	4.2%
Total Mortgages	2,718,116	100.0%	2,815,387	100.0%

INDUSTRY SECTOR (Number of Mortgages)	2010		2009	
	Total	% of Total	Total	% of Total
Industrial	41	25.6%	42	25.8%
Office	42	26.3%	43	26.4%
Residential	37	23.1%	33	20.2%
Retail	37	23.1%	41	25.2%
Other	3	1.9%	4	2.5%
Total Mortgages	160	100.0%	163	100.0%

Interest Rate Risk

The Fund invests in fixed term mortgages with maturities typically ranging from 1 – 10 years. The maximum weighted average 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 (\$000's)	2010		2009	
	Total	Average Effective Yield	Total	Average Effective Yield
Within 1 year	312,820	3.94%	202,634	3.28%
1 to 5 years	1,492,973	2.78%	1,350,518	3.65%
5 to 10 years	864,573	4.28%	1,206,108	6.09%
Over 10 years	47,750	4.95%	56,127	6.67%
Total Mortgages	2,718,116	3.43%	2,815,387	4.73%

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 \$88,087,000 and \$92,192,000 (2009 - \$101,315,000 and \$105,462,000) 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
as at December 31**

As described in note 5 of the financial statements, 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.

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

	2010		
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Total
(\$ 000s)			
Net Investment Related Receivables	12,586	-	12,586
Money Market Investments	-	20,327	20,327
Mortgage Bonds	-	39,460	39,460
Mortgages	-	2,718,116	2,718,116
Total Investments	12,586	2,777,903	2,790,489

During 2010, there were no significant transfers between Level 1 and Level 2. Significant unobservable inputs (Level 3) were not used to value the Fund's investments as at December 31, 2010.

	2009		
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Total
(\$ 000s)			
Net Investment Related Receivables	13,544	-	13,544
Money Market Investments	-	11,622	11,622
Mortgage Bonds	-	40,532	40,532
Mortgages	-	2,815,387	2,815,387
Total Investments	13,544	2,867,541	2,881,085

The following is a summary of the inputs used to value the Fund's investments as at December 31, 2009:

During 2009, there were no significant transfers between Level 1 and Level 2. Significant other unobservable inputs (Level 3) were not used to value the Fund's investments as at December 31, 2009.

**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>2010</u>	<u>2009</u>
Assets		
Investments at fair value	900,389	626,239
Receivable from issue of units	<u>75,000</u>	<u>20,000</u>
	<u>975,389</u>	<u>646,239</u>
Liabilities		
bclMC funds management fees payable (note 8)	54	32
Accounts payable	<u>29</u>	<u>31</u>
	<u>83</u>	<u>63</u>
Net assets representing unitholders' equity	<u>975,306</u>	<u>646,176</u>
Number of units outstanding (note 9)	363.626	253.743
Net asset value per unit	<u>2,682</u>	<u>2,547</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>2010</u>	<u>2009</u>
Investment Income	<u>237</u>	<u>32</u>
Expenses (note 8):		
bclMC funds management fees	524	487
Administrative and professional fees	47	32
Custodial fees	<u>1</u>	<u>-</u>
	<u>572</u>	<u>519</u>
Net investment loss	(335)	(487)
Realized and unrealized gains:		
Net realized gain	7,906	27,082
Change in unrealized gain	<u>32,559</u>	<u>2</u>
	<u>40,465</u>	<u>27,084</u>
Net income from operations	40,130	26,597
Capital Transactions:		
Proceeds from units issued	389,000	102,000
Amounts paid for units redeemed	<u>(100,000)</u>	<u>(181,000)</u>
	<u>289,000</u>	<u>(79,000)</u>
Increase (decrease) in net assets	329,130	(52,403)
Net assets, beginning of year	<u>646,176</u>	<u>698,579</u>
Net Assets, end of year	<u>975,306</u>	<u>646,176</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)

	2010	2009
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income from operations	40,130	26,597
Items not affecting cash:		
Net realized gain	(7,906)	(27,082)
Change in unrealized gain	(32,559)	(2)
	(335)	(487)
Changes in non-cash operating accounts:		
Receivable from issue of units	(55,000)	(20,000)
bclMC funds management fees payable	22	(2)
Payable for redemption of units	-	(37,000)
Accounts payable	(2)	(10)
	(55,315)	(57,499)
Cash flows from investing activities		
Proceeds from sale of investments	422,538	350,533
Purchase of investments	(656,223)	(214,034)
	(233,685)	136,499
Cash flows from financing activities		
Proceeds from units issued	389,000	102,000
Amounts paid for units redeemed	(100,000)	(181,000)
	289,000	(79,000)
Net increase in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	-	-

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

	2010		2009	
	Fair Value	Cost	Fair Value	Cost
Mortgage Investments¹:	885,061	746,826	612,596	506,920
Money Market Investments:				
Units in bclMC Pooled Investment Portfolio Fund ST1	15,328	15,329	13,643	13,643
Total Investments	900,389	762,155	626,239	520,563

¹The mortgage investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

**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)	2010		2009	
	Total	% of Total	Total	% of Total
Variable-Rate Mortgages	855,140	96.6%	603,224	98.5%
Money Market Investments	24,886	2.8%	7,921	13%
Net Investment Related Receivables	5,035	0.6%	1,451	0.2%
Total Net Assets of Mortgage Corporation	885,061	100.0%	612,596	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)	2010		2009	
	Total	% of Total	Total	% of Total
Industrial	-	0.0%	20,743	3.4%
Office	271,155	31.7%	175,920	29.2%
Residential	467,201	54.6%	406,561	67.4%
Retail	-	0.0%	-	-
Other	116,784	13.7%	-	-
Total Mortgages	855,140	100.0%	603,224	100.0%

INDUSTRY SECTOR (Number of Mortgages)	2010		2009	
	Total	% of Total	Total	% of Total
Industrial	-	0.0%	2	7.7%
Office	3	13.6%	3	11.5%
Residential	18	81.9%	21	80.8%
Retail	-	0.0%	-	0.0%
Other	1	4.5%	-	0.0%
Total Mortgages	22	100.0%	26	100.0%

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)	2010		2009	
	Total	% of Total	Total	% of Total
Within 1 year	420,957	49.2%	348,511	57.8%
1 to 5 years	434,183	50.8%	254,713	42.2%
Total Mortgages	855,140	100.0%	603,224	100.0%

**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
as at December 31**

As described in note 5 of the financial statements, 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.

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

	2010		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
(\$000s)			
Net Investment Related Receivables	5,035	-	5,035
Money Market Investments	-	40,214	40,214
Mortgages	-	855,140	855,140
Total Investments	5,035	895,354	900,389

During 2010, there were no significant transfers between Level 1 and Level 2. Significant unobservable inputs (Level 3) were not used to value the Fund's investments as at December 31, 2010.

The following is a summary of the inputs used to value the Fund's investments as at December 31, 2009:

	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
(\$000s)			
Net Investment Related Receivables	1,451	-	1,451
Money Market Investments	-	21,564	21,564
Mortgages	-	603,224	603,224
Total Investments	1,451	624,788	626,239

During 2009, there were no significant transfers between Level 1 and Level 2. Significant other unobservable inputs (Level 3) were not used to value the Fund's investments as at December 31, 2009.

See accompanying Notes to the Financial Statements

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)

	<u>2010</u>	<u>2009</u>
Assets		
Investments at fair value	564,247	73,469
Cash	1,472	894
Receivable from sale of investments	799	73
Accrued investment income	753	107
	<u>567,271</u>	<u>74,543</u>
Liabilities		
bciMC funds management fees payable (note 8)	16	5
Payable for purchase of investments	2,278	40
External management fees payable	638	116
Custodial fees payable	11	12
Accounts payable	4	5
	<u>2,947</u>	<u>178</u>
Net assets representing unitholders' equity	<u>564,324</u>	<u>74,365</u>
Number of units outstanding (note 9)	465,488	81,081
Net asset value per unit	<u>1,212</u>	<u>917</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>2010</u>	<u>2009</u>
Investment Income	4,848	1,500
Expenses (note 8):		
Commissions and stock exchange fees	2,226	816
bciMC funds management fees	156	70
External management fees	1,795	618
Custodial fees	47	43
Administrative and professional fees	13	4
	<u>4,237</u>	<u>1,551</u>
Net investment income (loss)	611	(51)
Realized and unrealized gains (losses):		
Net realized gain (loss)	32,510 ¹	(4,996) ¹
Change in unrealized gain	79,958 ¹	50,858 ¹
	<u>112,468</u>	<u>45,862</u>
Net income from operations	113,079	45,811
Capital Transactions:		
Proceeds from units issued	521,592	110
Amounts paid for units redeemed	(144,712)	(53,957)
	<u>376,880</u>	<u>(53,847)</u>
Increase (decrease) in net assets	489,959	(8,036)
Net assets, beginning of year	74,365	82,401
Net Assets, end of year	<u>564,324</u>	<u>74,365</u>

¹ The net realized gain (loss) and change in unrealized gain include the following foreign exchange loss:

-	(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 year ended December 31		
(in \$000s)		
	<u>2010</u>	<u>2009</u>
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income from operations	113,079	45,811
Items not affecting cash:		
Net realized loss (gain)	(32,510)	4,996
Change in unrealized gain	<u>(79,958)</u>	<u>(50,858)</u>
	611	(51)
Changes in non-cash operating accounts:		
Receivable from sale of investments	(726)	375
Accrued investment income	(646)	72
bcIMC funds management fees payable	11	(1)
Payable for purchase of investments	2,238	(175)
External management fees payable	522	(65)
Custodial fees payable	(1)	4
Accounts payable	<u>(1)</u>	<u>1</u>
	<u>2,008</u>	<u>160</u>
Cash flows from investing activities		
Proceeds from sale of investments	767,963	211,654
Amounts paid for purchase of investments	<u>(1,146,273)</u>	<u>(159,103)</u>
	<u>(378,310)</u>	<u>52,551</u>
Cash flows from financing activities		
Proceeds from units issued	521,592	110
Amounts paid for units redeemed	<u>(144,712)</u>	<u>(53,957)</u>
	<u>376,880</u>	<u>(53,847)</u>
Net increase (decrease) in cash	578	(1,136)
Cash, beginning of year	<u>894</u>	<u>2,030</u>
Cash, end of year	<u><u>1,472</u></u>	<u><u>894</u></u>

Statement of Investments				
as at December 31				
(in \$000s)				
	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities:				
Publicly Traded	554,390	465,577	71,838	62,982
Private	<u>34</u>	<u>34</u>	-	-
	554,424	465,611	71,838	62,982
Money Market Investments:				
Units in bcIMC Pooled Investment Portfolio Fund ST1	935	935	1,631	1,631
Federal government	1,926	1,926	-	-
Corporate	<u>6,962</u>	<u>6,962</u>	-	-
	9,823	9,823	1,631	1,631
Total Investments	<u><u>564,247</u></u>	<u><u>475,434</u></u>	<u><u>73,469</u></u>	<u><u>64,613</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 Fund'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)	2010		2009	
	Total	% of Total	Total	% of Total
Consumer Discretionary	66,126	11.9%	3,901	5.4%
Consumer Staple	22,534	4.1%	1,946	2.7%
Energy	114,466	20.6%	16,715	23.3%
Financial Services	62,984	11.4%	5,655	7.9%
Health Care	12,465	2.2%	1,856	2.6%
Industrial Products	83,795	15.1%	7,289	10.1%
Information Technology	72,406	13.1%	5,518	7.7%
Materials and Processing	116,309	21.0%	27,229	37.9%
Utilities	3,304	0.6%	1,729	2.4%
Other	34	0.0%	-	0.0%
Total Equities	554,424	100.0%	71,838	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 \$43,245,000 (2009 - \$6,896,000). 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, 2010 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 CANADIAN 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 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
as at December 31**

As described in note 5 of the financial statements, 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:

	2010			Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(\$000s)				
Money Market Investments	-	9,815	-	9,815
Bonds	-	8	-	8
Public Equities	550,536	3,135	-	553,671
Warrants	426	293	-	719
Private Equities	-	-	34	34
Total Investments	550,962	13,251	34	564,247

During 2010, there were no significant transfers between Level 1 and Level 2.

**Fair Value Measurement Discussion (continued)
as at December 31**

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value. The table represents the activity of Level 3 investments held at the beginning and end of the year.

	(\$000s)
Opening Balance as at January 1, 2010	-
Purchases	34
Settlements	-
Realized Losses	-
Change in Unrealized Gains	-
Closing Balance at December 31, 2010	34

The following is a summary of the inputs used to value the Fund's investments as at December 31, 2009:

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

During 2009, there were no significant transfers between Level 1 and Level 2. Significant other 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**

ACTIVE U.S. SMALL CAP EQUITY FUND

Statement of Net Assets

as at December 31

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

	<u>2010</u>	<u>2009</u>
Assets		
Investments at fair value	464,117	82,008
Cash	17,110	1,033
Receivable from sale of investments	510	-
Receivable from issue of units	-	80
Accrued investment income	512	41
	<u>482,249</u>	<u>83,162</u>
Liabilities		
bclMC funds management fees payable (note 8)	15	5
Payable for purchase of investments	2,900	18
External management fees payable	734	171
Custodial fees payable	18	9
Accounts payable	5	5
	<u>3,672</u>	<u>208</u>
Net assets representing unitholders' equity	<u>478,577</u>	<u>82,954</u>
Number of units outstanding (note 9)	406,727	84,430
Net asset value per unit	<u>1,177</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>2010</u>	<u>2009</u>
Investment Income	6,798	1,051
Expenses (note 8):		
Foreign exchange losses	160	553
External management fees	2,538	805
Commissions and stock exchange fees	601	254
bclMC funds management fees	155	75
Custodial fees	55	32
Administrative and professional fees	6	5
	<u>3,515</u>	<u>1,724</u>
Net investment income (loss)	3,283	(673)
Realized and unrealized gains (losses):		
Net realized gain (loss)	29,250 ¹	(4,197) ¹
Change in unrealized gain	54,181 ¹	11,215 ¹
	<u>83,431</u>	<u>7,018</u>
Net income from operations	86,714	6,345
Capital Transactions:		
Proceeds from units issued	350,459	130
Amounts paid for units redeemed	(41,550)	(38,000)
	<u>308,909</u>	<u>(37,870)</u>
Increase (decrease) in net assets	395,623	(31,525)
Net assets, beginning of year	82,954	114,479
Net Assets, end of year	<u>478,577</u>	<u>82,954</u>

¹ The net realized gain (loss) and change in unrealized gain include the following foreign exchange losses: (32,036) (16,361)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE U.S. SMALL CAP EQUITY FUND

Statement of Cash Flows		
for the year ended December 31		
(in \$000s)		
	<u>2010</u>	<u>2009</u>
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income from operations	86,714	6,345
Items not affecting cash:		
Net realized loss (gain)	(29,250)	4,197
Change in unrealized gain	<u>(54,181)</u>	<u>(11,215)</u>
	3,283	(673)
Changes in non-cash operating accounts:		
Receivable from sale of investments	(510)	158
Receivable from issue of units	80	(80)
Accrued investment income	(471)	8
bclMC funds management fees payable	10	(1)
Payable for purchase of investments	2,882	(264)
External management fees payable	563	(79)
Custodial fees payable	9	(2)
Accounts payable	-	1
	<u>5,846</u>	<u>(932)</u>
Cash flows from investing activities		
Proceeds from sale of investments	242,620	98,889
Amounts paid for purchase of investments	<u>(541,298)</u>	<u>(62,459)</u>
	<u>(298,678)</u>	<u>36,430</u>
Cash flows from financing activities		
Proceeds from units issued	350,459	130
Amounts paid for units redeemed	<u>(41,550)</u>	<u>(38,000)</u>
	<u>308,909</u>	<u>(37,870)</u>
Net increase (decrease) in cash	16,077	(2,372)
Cash, beginning of year	<u>1,033</u>	<u>3,405</u>
Cash, end of year	<u><u>17,110</u></u>	<u><u>1,033</u></u>

Statement of Investments				
as at December 31				
(in \$000s)				
	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities:				
Publicly Traded	457,466	399,917	81,956	78,621
Bonds:				
Corporate	675	624	-	-
Money Market Investments:				
Corporate	5,852	5,941	-	-
Units in bclMC Pooled Investment Portfolio				
Fund ST1	124	124	18	18
Fund ST3	-	-	34	38
	<u>124</u>	<u>124</u>	<u>52</u>	<u>56</u>
Total Investments	<u><u>464,117</u></u>	<u><u>406,606</u></u>	<u><u>82,008</u></u>	<u><u>78,677</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 Fund'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)	2010		2009	
	Total	% of Total	Total	% of Total
Consumer Discretionary	71,139	15.6%	13,838	16.9%
Consumer Staple	9,575	2.1%	1,367	1.7%
Energy	29,601	6.4%	7,587	9.3%
Financial Services	77,341	16.9%	13,572	16.5%
Health Care	67,173	14.7%	12,510	15.3%
Industrial Products	84,494	18.5%	10,890	13.3%
Information Technology	90,735	19.8%	15,679	19.1%
Materials and Processing	17,398	3.8%	4,928	6.0%
Telecommunication Services	5,985	1.3%	679	0.8%
Utilities	4,025	0.9%	906	1.1%
Total Equities	457,466	100.0%	81,956	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 \$43,459,000 (2009 - \$7,786,000). 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, 2010 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 the U.S. market.

Currency Risk

The Fund holds cash and investments denominated in U.S. currency totalling \$479,224,000 (2009 - \$83,045,000). 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 \$4,792.240 (2009 - \$830,450).

**Fair Value Measurement Discussion
as at December 31**

As described in note 5 of the financial statements, 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:

	2010		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
(\$000s)			
Money Market Investments	-	5,976	5,976
Bonds	-	675	675
Public Equities	457,435	-	457,435
Warrants	31	-	31
Total Investments	457,466	6,651	464,117

During 2010, there were no significant transfers between Level 1 and Level 2. Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2010.

The following is a summary of the inputs used to value the Fund's investments as at December 31, 2009:

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

During 2009, there were no significant transfers between Level 1 and Level 2. Significant other 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**

ACTIVE JAPAN EQUITY FUND

Statement of Net Assets

as at December 31

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

	<u>2010</u>	<u>2009</u>
Assets		
Investments at fair value	55	529,808
Cash	2,394	806
Accrued investment income	18	376
	<u>2,467</u>	<u>530,990</u>
Liabilities		
bclMC funds management fees payable (note 8)	-	21
External management fees payable	-	517
Custodial fees payable	9	19
Accounts payable	4	4
	<u>13</u>	<u>561</u>
Net assets representing unitholders' equity	<u>2,454</u>	<u>530,429</u>
Number of units outstanding (note 9)	2,978	681,481
Net asset value per unit	<u>824</u>	<u>778</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>2010</u>	<u>2009</u>
Investment Income	8,923	8,734
Expenses (note 8):		
Foreign exchange losses	5,342	3,308
External management fees	60	1,813
Commissions and stock exchange fees	44	658
bclMC funds management fees	193	236
Custodial fees	59	76
Administrative and professional fees	13	5
	<u>5,711</u>	<u>6,096</u>
Net investment income	3,212	2,638
Realized and unrealized gains (losses):		
Net realized loss	(311) ¹	(82,072) ¹
Change in unrealized gain (loss)	21,759 ¹	(8,395) ¹
	<u>21,448</u>	<u>(90,467)</u>
Net income (loss) from operations	24,660	(87,829)
Capital Transactions:		
Proceeds from units issued	90,013	13,783
Amounts paid for units redeemed	(642,648)	(73,468)
	<u>(552,635)</u>	<u>(59,685)</u>
Decrease in net assets	(527,975)	(147,514)
Net assets, beginning of year	530,429	677,943
Net Assets, end of year	<u>2,454</u>	<u>530,429</u>

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

44,533	198,843
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**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS**

ACTIVE JAPAN EQUITY FUND

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

	<u>2010</u>	<u>2009</u>
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income (loss) from operations	24,660	(87,829)
Items not affecting cash:		
Net realized loss	311	82,072
Change in unrealized loss (gain)	<u>(21,759)</u>	<u>8,395</u>
	3,212	2,638
Changes in non-cash operating accounts:		
Receivable from sale of investments	-	5,124
Accrued investment income	358	86
bcIMC funds management fees payable	(21)	5
Payable for purchase of investments	-	(5,860)
External management fees payable	(517)	(532)
Custodial fees payable	(10)	(11)
Accounts payable	-	-
	<u>3,022</u>	<u>1,450</u>
Cash flows from investing activities		
Proceeds from sale of investments	579,207	972,884
Amounts paid for purchase of investments	<u>(28,006)</u>	<u>(928,536)</u>
	551,201	44,348
Cash flows from financing activities		
Proceeds from units issued	90,013	13,783
Amounts paid for units redeemed	<u>(642,648)</u>	<u>(73,468)</u>
	<u>(552,635)</u>	<u>(59,685)</u>
Net increase (decrease) in cash	1,588	(13,887)
Cash, beginning of year	<u>806</u>	<u>14,693</u>
Cash, end of year	<u><u>2,394</u></u>	<u><u>806</u></u>

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

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities:				
Publicly Traded	-	-	529,715	551,475
Money Market Investments:				
Units in bcIMC Pooled Investment Portfolio Fund ST2	<u>55</u>	<u>55</u>	<u>93</u>	<u>93</u>
Total Investments	<u><u>55</u></u>	<u><u>55</u></u>	<u><u>529,808</u></u>	<u><u>551,568</u></u>

See accompanying Notes to the Financial Statements.

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

ACTIVE JAPAN EQUITY FUND

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

At December 31, 2010 the Fund held no equity investments as the securities previously held by the Fund were transferred to the Indexed Asian Equity Fund. It is intended that the Fund will dispose of its remaining assets in 2011.

Prior to the transfer of securities to the Indexed Asian Fund, the investment objective of the Active Japan Equity Fund (the Fund) was 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 was diversified on an industry sector basis, reducing exposure to firm specific risks. However, the Fund's holdings may have been more concentrated in certain industry sectors than the Index.

Prior to the transfer of securities to the Indexed Asian Fund, the Fund invested 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 bclIMC's Pooled Investment Portfolios ST1, ST2 and ST3.

The following restrictions apply to the Fund:

- Up to 20% of the Fund'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 bclIMC'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 cash holdings, and 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

At December 31, 2010 the Fund held no equity investments as the securities previously held by the Fund were transferred to the Indexed Asian Equity Fund at fair value prior to the end of the year.

At December 31, 2009 The Fund had exposure to the following industry sectors:

INDUSTRY SECTOR (in \$000s)	2009	
	Total	% of Total
Consumer Discretionary	110,779	21.0%
Consumer Staple	28,309	5.3%
Energy	5,846	1.1%
Financial Services	87,122	16.4%
Health Care	31,496	5.9%
Industrial Products	98,420	18.7%
Information Technology	73,532	13.9%
Materials and Processing	44,861	8.5%
Telecommunication Services	18,754	3.5%
Utilities	29,811	5.6%
Other	785	0.1%
Total Equities	529,715	100.0%

See accompanying Notes to the Financial Statements

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

ACTIVE JAPAN EQUITY FUND

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

At December 31, 2009, the expected impact on the Net Assets of the Fund, assuming a 10 percent increase/decrease in the Fund's benchmark, would have been an increase/decrease of \$53,024,000. 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

At December 31, 2010 the Fund held no equity investments as the securities previously held by the Fund were transferred to the Indexed Asian Equity Fund at fair value prior to the end of the year. At December 31, 2009 all of the Fund's equity investments were exposed to the Japanese market.

Currency Risk

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

CURRENCY (\$000s)	2010		2009	
	Total	% of Total	Total	% of Total
Canadian Dollar	40	1.6%	(93)	0.0%
Japanese Yen	2,409	98.2%	529,378	99.8%
United States Dollar	5	0.2%	1,144	0.2%
Total Net Assets	2,454	100.0%	530,429	100.0%

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 \$24,000 (2009 - \$5,305,000).

**Fair Value Measurement Discussion
as at December 31**

As described in note 5 of the financial statements, 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)	2010		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
Money Market Investments	-	50	50
Bonds	-	5	5
Public Equities	-	-	-
Total Investments	-	55	55

During 2010, there were no significant transfers between Level 1 and Level 2. Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2010.

The following is a summary of the inputs used to value the Fund's investments as at December 31, 2009:

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

During 2009, there were no significant transfers between Level 1 and Level 2. Significant other 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**

ACTIVE ASIAN EX-JAPAN EQUITY FUND

Statement of Net Assets

as at December 31

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

	<u>2010</u>	<u>2009</u>
Assets		
Investments at fair value	1,981,647	1,825,169
Unrealized gain on foreign currency contracts (Schedule One)	-	4
Cash	17,071	21,714
Receivable from sale of investments	650	2,657
Receivable from issue of units	-	570
Accrued investment income	431	611
Withholding taxes receivable	59	11
	<u>1,999,858</u>	<u>1,850,736</u>
Liabilities		
Unrealized loss on foreign currency contracts (Schedule One)	-	3
bclMC funds management fees payable (note 8)	49	51
Payable for purchase of investments	136	1,611
External management fees payable	2,254	2,176
Custodial fees payable	451	399
Accounts payable	5	6
	<u>2,895</u>	<u>4,246</u>
Net assets representing unitholders' equity	<u>1,996,963</u>	<u>1,846,490</u>
Number of units outstanding (note 9)	923,097	965,765
Net asset value per unit	<u>2,163</u>	<u>1,912</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>2010</u>	<u>2009</u>
Investment Income	40,090	35,683
Expenses (note 8):		
Foreign exchange losses	644	1,937
External management fees	8,924	7,518
Commissions and stock exchange fees	5,674	6,122
Custodial fees	1,735	1,456
bclMC funds management fees	621	496
Administrative and professional fees	73	72
	<u>17,671</u>	<u>17,601</u>
Net investment income	22,419	18,082
Realized and unrealized gains (losses):		
Net realized gain (loss)	160,350 ¹	(1,219) ¹
Change in unrealized gain	59,047 ¹	589,538 ¹
	<u>219,397</u>	<u>588,319</u>
Net income from operations	241,816	606,401
Capital Transactions:		
Proceeds from units issued	96,446	16,223
Amounts paid for units redeemed	(187,789)	(15,164)
	<u>(91,343)</u>	<u>1,059</u>
Increase in net assets	150,473	607,460
Net assets, beginning of year	1,846,490	1,239,030
Net Assets, end of year	<u>1,996,963</u>	<u>1,846,490</u>

¹ The net realized gain (loss) and change in unrealized gain include the following foreign exchange losses: (23,077) (163,485)

**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)**

	<u>2010</u>	<u>2009</u>
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income from operations	241,816	606,401
Items not affecting cash:		
Net realized loss (gain)	(160,350)	1,219
Change in unrealized gain	<u>(59,047)</u>	<u>(589,538)</u>
	22,419	18,082
Changes in non-cash operating accounts:		
Receivable from sale of investments	2,007	(2,092)
Receivable from issue of units	570	(570)
Accrued investment income	180	109
Withholding taxes receivable	(48)	(3)
bcIMC funds management fees payable	(2)	21
Payable for purchase of investments	(1,475)	1,485
External management fees payable	78	792
Custodial fees payable	52	52
Accounts payable	(1)	(1)
	<u>23,780</u>	<u>17,875</u>
Cash flows from investing activities		
Proceeds from sale of investments	1,894,534	1,209,270
Amounts paid for purchase of investments	<u>(1,831,614)</u>	<u>(1,260,897)</u>
	62,920	<u>(51,627)</u>
Cash flows from financing activities		
Proceeds from units issued	96,446	16,223
Amounts paid for units redeemed	<u>(187,789)</u>	<u>(15,164)</u>
	<u>(91,343)</u>	1,059
Net increase (decrease) in cash	(4,643)	(32,693)
Cash, beginning of year	<u>21,714</u>	<u>54,407</u>
Cash, end of year	<u><u>17,071</u></u>	<u><u>21,714</u></u>

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

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities:				
Publicly Traded	1,967,617	1,588,075	1,825,103	1,504,608
Money Market Investments:				
Corporate	13,613	13,613	-	-
Units in bcIMC Pooled Investment Portfolio Fund ST2	<u>417</u>	<u>417</u>	<u>66</u>	<u>67</u>
Total Investments	<u><u>1,981,647</u></u>	<u><u>1,602,105</u></u>	<u><u>1,825,169</u></u>	<u><u>1,504,675</u></u>

There were no outstanding foreign currency contracts at December 31, 2010.

**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>
1	January 2010	986	4
4	January 2010	1,441	(3)

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 Pacific 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.

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 Fund'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.

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

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

Effective January 1, 2011 the name of the Fund was changed to the Active Asian Equity Fund, and holdings of Japanese publicly traded stock or common stock equivalents became permissible investments.

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)	2010		2009	
	Total	% of Total	Total	% of Total
Consumer Discretionary	71,930	3.7%	81,945	4.5%
Consumer Staple	78,210	4.0%	93,369	5.1%
Energy	115,729	5.9%	140,119	7.7%
Financial Services	740,687	37.6%	727,560	39.9%
Health Care	42,179	2.1%	12,729	0.7%
Industrial Products	225,285	11.4%	175,134	9.6%
Information Technology	266,710	13.6%	288,350	15.8%
Materials and Processing	308,823	15.7%	229,680	12.6%
Telecommunication Services	72,457	3.7%	60,844	3.3%
Utilities	45,605	2.3%	15,373	0.8%
Total Equities	1,967,617	100.0%	1,825,103	100.0%

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 (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 \$200,697,000 (2009 - \$184,335,000). 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, 2010, 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)	2010		2009	
	Total	% of Total	Total	% of Total
Australia	282,660	14.4%	256,877	14.1%
China	337,385	17.1%	316,274	17.2%
Hong Kong	243,460	12.4%	186,550	10.2%
India	273,878	13.9%	306,660	16.8%
Indonesia	44,145	2.2%	33,481	1.8%
Korea	259,512	13.2%	228,623	12.5%
Malaysia	38,338	2.0%	32,513	1.8%
New Zealand	8,271	0.4%	8,474	0.5%
Philippines	12,801	0.7%	10,056	0.6%
Singapore	132,649	6.7%	145,977	8.0%
Taiwan	180,325	9.2%	185,679	10.2%
Thailand	100,908	5.1%	76,144	4.2%
United Kingdom	53,285	2.7%	37,795	2.1%
Total Equities	1,967,617	100.0%	1,825,103	100.0%

**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)	2010		2009	
	Total	% of Total	Total	% of Total
Australian Dollar	290,932	14.6%	265,488	14.4%
British Pound Sterling	50,694	2.5%	35,667	1.9%
Canadian Dollar	2,115	0.1%	11,214	0.6%
Euro	7	0.0%	8	0.0%
Hong Kong Dollar	530,158	26.5%	461,711	25.0%
Indian Rupee	232,996	11.7%	269,476	14.6%
Indonesian Rupiah	44,269	2.2%	33,521	1.8%
Korean Won	259,383	13.0%	230,082	12.5%
Malaysian Ringgit	38,351	1.9%	32,513	1.8%
Philippine Peso	12,813	0.6%	10,066	0.5%
Singapore Dollar	132,963	6.7%	146,355	7.9%
Taiwan Dollar	184,388	9.2%	186,395	10.1%
Thai Baht	100,944	5.1%	76,145	4.1%
United States Dollar	116,950	5.9%	87,849	4.8%
Total Net Assets	1,996,963	100.0%	1,846,490	100.0%

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 \$19,948,000 (2009 - \$18,353,000).

See accompanying Notes to the Financial Statements

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

ACTIVE ASIAN EX-JAPAN EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 5 of the financial statements, 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:

	2010		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
(\$000s)			
Money Market Investments	-	13,989	13,989
Bonds	-	41	41
Public Equities	1,967,604	-	1,967,604
Warrants	13	-	13
Total Investments	1,967,617	14,030	1,981,647
Foreign Currency Contracts, Net	-	-	-
Total	1,967,617	14,030	1,981,647

During 2010, there were no significant transfers between Level 1 and Level 2. Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2010.

The following is a summary of the inputs used to value the Fund's investments and derivatives as at December 31, 2009:

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

During 2009, there were no significant transfers between Level 1 and Level 2. Significant other unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

See accompanying Notes to the Financial Statements

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED ASIAN EQUITY FUND

Statement of Net Assets

as at December 31

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

	2010
	(note 1)
Assets	
Investments at fair value	499,407
Unrealized gain on foreign currency contracts (Schedule One)	-
Cash	44
Receivable from sale of investments	928
Accrued investment income	450
	500,829
Liabilities	
bclMC funds management fees payable (note 8)	18
Payable for purchase of investments	792
Custodial fees payable	5
	815
Net assets representing unitholders' equity	500,014
Number of units outstanding (note 9)	480,669
Net asset value per unit	1,040



Doug Pearce
Chief Executive Officer
Chief Investment Officer

Statement of Operations and Change in Net Assets

for the period ended December 31

(in \$000s)

	2010
	(note 1)
Investment Income	1,232
Foreign exchange gains	5,453
	6,685
Expenses (note 8):	
bclMC funds management fees	18
Custodial fees	5
	23
Net investment income	6,662
Realized and unrealized losses:	
Net realized loss	(6,251) ¹
Change in unrealized gain	18,794 ¹
	12,543
Net income from operations	19,205
Capital Transactions:	
Proceeds from units issued	480,809
Amounts paid for units redeemed	-
	480,809
Increase in net assets	500,014
Net assets, beginning of period	-
Net Assets, end of period	500,014

¹ The net realized loss and unrealized gain include the following foreign exchange loss: (3,116)

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

INDEXED ASIAN EQUITY FUND

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

	<u>2010</u> (note 1)
Cash flow provided by (used for):	
Cash flows from operating activities	
Net income from operations	19,205
Items not affecting cash:	
Net realized loss	6,251
Change in unrealized gain	<u>(18,794)</u>
	6,662
Changes in non-cash operating accounts:	
Receivable from sale of investments	(928)
Accrued investment income	(450)
bcIMC funds management fees payable	18
Payable for purchase of investments	792
Custodial fees payable	<u>5</u>
	6,099
Cash flows from investing activities	
Proceeds from sale of investments	184,206
Amounts paid for purchase of investments	<u>(671,070)</u>
	(486,864)
Cash flows from financing activities	
Proceeds from units issued	480,809
Amounts paid for units redeemed	<u>-</u>
	480,809
Net increase in cash	44
Cash, beginning of period	<u>-</u>
Cash, end of period	<u><u>44</u></u>

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

	<u>2010</u>	
	<u>Fair Value</u>	<u>Cost</u>
Equities:		
Publicly Traded	499,232	480,438
Money Market Investments:		
Units in bcIMC Pooled Investment Portfolio Fund ST2	<u>175</u>	<u>175</u>
Total Investments	<u><u>499,407</u></u>	<u><u>480,613</u></u>

**Schedule One - Foreign Currency Contracts
as at December 31, 2010**

<u>Number of Contracts</u>	<u>Expiry Dates</u>	<u>Notional Value (\$000s)</u>	<u>Unrealized Gain (Loss) (\$000s)</u>
3	January, 2011	315	-

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

INDEXED ASIAN EQUITY FUND

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

The investment objective of the Indexed Asian Equity Fund (the Fund) is to generate a risk/return profile that is very similar to the Morgan Stanley Capital International (MSCI) Pacific Net Index, the Fund's benchmark. The Fund is managed internally by bclMC. 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 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 benchmark member companies,
- exchange traded funds based on the Index or countries/regions within the Index,
- international exchange-listed depository receipts of Japanese 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
- 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 0.5% of the Fund's assets 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.

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

In November 2010 all the securities held in the Fund were transferred from the Active Japan Equity 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)	2010	
	Total	% of Total
Consumer Discretionary	68,627	13.7%
Consumer Staple	29,941	6.0%
Energy	12,966	2.6%
Financial Services	142,782	28.6%
Health Care	21,995	4.4%
Industrial Products	77,167	15.5%
Information Technology	43,548	8.7%
Materials and Processing	6,189	12.3%
Telecommunication Services	16,901	3.4%
Utilities	22,503	4.5%
Other	1,614	0.3%
Total Equities	499,232	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 \$49,923,000.

See accompanying Notes to the Financial Statements

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

INDEXED ASIAN EQUITY FUND

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

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, 2010, 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)	2010	
	Total	% of Total
Australia	122,750	24.6%
Hong Kong	39,888	8.0%
Japan	309,592	62.0%
New Zealand	1,418	0.3%
Singapore	23,970	4.8%
United States	1,614	0.3%
Total Equities	499,232	100.0%

**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)	2010	
	Total	% of Total
Australian Dollar	123,058	24.6%
Canadian Dollar	152	0.0%
Hong Kong Dollar	39,907	8.0%
Japanese Yen	309,847	62.0%
New Zealand Dollar	1,418	0.3%
Singapore Dollar	24,014	4.8%
United States Dollar	1,618	0.3%
Total Net Assets	500,014	100.0%

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 \$4,999,000.

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

INDEXED ASIAN EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 5 of the financial statements, 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)	2010		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
Money Market Investments	-	159	159
Bonds	-	16	16
Public Equities	499,232	-	499,232
Total Investments	499,232	175	499,407

During 2010, there were no significant transfers between Level 1 and Level 2. Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2010.

See accompanying Notes to the Financial Statements

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)

	2010	2009
Assets		
Investments at fair value	692,615	1,302,230
Unrealized gain on foreign currency contracts (Schedule One)	-	422
Cash	4,228	15,588
Receivable from sale of investments	-	1,246
Accrued investment income	593	1,183
Withholding taxes receivable	661	407
	<u>698,097</u>	<u>1,321,076</u>
Liabilities		
bclMC funds management fees payable (note 8)	25	40
Payable for purchase of investments	-	852
External management fees payable	941	1,560
Custodial fees payable	53	109
Accounts payable	5	5
	<u>1,024</u>	<u>2,566</u>
Net assets representing unitholders' equity	<u>697,073</u>	<u>1,318,510</u>
Number of units outstanding (note 9)	594.226	1,109.253
Net asset value per unit	<u>1,173</u>	<u>1,189</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)

	2010	2009
Investment Income	24,597	45,614
Foreign exchange gains	5,289	199
	<u>29,886</u>	<u>45,813</u>
Expenses (note 8):		
External management fees	4,370	5,724
Commissions and stock exchange fees	2,078	2,893
bclMC funds management fees	344	433
Custodial fees	285	429
Administrative and professional fees	32	6
	<u>7,109</u>	<u>9,485</u>
Net investment income	22,777	36,328
Realized and unrealized gains (losses):		
Net realized loss	(106,953) ¹	(191,166) ¹
Change in unrealized gain	25,899 ¹	312,182 ¹
	<u>(81,054)</u>	<u>121,016</u>
Net income (loss) from operations	(58,277)	157,344
Capital Transactions:		
Proceeds from units issued	174,040	16,618
Amounts paid for units redeemed	(737,200)	(29,581)
	<u>(563,160)</u>	<u>(12,963)</u>
Increase (decrease) in net assets	(621,437)	144,381
Net assets, beginning of year	1,318,510	1,174,129
Net Assets, end of year	<u>697,073</u>	<u>1,318,510</u>

¹ The net realized loss and change in unrealized gain include the following foreign exchange losses:

(123,607)	(133,746)
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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)**

	<u>2010</u>	<u>2009</u>
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income (loss) from operations	(58,277)	157,344
Items not affecting cash:		
Net realized loss	106,953	191,166
Change in unrealized gain	<u>(25,899)</u>	<u>(312,182)</u>
	22,777	36,328
Changes in non-cash operating accounts:		
Receivable from sale of investments	1,246	2,056
Accrued investment income	590	42
Withholding taxes receivable	(254)	224
bcIMC funds management fees payable	(15)	4
Payable for purchase of investments	(852)	(1,691)
External management fees payable	(619)	(250)
Custodial fees payable	(56)	(12)
Accounts payable	-	(1)
	<u>22,817</u>	<u>36,700</u>
Cash flows from investing activities		
Proceeds from sale of investments	1,134,334	925,670
Amounts paid for purchase of investments	<u>(605,351)</u>	<u>(960,064)</u>
	528,983	(34,394)
Cash flows from financing activities		
Proceeds from units issued	174,040	16,618
Amounts paid for units redeemed	<u>(737,200)</u>	<u>(29,581)</u>
	(563,160)	(12,963)
Net increase (decrease) in cash	(11,360)	(10,657)
Cash, beginning of year	<u>15,588</u>	<u>26,245</u>
Cash, end of year	<u>4,228</u>	<u>15,588</u>

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

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities:				
Publicly Traded	692,186	709,707	1,302,179	1,346,021
Money Market Investments:				
Units in bcIMC Pooled Investment Portfolio Fund ST2	<u>429</u>	<u>429</u>	<u>51</u>	<u>52</u>
Total Investments	<u>692,615</u>	<u>710,136</u>	<u>1,302,230</u>	<u>1,346,073</u>

There were no outstanding foreign currency contracts at December 31, 2010.

**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>
1	March 2010	11,302	422

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 Fund'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)	2010		2009	
	Total	% of Total	Total	% of Total
Consumer Discretionary	80,690	11.7%	101,620	7.8%
Consumer Staple	81,847	11.8%	158,550	12.2%
Energy	77,590	11.2%	137,460	10.6%
Financial Services	138,203	19.9%	298,588	23.0%
Health Care	66,297	9.6%	145,095	11.1%
Industrial Products	82,208	11.9%	140,657	10.8%
Information Technology	28,808	4.2%	56,104	4.3%
Materials and Processing	67,620	9.8%	90,428	6.9%
Services	31,628	4.5%	87,159	6.7%
Utilities	37,294	5.4%	86,518	6.6%
Total Equities	692,186	100.0%	1,302,179	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 \$70,603,000 (2009 - \$132,822,000). 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, 2010, 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)	2010		2009	
	Total	% of Total	Total	% of Total
Austria	1,288	0.2%	6,774	0.5%
Belgium	5,010	0.7%	8,507	0.7%
Denmark	12,101	1.7%	25,155	1.9%
Finland	8,052	1.2%	18,466	1.4%
France	106,917	15.4%	229,532	17.6%
Germany	122,446	17.7%	228,281	17.6%
Greece	2,845	0.4%	8,749	0.7%
Ireland	-	0.0%	5,487	0.4%
Italy	28,038	4.1%	74,482	5.7%
Netherlands	42,599	6.2%	84,471	6.5%
Norway	25,217	3.6%	29,776	2.3%
Portugal	1,171	0.2%	2,179	0.2%
Spain	18,181	2.6%	48,357	3.7%
Sweden	16,530	2.4%	34,496	2.6%
Switzerland	57,216	8.3%	81,588	6.3%
United Kingdom	223,533	32.3%	389,728	29.9%
Other	21,042	3.0%	26,151	2.0%
Total Equities	692,186	100.0%	1,302,179	100.0%

**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)	2010		2009	
	Total	% of Total	Total	% of Total
British Pound Sterling	201,361	28.9%	356,595	27.0%
Canadian Dollar	(445)	0.0%	16,771	1.3%
Czech Koruna	2,616	0.4%	3,270	0.2%
Danish Krone	12,259	1.8%	25,481	1.9%
Euro	361,365	51.8%	744,153	56.5%
Hungarian Forint	484	0.1%	2,703	0.2%
Norwegian Krone	25,286	3.6%	30,265	2.3%
Polish Zloty	6,498	0.9%	2,803	0.2%
Swedish Krone	16,713	2.4%	35,104	2.7%
Swiss Franc	57,814	8.3%	81,613	6.2%
Turkish Lira	6,504	0.9%	18,513	1.4%
United States Dollar	6,618	0.9%	1,239	0.1%
Total Net Assets	697,073	100.0%	1,318,510	100.0%

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 \$6,975,000 (2009 - \$13,017,000).

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

ACTIVE EUROPEAN EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 5 of the financial statements, 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)	2010		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
Money Market Investments	-	387	387
Bonds	-	42	42
Public Equities	692,186	-	692,186
Total Investments	692,186	429	692,615
Foreign Currency Contracts, Net	-	-	-
Total	692,186	429	692,615

During 2010, there were no significant transfers between Level 1 and Level 2. Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2010.

The following is a summary of the inputs used to value the Fund's investments and derivatives as at December 31, 2009:

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

During 2009, there were no significant transfers between Level 1 and Level 2. Significant other unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

See accompanying Notes to the Financial Statements

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>2010</u>	<u>2009</u>
Assets		
Investments at fair value	239,279	242,352
Cash	92	241
Accrued investment income	301	268
Withholding taxes receivable	204	71
	<u>239,876</u>	<u>242,932</u>
Liabilities		
bclMC funds management fees payable (note 8)	29	20
Custodial fees payable	38	32
Accounts payable	5	5
	<u>72</u>	<u>57</u>
Net assets representing unitholders' equity	<u>239,804</u>	<u>242,875</u>
Number of units outstanding (note 9)	350,000	350,000
Net asset value per unit	<u>685</u>	<u>694</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>2010</u>	<u>2009</u>
Investment Income	7,009	8,229
Expenses (note 8):		
Foreign exchange losses	24	267
Commissions and stock exchange fees	749	567
bclMC funds management fees	270	296
Custodial fees	151	133
Administrative and professional fees	11	6
	<u>1,205</u>	<u>1,269</u>
Net investment income	5,804	6,960
Realized and unrealized gains (losses):		
Net realized loss	(15,664) ¹	(25,669) ¹
Change in unrealized gain	6,789 ¹	47,892 ¹
	<u>(8,875)</u>	<u>22,223</u>
Net income (loss) from operations	(3,071)	29,183
Capital Transactions:		
Proceeds from units issued	64,323	2,838
Amounts paid for units redeemed	(64,323)	(2,838)
	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(3,071)	29,183
Net assets, beginning of year	242,875	213,692
Net Assets, end of year	<u>239,804</u>	<u>242,875</u>

¹ The net realized loss and change in unrealized gain include the following foreign exchange losses:

(18,703)	(22,759)
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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)**

	<u>2010</u>	<u>2009</u>
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income (loss) from operations	(3,071)	29,183
Items not affecting cash:		
Net realized loss	15,664	25,669
Change in unrealized gain	<u>(6,789)</u>	<u>(47,892)</u>
	5,804	6,960
Changes in non-cash operating accounts:		
Accrued investment income	(33)	62
Withholding taxes receivable	(133)	(4)
bclMC funds management fees payable	9	(5)
Custodial fees payable	6	(16)
Accounts payable	<u>-</u>	<u>(2)</u>
	<u>5,653</u>	<u>6,995</u>
Cash flows from investing activities		
Proceeds from sale of investments	351,441	248,927
Amounts paid for purchase of investments	<u>(357,243)</u>	<u>(255,950)</u>
	<u>(5,802)</u>	<u>(7,023)</u>
Cash flows from financing activities		
Proceeds from units issued	64,323	2,838
Amounts paid for units redeemed	<u>(64,323)</u>	<u>(2,838)</u>
	<u>-</u>	<u>-</u>
Net increase in cash	(149)	(28)
Cash, beginning of year	<u>241</u>	<u>269</u>
Cash, end of year	<u><u>92</u></u>	<u><u>241</u></u>

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

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities:				
Publicly Traded	239,210	240,576	242,312	250,466
Money Market Investments:				
Units in bclMC Pooled Investment Portfolio Fund ST2	<u>69</u>	<u>69</u>	<u>40</u>	<u>40</u>
Total Investments	<u><u>239,279</u></u>	<u><u>240,645</u></u>	<u><u>242,352</u></u>	<u><u>250,506</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)	2010		2009	
	Total	% of Total	Total	% of Total
Consumer Discretionary	21,230	8.9%	17,292	7.1%
Consumer Staple	29,569	12.4%	29,045	12.0%
Energy	26,051	10.9%	27,377	11.3%
Financial Services	50,489	21.1%	57,971	24.0%
Health Care	23,194	9.7%	24,935	10.3%
Industrial Products	26,997	11.3%	23,335	9.6%
Information Technology	7,006	2.9%	6,402	2.6%
Materials and Processing	26,305	11.0%	23,076	9.5%
Telecommunication Services	15,416	6.4%	17,111	7.1%
Utilities	12,914	5.4%	15,455	6.4%
Other	39	0.0%	313	0.1%
Total Equities	239,210	100.0%	242,312	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 \$23,682,000 (2009 - \$24,716,000). 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, 2010, 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 (note 6)
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)	2010		2009	
	Total	% of Total	Total	% of Total
Austria	1,323	0.6%	1,773	0.7%
Belgium	3,678	1.5%	6,260	2.6%
Denmark	3,605	1.5%	2,443	1.0%
Finland	5,742	2.4%	4,387	1.8%
France	30,432	12.7%	43,836	18.1%
Germany	32,061	13.4%	23,440	9.7%
Greece	1,258	0.5%	1,842	0.8%
Ireland	390	0.2%	744	0.3%
Italy	9,932	4.2%	13,540	5.6%
Netherlands	8,840	3.7%	9,032	3.7%
Norway	4,151	1.7%	3,961	1.6%
Portugal	444	0.2%	972	0.4%
Spain	10,576	4.4%	13,698	5.7%
Sweden	15,646	6.5%	6,889	2.8%
Switzerland	30,119	12.6%	28,525	11.8%
United Kingdom	80,976	33.9%	80,657	33.3%
Other	39	0.0%	313	0.1%
Total Equities	239,210	100.0%	242,312	100.0%

**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)	2010		2009	
	Total	% of Total	Total	% of Total
British Pound Sterling	79,047	33.0%	79,002	32.5%
Canadian Dollar	(3)	0.0%	34	0.0%
Danish Krone	3,604	1.5%	2,443	1.0%
Euro	106,900	44.6%	121,614	50.2%
Norwegian Krone	4,168	1.7%	3,961	1.6%
Swedish Krone	15,646	6.5%	6,889	2.8%
Swiss Franc	30,277	12.6%	28,526	11.7%
United States Dollar	163	0.1%	406	0.2%
Total Net Assets	239,804	100.0%	242,875	100.0%

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 \$2,398,000 (2009 - \$2,428,000).

See accompanying Notes to the Financial Statements

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

ENHANCED INDEXED EUROPEAN EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 5 of the financial statements, 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)	2010		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
Money Market Investments	-	62	62
Bonds	-	7	7
Public Equities	239,210	-	239,210
Total Investments	239,210	69	239,279

During 2010, there were no significant transfers between Level 1 and Level 2. Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2010.

The following is a summary of the inputs used to value the Fund's investments and derivatives as at December 31, 2009:

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

During 2009, there were no significant transfers between Level 1 and Level 2. Significant other unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

See accompanying Notes to the Financial Statements

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)

	2010	2009
Assets		
Investments at fair value	781,725	1,082,445
Cash	550	772
Accrued investment income	801	1,175
Withholding taxes receivable	873	347
	<u>783,949</u>	<u>1,084,739</u>
Liabilities		
bclMC funds management fees payable (note 8)	34	37
Custodial fees payable	69	57
Accounts payable	5	5
	<u>108</u>	<u>99</u>
Net assets representing unitholders' equity	<u>783,841</u>	<u>1,084,640</u>
Number of units outstanding (note 9)	655.585	895.343
Net asset value per unit	<u>1,196</u>	<u>1,211</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)

	2010	2009
Investment Income	29,941	36,726
Foreign exchange gains	1,511	-
	<u>31,452</u>	<u>36,726</u>
Expenses (note 8):		
Foreign exchange losses	-	247
bclMC funds management fees	426	437
Commissions and stock exchange fees	369	96
Custodial fees	251	223
Administrative and professional fees	28	6
	<u>1,074</u>	<u>1,009</u>
Net investment income	30,378	35,717
Realized and unrealized gains (losses):		
Net realized loss	(44,313) ¹	(32,086) ¹
Change in unrealized gain (loss)	(2,724) ¹	145,113 ¹
	<u>(47,037)</u>	<u>113,027</u>
Net income (loss) from operations	(16,659)	148,744
Capital Transactions:		
Proceeds from units issued	506,325	14,504
Amounts paid for units redeemed	(790,465)	(14,504)
	<u>(284,140)</u>	<u>-</u>
Increase (decrease) in net assets	(300,799)	148,744
Net assets, beginning of year	1,084,640	935,896
Net Assets, end of year	<u>783,841</u>	<u>1,084,640</u>

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

(79,236)	(117,592)
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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)

	2010	2009
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income (loss) from operations	(16,659)	148,744
Items not affecting cash:		
Net realized loss	44,313	32,086
Change in unrealized loss (gain)	2,724	(145,113)
	30,378	35,717
Changes in non-cash operating accounts:		
Accrued investment income	374	325
Withholding taxes receivable	(526)	(15)
bcIMC funds management fees payable (note 6)	(3)	4
Custodial fees payable	12	(37)
Accounts payable	-	(1)
	30,235	35,993
Cash flows from investing activities		
Proceeds from sale of investments	392,399	71,119
Amounts paid for purchase of investments	(138,716)	(106,625)
	253,683	(35,506)
Cash flows from financing activities		
Proceeds from units issued	506,325	14,504
Amounts paid for units redeemed	(790,465)	(14,504)
	(284,140)	-
Net increase (decrease) in cash	(222)	487
Cash, beginning of year	772	285
Cash, end of year	550	772

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

	2010		2009	
	Fair Value	Cost	Fair Value	Cost
Equities:				
Publicly Traded	781,657	844,690	1,082,388	1,142,696
Money Market Investments:				
Units in bcIMC Pooled				
Investment Portfolio Fund ST2	68	68	57	57
Total Investments	781,725	844,758	1,082,445	1,142,753

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)	2010		2009	
	Total	% of Total	Total	% of Total
Consumer Discretionary	69,220	8.9%	77,453	7.2%
Consumer Staple	96,742	12.4%	129,807	12.0%
Energy	84,786	10.8%	121,883	11.3%
Financial Services	164,722	21.1%	260,133	23.9%
Health Care	75,702	9.7%	111,675	10.3%
Industrial Products	88,010	11.2%	103,125	9.5%
Information Technology	22,899	2.9%	29,063	2.7%
Materials and Processing	85,735	11.0%	102,959	9.5%
Telecommunication Services	50,529	6.4%	76,341	7.1%
Utilities	42,062	5.4%	69,313	6.4%
Other	1,251	0.2%	636	0.1%
Total Equities	781,657	100.0%	1,082,388	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 \$78,166,000 (2009 - \$108,239,000). 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, 2010, 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**

Equity by Geographic Region

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

GEOGRAPHIC REGION (in \$000s)	2010		2009	
	Total	% of Total	Total	% of Total
Austria	4,112	0.5%	5,300	0.5%
Belgium	11,138	1.4%	15,774	1.5%
Denmark	12,199	1.6%	14,081	1.3%
Finland	13,515	1.7%	18,116	1.7%
France	114,905	14.7%	176,358	16.2%
Germany	100,472	12.8%	129,937	11.9%
Greece	2,970	0.4%	8,167	0.8%
Ireland	3,018	0.4%	4,434	0.4%
Italy	31,854	4.1%	55,985	5.2%
Netherlands	32,864	4.2%	46,529	4.3%
Norway	10,300	1.3%	12,918	1.2%
Portugal	3,212	0.4%	5,074	0.5%
Spain	40,156	5.1%	74,353	6.9%
Sweden	39,638	5.1%	40,896	3.8%
Switzerland	98,405	12.6%	124,352	11.5%
United Kingdom	261,649	33.5%	349,478	32.2%
Other	1,251	0.2%	636	0.1%
Total Equities	781,657	100.0%	1,082,388	100.0%

**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)	2010		2009	
	Total	% of Total	Total	% of Total
British Pound Sterling	250,571	32.0%	334,367	30.8%
Canadian Dollar	126	0.0%	38	0.0%
Danish Krone	12,201	1.6%	14,081	1.3%
Euro	370,274	47.2%	557,037	51.3%
Norwegian Krone	10,321	1.3%	12,918	1.2%
Swedish Krone	39,666	5.1%	40,909	3.8%
Swiss Franc	99,127	12.6%	124,388	11.5%
United States Dollar	1,554	0.2%	902	0.1%
Total Net Assets	783,841	100.0%	1,084,640	100.0%

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 \$7,837,000 (2009 - \$10,846,000).

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

INDEXED EUROPEAN EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 5 of the financial statements, 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)	2010		
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Total
	Money Market Investments		62
Bonds	-	6	6
Public Equities	781,655	2	781,657
Warrants	-	-	-
Total Investments	781,655	70	781,725

During 2010, there were no significant transfers between Level 1 and Level 2. Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2010.

The following is a summary of the inputs used to value the Fund's investments and derivatives as at December 31, 2009:

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

During 2009, there were no significant transfers between Level 1 and Level 2. Significant other unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

See accompanying Notes to the Financial Statements

**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)

	<u>2010</u>	<u>2009</u>
Assets		
Investments at fair value	1,454,218	1,687,466
Unrealized gain on foreign currency contracts (Schedule One and Two)	1,314	372
Cash	30,185	48,689
Receivable from sale of investments	3,858	9,718
Accrued investment income	2,183	2,191
Withholding taxes receivable	1,065	474
	<u>1,492,823</u>	<u>1,748,910</u>
Liabilities		
Unrealized loss on foreign currency contracts (Schedule One)	1,582	130
bclMC funds management fees payable (note 8)	45	59
Payable for purchase of investments	3,876	4,534
External management fees payable	1,519	1,976
Custodial fees payable	123	187
Accounts payable	5	5
	<u>7,150</u>	<u>6,891</u>
Net assets representing unitholders' equity	<u>1,485,673</u>	<u>1,742,019</u>
Number of units outstanding (note 9)	1,151.779	1,403.050
Net asset value per unit	<u>1,290</u>	<u>1,242</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>2010</u>	<u>2009</u>
Investment Income	45,899	71,797
Foreign exchange gains	5,203	6,112
	<u>51,102</u>	<u>77,909</u>
Expenses (note 8):		
External management fees	6,425	8,194
Commissions and stock exchange fees	2,868	4,166
Custodial fees	510	713
bclMC funds management fees	567	634
Administrative and professional fees	35	23
	<u>10,405</u>	<u>13,730</u>
Net investment income	40,697	64,179
Realized and unrealized gains (losses):		
Net realized loss	(14,125) ¹	(308,280) ¹
Change in unrealized gain	33,852 ¹	529,626 ¹
	<u>19,727</u>	<u>221,346</u>
Net income from operations	60,424	285,525
Capital Transactions:		
Proceeds from units issued	69,380	38,404
Amounts paid for units redeemed	(386,150)	(474,654)
	<u>(316,770)</u>	<u>(436,250)</u>
Decrease in net assets	(256,346)	(150,725)
Net assets, beginning of year	1,742,019	1,892,744
Net Assets, end of year	<u>1,485,673</u>	<u>1,742,019</u>

¹ The net realized loss and change in unrealized gain include the following foreign exchange losses:

(81,182)	(223,387)
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BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS

ACTIVE EAFF EQUITY FUND

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

	2010	2009
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income from operations	60,424	285,525
Items not affecting cash:		
Net realized loss	14,125	308,280
Change in unrealized gain	<u>(33,852)</u>	<u>(529,626)</u>
	40,697	64,179
Changes in non-cash operating accounts:		
Receivable from sale of investments	5,860	(8,011)
Accrued investment income	8	(229)
Withholding taxes receivable	(591)	294
bclMC funds management fees payable	(14)	12
Payable for purchase of investments	(658)	4,275
External management fees payable	(457)	(629)
Custodial fees payable	(64)	(72)
Accounts payable	-	(1)
	<u>44,781</u>	<u>59,818</u>
Cash flows from investing activities		
Proceeds from sale of investments	1,004,922	1,690,788
Amounts paid for purchase of investments	<u>(751,437)</u>	<u>(1,312,799)</u>
	253,485	377,989
Cash flows from financing activities		
Proceeds from units issued	69,380	38,404
Amounts paid for units redeemed	<u>(386,150)</u>	<u>(474,654)</u>
	<u>(316,770)</u>	<u>(436,250)</u>
Net increase (decrease) in cash	(18,504)	1,557
Cash, beginning of year	48,689	47,132
Cash, end of year	<u>30,185</u>	<u>48,689</u>

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

	2010		2009	
	Fair Value	Cost	Fair Value	Cost
Equities:				
Publicly Traded	1,454,059	1,429,918	1,687,148	1,697,368
Money Market Investments:				
Units in bclMC Pooled				
Investment Portfolio Fund ST2	159	159	318	320
Total Investments	<u>1,454,218</u>	<u>1,430,077</u>	<u>1,687,466</u>	<u>1,697,688</u>

Schedule One - Foreign Currency Contracts
As at December 31, 2010

Number of Contracts	Expiry Dates	Notional Value (\$000s)	Unrealized Gain (Loss) (\$000s)
12	January 2011	3,038	12
10	February 2011	30,014	1,302
		<u>33,052</u>	<u>1,314</u>
9	January 2011	3,099	(7)
11	February 2011	29,795	(1,575)
		<u>32,894</u>	<u>(1,582)</u>

Schedule Two - 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>

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 Fund'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 international emerging markets and investments in the securities of a single company are both 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)	2010		2009	
	Total	% of Total	Total	% of Total
Consumer Discretionary	137,687	9.5%	169,396	9.4%
Consumer Staple	149,581	10.3%	147,531	8.7%
Energy	126,645	8.7%	165,589	9.2%
Financial Services	319,932	22.0%	400,856	23.8%
Health Care	111,806	7.7%	143,166	8.5%
Industrial Products	209,748	14.4%	229,888	13.6%
Information Technology	97,121	6.7%	96,784	5.7%
Materials and Processing	125,532	8.6%	124,019	7.4%
Telecommunication Services	105,177	7.2%	132,768	7.9%
Utilities	70,830	4.9%	97,151	5.8%
Total Equities	1,454,059	100.0%	1,687,148	100.0%

See accompanying Notes to the Financial Statements

**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 \$142,498,000 (2009 - \$167,028,000). 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, 2010, 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)	2010		2009	
	Total	% of Total	Total	% of Total
Australia	76,409	5.3%	66,111	3.9%
Austria	2,228	0.2%	9,723	0.6%
Belgium	21,116	1.5%	18,975	1.1%
Denmark	13,285	0.9%	13,897	0.8%
Finland	1,618	0.1%	11,725	0.7%
France	122,466	8.4%	163,530	9.8%
Germany	100,948	6.9%	129,890	7.7%
Greece	-	0.0%	15,872	0.9%
Hong Kong	85,543	5.9%	82,839	4.9%
Ireland	7,785	0.5%	5,473	0.3%
Italy	63,999	4.4%	93,892	5.6%
Japan	238,945	16.4%	235,262	14.0%
Netherlands	51,442	3.5%	71,494	4.2%
New Zealand	-	0.0%	838	0.0%
Norway	9,616	0.7%	18,600	1.1%
Portugal	6,404	0.4%	6,705	0.4%
Singapore	21,662	1.5%	27,756	1.6%
Spain	48,997	3.4%	98,397	5.8%
Sweden	16,040	1.1%	15,645	0.9%
Switzerland	151,006	10.4%	144,938	8.6%
United Kingdom	290,945	20.0%	329,783	19.6%
Other	123,605	8.5%	125,803	7.5%
Total Equities	1,454,059	100.0%	1,687,148	100.0%

**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)	2010		2009	
	Total	% of Total	Total	% of Total
Australian Dollar	76,788	5.2%	44,560	2.6%
Brazilian Real	3,666	0.2%	4,937	0.3%
British Pound Sterling	259,030	17.4%	294,985	16.9%
Canadian Dollar	18,183	1.2%	57,795	3.3%
Czech Koruna	-	0.0%	17	0.0%
Danish Krone	13,285	0.9%	13,915	0.8%
Euro	445,141	30.0%	649,191	37.2%
Hong Kong Dollar	99,286	6.7%	90,132	5.2%
Indian Rupee	3,842	0.3%	3,318	0.2%
Indonesian Rupiah	397	0.0%	-	0.0%
Israeli Ringgit	4,943	0.3%	699	0.0%
Japanese Yen	248,829	16.7%	245,001	14.1%
Korean Won	11,862	0.8%	12,238	0.7%
Malaysian Ringgit	8,634	0.6%	7,932	0.5%
Mexican Peso	2,035	0.1%	-	-
New Zealand Dollar	-	0.0%	7	0.0%
Norwegian Krone	9,616	0.6%	19,153	1.1%
Philippines Peso	5,664	0.4%	-	0.0%
Polish Zloty	518	0.0%	-	-
Singapore Dollar	21,662	1.5%	27,856	1.6%
South African Rand	870	0.1%	4,367	0.3%
Swedish Krona	16,040	1.1%	15,815	0.9%
Swiss Franc	151,795	10.2%	145,258	8.3%
Taiwan Dollar	8,702	0.6%	18,723	1.1%
Thai Baht	1,120	0.1%	6,884	0.4%
Turkish Lira	0	0.0%	4,301	0.2%
United States Dollar	73,762	5.0%	74,935	4.3%
Total Net Assets	1,485,673	100.0%	1,742,019	100.0%

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 \$14,675,000 (2009 - \$16,842,000).

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

ACTIVE EAFE EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 5 of the financial statements, 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)	2010		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
Money Market Investments	-	149	149
Bonds	-	10	10
Public Equities	1,454,056	3	1,454,059
Total Investments	1,454,056	162	1,454,218
Foreign Currency Contracts, Net	-	(268)	(268)
Total	1,454,056	(106)	1,453,950

During 2010, there were no significant transfers between Level 1 and Level 2. Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2010.

The following is a summary of the inputs used to value the Fund's investments and derivatives as at December 31, 2009:

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

During 2009, there were no significant transfers between Level 1 and Level 2. Significant other unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

See accompanying Notes to the Financial Statements

**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)

	<u>2010</u>	<u>2009</u>
Assets		
Investments at fair value	347,462	686,978
Unrealized gain on foreign currency contracts (Schedules One & Two)	-	117
Cash	1,526	4,013
Accounts receivable	232	-
Receivable from sale of investments	-	2,214
Accrued investment income	190	710
Withholding taxes receivable	358	126
	<u>349,768</u>	<u>694,158</u>
Liabilities		
Unrealized loss on foreign currency contracts (Schedule One)	-	172
bclMC funds management fees payable (note 8)	10	19
Payable for purchase of investments	-	1,453
External management fees payable	311	499
Custodial fees payable	164	76
Accounts payable	5	5
	<u>490</u>	<u>2,224</u>
Net assets representing unitholders' equity	<u>349,278</u>	<u>691,934</u>
Number of units outstanding (note 9)	465.375	942.924
Net asset value per unit	<u>751</u>	<u>734</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>2010</u>	<u>2009</u>
Investment Income	16,972	22,660
Expenses (note 8):		
Foreign exchange losses	1,709	740
External management fees	1,634	1,633
Commissions and stock exchange fees	927	1,237
bclMC funds management fees	190	201
Custodial fees	680	249
Administrative and professional fees	14	6
	<u>5,154</u>	<u>4,066</u>
Net investment income	11,818	18,594
Realized and unrealized gains (losses):		
Net realized loss	(69,133) ¹	(230,470) ¹
Change in unrealized gain	42,379 ¹	273,762 ¹
	<u>(26,754)</u>	<u>43,292</u>
Net income (loss) from operations	(14,936)	61,886
Capital Transactions:		
Proceeds from units issued	10,471	17,266
Amounts paid for units redeemed	(338,191)	(71,879)
	<u>(327,720)</u>	<u>(54,613)</u>
Increase (decrease) in net assets	(342,656)	7,273
Net assets, beginning of year	691,934	684,661
Net Assets, end of year	<u>349,278</u>	<u>691,934</u>

¹ The net realized loss and change in unrealized gain include the following foreign exchange losses:

(17,553)	(66,009)
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**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)**

	<u>2010</u>	<u>2009</u>
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income (loss) from operations	(14,936)	61,886
Items not affecting cash:		
Net realized loss	69,133	230,470
Change in unrealized gain	<u>(42,379)</u>	<u>(273,762)</u>
	11,818	18,594
Changes in non-cash operating accounts:		
Receivable from sale of investments	2,214	(1,764)
Accounts receivable	(232)	-
Accrued investment income	520	251
Withholding taxes receivable	(232)	5
bcIMC funds management fees payable	(9)	4
Payable for purchase of investments	(1,453)	1,453
External management fees payable	(188)	(244)
Custodial fees payable	88	28
Accounts payable	-	(1)
	<u>12,526</u>	<u>18,326</u>
Cash flows from investing activities		
Proceeds from sale of investments	895,460	1,045,086
Amounts paid for purchase of investments	<u>(582,753)</u>	<u>(1,013,977)</u>
	312,707	31,109
Cash flows from financing activities		
Proceeds from units issued	10,471	17,266
Amounts paid for units redeemed	<u>(338,191)</u>	<u>(71,879)</u>
	<u>(327,720)</u>	<u>(54,613)</u>
Net decrease in cash	(2,487)	(5,178)
Cash, beginning of year	4,013	9,191
Cash, end of year	<u>1,526</u>	<u>4,013</u>

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

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities:				
Publicly Traded	347,240	330,607	686,831	712,523
Money Market Investments:				
Units in bcIMC Pooled Investment Portfolio Fund ST2	<u>222</u>	<u>222</u>	<u>147</u>	<u>147</u>
Total Investments	<u>347,462</u>	<u>330,829</u>	<u>686,978</u>	<u>712,670</u>

**Schedule One - Foreign Currency Contracts
As at December 31, 2010**

<u>Number of Contracts</u>	<u>Expiry Dates</u>	<u>Notional Value (\$000s)</u>	<u>Unrealized Gain (Loss) (\$000s)</u>
1	January 2011	104	-

**Schedule Two - 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>
4	January 2010	2,532	117
7	January 2010	6,257	(172)

See accompanying Notes to the Financial Statements.

**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)	2010		2009	
	Total	% of Total	Total	% of Total
Consumer Discretionary	49,336	14.2%	78,104	11.4%
Consumer Staple	33,131	9.5%	63,452	9.2%
Energy	21,358	6.2%	59,289	8.6%
Financial Services	71,132	20.5%	167,049	24.3%
Health Care	24,374	7.0%	61,540	9.0%
Industrial Products	61,615	17.7%	73,150	10.7%
Information Technology	12,690	3.7%	31,740	4.6%
Materials and Processing	43,448	12.5%	75,713	11.0%
Telecommunication Services	19,557	5.6%	41,573	6.1%
Utilities	10,598	3.1%	35,221	5.1%
Total Equities	347,240	100.0%	686,831	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 \$35,071,000 (2009 - \$68,683,000). 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, 2010, 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)	2010		2009	
	Total	% of Total	Total	% of Total
Australia	26,092	7.5%	55,008	8.0%
Austria	6,213	1.8%	3,394	0.5%
Belgium	4,095	1.2%	-	0.0%
Brazil	-	0.0%	6,085	0.9%
Denmark	3,016	0.9%	6,614	1.0%
Finland	3,893	1.1%	7,817	1.1%
France	30,274	8.7%	71,521	10.4%
Germany	33,199	9.6%	56,344	8.2%
Greece	1,868	0.5%	2,539	0.4%
Hong Kong	10,445	3.0%	12,522	1.8%
Ireland	-	0.0%	1,654	0.2%
Italy	13,661	3.9%	23,974	3.5%
Japan	71,630	20.6%	138,959	20.3%
Netherlands	14,055	4.1%	19,287	2.8%
Norway	763	0.2%	7,404	1.1%
Singapore	10,747	3.1%	6,787	1.0%
Spain	6,795	2.0%	36,556	5.3%
Sweden	6,488	1.9%	13,885	2.0%
Switzerland	23,027	6.6%	56,456	8.2%
United Kingdom	69,202	19.9%	152,214	22.2%
Other	11,776	3.4%	7,811	1.1%
Total Equities	347,240	100.0%	686,831	100.0%

**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)	2010		2009	
	Total	% of Total	Total	% of Total
Australian Dollar	26,189	7.5%	55,775	8.1%
British Pound Sterling	69,661	19.9%	144,753	20.9%
Canadian Dollar	(165)	0.0%	10,107	1.5%
Danish Krone	3,020	0.9%	6,667	1.0%
Euro	116,174	33.3%	236,332	34.1%
Hong Kong Dollar	13,991	4.0%	15,046	2.2%
Israeli Ringgit	5,534	1.6%	-	0.0%
Japanese Yen	71,984	20.5%	137,055	19.8%
Norwegian Krone	769	0.2%	7,490	1.1%
New Zealand Dollar	5	0.0%	98	0.0%
Singapore Dollar	10,794	3.1%	6,884	1.0%
Swedish Krona	6,494	1.9%	13,891	2.0%
Swiss Franc	23,430	6.7%	55,559	8.0%
United States Dollar	1,397	0.4%	2,277	0.3%
Total Net Assets	349,278	100.0%	691,934	100.0%

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 \$3,494,000 (2009 - \$6,818,000).

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

ENHANCED INDEXED EAFE EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 5 of the financial statements, 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)	2010		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
Money Market Investments	-	200	200
Bonds	-	22	22
Public Equities	347,240	-	347,240
Total	347,240	222	347,462

During 2010, there were no significant transfers between Level 1 and Level 2. Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2010.

The following is a summary of the inputs used to value the Fund's investments and derivatives as at December 31, 2009:

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

During 2009, there were no significant transfers between Level 1 and Level 2. Significant other 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**

INDEXED EAFE EQUITY FUND

Statement of Net Assets

as at December 31

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

	<u>2010</u>	<u>2009</u>
Assets		
Investments at fair value	3,595,641	3,170,911
Unrealized gain on foreign currency contracts (Schedule Two)	-	2
Cash	2,633	1,577
Receivable from issue of units	-	150
Accrued investment income	3,677	3,111
Withholding taxes receivable	1,739	458
	<u>3,603,690</u>	<u>3,176,209</u>
Liabilities		
Unrealized loss on foreign currency contracts (Schedules One and Two)	1	1
bciMC funds management fees payable (note 8)	84	85
Payable for purchase of investments	2,036	810
Payable for redemption of units	-	150
Custodial fees payable	157	143
Accounts payable	5	5
	<u>2,283</u>	<u>1,194</u>
Net assets representing unitholders' equity	<u>3,601,407</u>	<u>3,175,015</u>
Number of units outstanding (note 9)	2,980,402	2,690,635
Net asset value per unit	<u>1,208</u>	<u>1,180</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>2010</u>	<u>2009</u>
Investment Income	94,515	89,297
Foreign exchange gains	420	3,154
	<u>94,935</u>	<u>92,451</u>
Expenses (note 8):		
Commissions and stock exchange fees	408	1,806
bciMC funds management fees	1,033	872
Custodial fees	594	621
Administrative and professional fees	46	7
	<u>2,081</u>	<u>3,306</u>
Net investment income	92,854	89,145
Realized and unrealized gains (losses):		
Net realized loss	(8,554) ¹	(46,022) ¹
Change in unrealized gain	20,722 ¹	373,570 ¹
	<u>12,168</u>	<u>327,548</u>
Net income from operations	105,022	416,693
Capital Transactions:		
Proceeds from units issued	574,551	1,517,657
Amounts paid for units redeemed	(253,181)	(428,824)
	<u>321,370</u>	<u>1,088,833</u>
Increase in net assets	426,392	1,505,526
Net assets, beginning of year	<u>3,175,015</u>	<u>1,669,489</u>
Net Assets, end of year	<u>3,601,407</u>	<u>3,175,015</u>

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

(106,143)	373,569
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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>2010</u>	<u>2009</u>
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income from operations	105,022	416,693
Items not affecting cash:		
Net realized loss	8,554	46,022
Change in unrealized gain	<u>(20,722)</u>	<u>(373,570)</u>
	92,854	89,145
Changes in non-cash operating accounts:		
Receivable from sale of investments	150	(150)
Accrued investment income	(566)	(844)
Withholding taxes receivable	(1,281)	(59)
bcIMC funds management fees payable	(1)	42
Payable for purchase of investments	1,226	810
Payable for redemption of units	(150)	150
Custodial fees payable	14	16
Accounts payable	-	(1)
	<u>92,246</u>	<u>89,109</u>
Cash flows from investing activities		
Proceeds from sale of investments	175,764	257,071
Amounts paid for purchase of investments	<u>(588,324)</u>	<u>(1,433,709)</u>
	<u>(412,560)</u>	<u>(1,176,638)</u>
Cash flows from financing activities		
Proceeds from units issued	574,551	1,517,657
Amounts paid for units redeemed	<u>(253,181)</u>	<u>(428,824)</u>
	<u>321,370</u>	<u>1,088,833</u>
Net increase in cash	1,056	1,304
Cash, beginning of year	<u>1,577</u>	<u>273</u>
Cash, end of year	<u><u>2,633</u></u>	<u><u>1,577</u></u>

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

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities:				
Publicly Traded	3,595,577	3,506,381	3,170,868	3,102,396
Money Market Investments:				
Units in bcIMC Pooled Investment Portfolio Fund ST2	<u>64</u>	<u>64</u>	<u>43</u>	<u>43</u>
Total Investments	<u><u>3,595,641</u></u>	<u><u>3,506,445</u></u>	<u><u>3,170,911</u></u>	<u><u>3,102,439</u></u>

**Schedule One - Foreign Currency Contracts
as at December 31, 2010**

<u>Number of Contracts</u>	<u>Expiry Dates</u>	<u>Notional Value (\$000s)</u>	<u>Unrealized Loss (\$000s)</u>
9	January, 2011	2,162	(1)

**Schedule Two - 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)

See accompanying Notes to the Financial Statements.

**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)	2010		2009	
	Total	% of Total	Total	% of Total
Consumer Discretionary	378,520	10.5%	307,064	9.7%
Consumer Staple	361,711	10.1%	319,195	10.1%
Energy	282,519	7.9%	265,111	8.4%
Financial Services	853,496	23.7%	807,627	25.4%
Health Care	293,682	8.2%	265,917	8.4%
Industrial Products	456,536	12.7%	354,935	11.2%
Information Technology	179,942	5.0%	151,014	4.8%
Materials and Processing	411,515	11.4%	329,160	10.3%
Telecommunication Services	194,389	5.4%	184,444	5.8%
Utilities	181,704	5.1%	185,763	5.9%
Other	1,562	0.0%	638	0.0%
Total Equities	3,595,577	100.0%	3,170,868	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 \$359,558,000 (2009 - \$317,087,000). 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, 2010, 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)	2010		2009	
	Total	% of Total	Total	% of Total
Australia	313,075	8.8%	263,296	8.3%
Belgium	32,096	0.9%	30,881	1.0%
Denmark	35,730	1.0%	27,742	0.9%
Finland	40,326	1.1%	35,759	1.1%
France	336,901	9.4%	346,251	10.9%
Germany	294,226	8.2%	255,322	8.1%
Greece	8,248	0.2%	5,924	0.5%
Hong Kong	101,963	2.8%	72,099	2.3%
Ireland	8,283	0.2%	8,509	0.3%
Italy	94,157	2.6%	110,185	3.5%
Japan	796,391	22.2%	637,959	20.1%
Netherlands	97,261	2.7%	92,157	2.9%
Norway	30,253	0.8%	25,256	0.8%
Portugal	8,519	0.2%	9,592	0.3%
Singapore	61,421	1.7%	45,802	1.4%
Spain	118,132	3.3%	146,055	4.6%
Sweden	116,565	3.2%	80,393	2.5%
Switzerland	287,865	8.0%	244,310	7.7%
United Kingdom	769,352	21.4%	687,910	21.7%
Other	44,813	1.3%	35,466	1.1%
Total Equities	3,595,577	100.0%	3,170,868	100.0%

**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)	2010		2009	
	Total	% of Total	Total	% of Total
Australian Dollar	313,354	8.7%	264,479	8.3%
British Pound Sterling	732,103	20.3%	654,826	20.6%
Canadian Dollar	(23)	0.0%	(8)	0.0%
Danish Krone	35,731	1.0%	27,743	0.9%
Euro	1,090,024	30.5%	1,095,806	34.6%
Hong Kong Dollar	102,053	2.8%	74,236	2.3%
Israeli Ringgit	15,516	0.4%	-	0.0%
Japanese Yen	797,048	22.1%	656,543	20.7%
New Zealand Dollar	3,527	0.1%	3,037	0.1%
Norwegian Krone	30,253	0.8%	25,257	0.8%
Singapore Dollar	61,530	1.7%	80,415	2.5%
Swedish Krona	116,565	3.2%	47,224	1.5%
Swiss Franc	289,312	8.0%	244,345	7.7%
United States Dollar	14,412	0.4%	1,112	0.0%
Total Net Assets	3,601,407	100.0%	3,175,015	100.0%

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 \$36,014,000 (2009 - \$31,750,000).

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

INDEXED EAFE EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 5 of the financial statements, 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)	2010		
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Total
	Money Market Investments	-	58
Bonds	-	6	6
Public Equities	3,595,575	2	3,595,577
Warrants	-	-	-
Total Investments	3,595,575	66	3,595,641
Foreign Currency Contracts, Net	-	(1)	(1)
Total	3,595,575	65	3,595,640

During 2010, there were no significant transfers between Level 1 and Level 2. Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2010.

The following is a summary of the inputs used to value the Fund's investments and derivatives as at December 31, 2009:

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

During 2009, there were no significant transfers between Level 1 and Level 2. Significant other unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

See accompanying Notes to the Financial Statements

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)

	2010	2009
Assets		
Investments at fair value	464,411	196,785
Unrealized gain on foreign currency contracts (Schedule One)	4	-
Cash	12,348	5,649
Receivable from sale of investments	886	-
Accrued investment income	555	215
Withholding taxes receivable	109	-
	<u>478,313</u>	<u>202,649</u>
Liabilities		
bclMC funds management fees payable (note 8)	17	9
Payable for purchase of investments	1,593	-
External management fees payable	593	336
Custodial fees payable	20	5
Accounts payable	5	-
	<u>2,228</u>	<u>350</u>
Net assets representing unitholders' equity	<u>476,085</u>	<u>202,299</u>
Number of units outstanding (note 9)	455,345	201,171
Net asset value per unit	<u>1,046</u>	<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)

	2010	2009
Investment Income	6,060	593
Foreign exchange gains	-	3,018
	<u>6,060</u>	<u>3,611</u>
Expenses (note 8):		
Foreign exchange losses	4,729	-
Commissions and stock exchange fees	542	264
bclMC funds management fees	157	17
External management fees	2,002	351
Custodial fees	74	9
Administrative and professional fees	5	1
	<u>7,509</u>	<u>642</u>
Net investment income (loss)	(1,449)	2,969
Realized and unrealized gains (losses):		
Net realized gain (loss)	2,888 ¹	(4,043) ¹
Change in unrealized gain	27,217 ¹	3,228 ¹
	<u>30,105</u>	<u>(815)</u>
Net income from operations	28,656	2,154
Capital Transactions:		
Proceeds from units issued	344,820	217,145
Amounts paid for units redeemed	(99,690)	(17,000)
	<u>245,130</u>	<u>200,145</u>
Increase in net assets	273,786	202,299
Net assets, beginning of year	202,299	-
Net Assets, end of year	<u>476,085</u>	<u>202,299</u>

¹ The net realized gain (loss) and change in unrealized gain include the following foreign exchange losses: (2,513) (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>2010</u>	<u>2009</u>
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income from operations	28,656	2,154
Items not affecting cash:		
Net realized loss (gain)	(2,888)	4,043
Change in unrealized gain	(27,217)	(3,228)
	<u>(1,449)</u>	<u>2,969</u>
Changes in non-cash operating accounts:		
Receivable from sale in investments	(886)	-
Accrued investment income	(340)	(215)
Withholding taxes receivable	(109)	-
bcIMC funds management fees payable	8	9
Payable for purchase of investments	1,593	-
External management fees payable	257	336
Custodial fees payable	15	5
Accounts payable	5	-
	<u>(906)</u>	<u>3,104</u>
Cash flows from investing activities		
Proceeds from sale of investments	129,649	18,984
Amounts paid for purchase of investments	(367,174)	(216,584)
	<u>(237,525)</u>	<u>(197,600)</u>
Cash flows from financing activities		
Proceeds from units issued	344,820	217,145
Amounts paid for units redeemed	(99,690)	(17,000)
	<u>245,130</u>	<u>200,145</u>
Net increase in cash	6,699	5,649
Cash, beginning of period	5,649	-
Cash, end of period	<u>12,348</u>	<u>5,649</u>

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

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities:				
Publicly Traded	464,356	433,915	196,653	193,426
Money Market Investments:				
Units in bcIMC Pooled Investment Portfolio Fund ST2	<u>55</u>	<u>55</u>	<u>132</u>	<u>131</u>
Total Investments	<u>464,411</u>	<u>433,970</u>	<u>196,785</u>	<u>193,557</u>

**Schedule One - Foreign Currency Contracts
As at December 31, 2010
(in \$000s)**

<u>Number of Contracts</u>	<u>Expiry Dates</u>	<u>Notional Value (\$000s)</u>	<u>Unrealized Gain (Loss) (\$000s)</u>
3	January, 2011	473	4
2	January, 2011	152	-
		<u>625</u>	<u>4</u>

There were no outstanding foreign currency contracts at December 31, 2009.

**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 bclIMC'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 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.
- 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:

INDUSTRY SECTOR (in \$000s)	2010		2009	
	Total	% of Total	Total	% of Total
Consumer Discretionary	52,536	11.3%	17,350	8.8%
Consumer Staple	61,026	13.2%	27,900	14.2%
Energy	59,158	12.7%	24,202	12.3%
Financial Services	76,733	16.5%	26,859	13.7%
Health Care	42,642	9.2%	26,461	13.5%
Industrial Products	44,251	9.5%	16,336	8.3%
Information Technology	59,807	12.9%	28,532	14.5%
Materials and Processing	41,758	9.0%	15,377	7.8%
Telecommunication Services	19,207	4.1%	8,108	4.1%
Utilities	7,240	1.6%	5,528	2.8%
Total Equities	464,356	100.0%	196,653	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 \$45,507,000 (2009 - \$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, 2010, and assuming all other variables are held constant.

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

ACTIVE GLOBAL EQUITY FUND

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

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)	2010		2009	
	Total	% of Total	Total	% of Total
Australia	6,436	1.4%	1,773	0.9%
Belgium	-	0.0%	776	0.4%
Braxil	9,874	2.1%	2,754	1.4%
Denmark	4,480	1.0%	986	0.5%
Finland	-	0.0%	720	0.4%
France	16,712	3.6%	6,796	3.5%
Germany	27,507	5.9%	9,128	4.6%
Greece	748	0.2%	460	0.2%
Hong Kong	5,006	1.1%	3,526	1.8%
Ireland	746	0.2%	109	0.1%
Italy	10,045	2.2%	4,904	2.5%
Japan	47,906	10.3%	20,663	10.4%
Netherlands	3,961	0.9%	2,696	1.4%
Norway	4,750	1.0%	792	0.4%
Singapore	2,947	0.6%	1,098	0.6%
Spain	2,271	0.5%	796	0.4%
Sweden	2,044	0.4%	729	0.4%
Switzerland	30,534	6.6%	19,690	10.0%
United Kingdom	69,696	15.0%	28,161	14.3%
United States	176,908	38.0%	75,826	38.5%
Other	41,785	9.0%	14,270	7.3%
Total Equities	464,356	100.0%	196,653	100.0%

**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)	2010		2009	
	Total	% of Total	Total	% of Total
Australian Dollar	6,458	1.4%	1,772	0.9%
Brazilian Real	7,951	1.7%	1,712	0.8%
British Pound Sterling	70,201	14.7%	28,247	13.9%
Canadian Dollar	13,099	2.8%	4,491	2.2%
Danish Krone	4,480	0.9%	987	0.5%
Euro	64,814	13.6%	27,724	13.7%
Hong Kong Dollar	19,290	4.1%	8,535	4.2%
Indian Rupee	7,520	1.6%	-	0.0%
Japanese Yen	48,046	10.1%	20,706	10.2%
Korean Won	2,996	0.6%	780	0.4%
Malaysian Ringgit	853	0.2%	-	0.0%
Mexican Peso	-	0.0%	334	0.2%
Norwegian Krone	5,031	1.1%	792	0.4%
Singapore Dollar	2,947	0.6%	-	0.0%
Swedish Krona	2,044	0.4%	729	0.4%
Swiss Franc	30,789	6.4%	18,550	9.2%
United States Dollar	189,566	39.8%	86,940	43.0%
Total Net Assets	476,085	100.0%	202,299	100.0%

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 \$4,630,000 (2009 - \$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**

As described in note 5 of the financial statements, 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)	2010		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
Money Market Investments	-	50	50
Bonds	-	5	5
Public Equities	464,356	-	464,356
Total Investments	464,356	55	464,411
Foreign Currency Contracts. Net	-	4	4
Total	464,356	59	464,415

During 2010, there were no significant transfers between Level 1 and Level 2. Significant unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2010.

The following is a summary of the inputs used to value the Fund's investments and derivatives as at December 31, 2009:

(\$000s)	2009		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
Money Market Investments	-	17	17
Bonds	-	15	15
Public Equities	196,653	-	196,653
Total Investments	196,653	132	196,785

During 2009, there were no significant transfers between Level 1 and Level 2. Significant other unobservable inputs (Level 3) were not used to value the Fund's investments and derivatives as at December 31, 2009.

See accompanying Notes to the Financial Statements

**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>2010</u>	<u>2009</u>
Assets		
Investments at fair value	1,022,170	752,995
Accrued investment income	<u>2,527</u>	<u>1,476</u>
	<u>1,024,697</u>	<u>754,471</u>
Liabilities		
bciMC funds management fees payable (note 8)	47	35
Payable for purchase of investments	1,269	-
Custodial fees payable	3	2
Accounts payable	<u>5</u>	<u>5</u>
	<u>1,324</u>	<u>42</u>
Net assets representing unitholders' equity	<u>1,023,373</u>	<u>754,429</u>
Number of units outstanding (note 9)	587.378	513.994
Net asset value per unit	<u>1,742</u>	<u>1,468</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>2010</u>	<u>2009</u>
Investment Income	<u>16,256</u>	<u>14,106</u>
Expenses (note 8):		
Commissions and stock exchange fees	24	3
bciMC funds management fees	476	494
Custodial fees payable	10	8
Administrative and professional fees	<u>20</u>	<u>5</u>
	<u>530</u>	<u>510</u>
Net investment income	15,726	13,596
Realized and unrealized gains (losses):		
Net realized gain (loss)	(24)	723
Change in unrealized gain	<u>146,242</u>	<u>249,557</u>
	<u>146,218</u>	<u>250,280</u>
Net income from operations	161,944	263,876
Capital Transactions:		
Proceeds from units issued	107,000	6,601
Amounts paid for units redeemed	<u>-</u>	<u>(66,601)</u>
	<u>107,000</u>	<u>(60,000)</u>
Increase in net assets	268,944	203,876
Net assets, beginning of year	<u>754,429</u>	<u>550,553</u>
Net Assets, end of year	<u>1,023,373</u>	<u>754,429</u>

See accompanying Notes to the Financial Statements.

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)

	<u>2010</u>	<u>2009</u>
Cash flow provided by (used for):		
Cash flows from operating activities		
Net income from operations	161,944	263,876
Items not affecting cash:		
Net realized loss (gain)	24	(723)
Change in unrealized gain	<u>(146,242)</u>	<u>(249,557)</u>
	15,726	13,596
Changes in non-cash operating accounts:		
Accrued investment income	(1,051)	270
bclMC funds management fees payable	12	(10)
Payable for purchase of investments	1,269	(853)
Custodial fees payable	1	(1)
Accounts payable	<u>-</u>	<u>(1)</u>
	15,957	13,001
Cash flows from investing activities		
Proceeds from sale of investments	33,232	370,092
Amounts paid for purchase of investments	<u>(156,189)</u>	<u>(323,093)</u>
	<u>(122,957)</u>	46,999
Cash flows from financing activities		
Proceeds from units issued	107,000	6,601
Amounts paid for units redeemed	<u>-</u>	<u>(66,601)</u>
	<u>107,000</u>	<u>(60,000)</u>
Net increase in cash	-	-
Cash, beginning of year	<u>-</u>	<u>-</u>
Cash, end of year	<u><u>-</u></u>	<u><u>-</u></u>

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

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities:				
Publicly Traded	1,007,263	712,754	746,491	598,195
Money Market Investments:				
Units in bclMC Pooled Investment Portfolio Fund ST2	<u>14,907</u>	<u>14,909</u>	<u>6,504</u>	<u>6,535</u>
Total Investments	<u><u>1,022,170</u></u>	<u><u>727,663</u></u>	<u><u>752,995</u></u>	<u><u>604,730</u></u>

See accompanying Notes to the Financial Statements.

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

STRATEGIC INVESTMENT 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)	2010		2009	
	Total	% of Total	Total	% of Total
Energy	448,216	44.5%	48,151	56.0%
Financial Services	91,225	9.1%	61,895	8.3%
Industrial Products	154,721	15.4%	134,474	18.0%
Materials and Processing	313,101	31.0%	131,971	17.7%
Total Equities	1,007,263	100.0%	746,491	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 \$118,857,000 (2009 - \$90,325,000). 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, 2010, 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.

See accompanying Notes to the Financial Statements

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

STRATEGIC INVESTMENT PUBLIC EQUITY FUND

**Fair Value Measurement Discussion
as at December 31**

As described in note 5 of the financial statements, 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)	2010		Total
	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	
Money Market Investments	-	13,442	13,442
Bonds	-	1,465	1,465
Public Equities	1,007,263	-	1,007,263
Total Investments	1,007,263	14,907	1,022,170

During 2010, there were no significant transfers between Level 1 and Level 2. Significant unobservable inputs (Level 3) were not used to value the Fund's investments as at December 31, 2010.

The following is a summary of the inputs used to value the Fund's investments as at December 31, 2009:

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

During 2009, there were no significant transfers between Level 1 and Level 2. Significant other unobservable inputs (Level 3) were not used to value the Fund's investments as at December 31, 2009.

See accompanying Notes to the Financial Statements

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
 POOLED INVESTMENT PORTFOLIOS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010**

1. The Portfolios

British Columbia Investment Management Corporation ("bclMC") 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 bclMC and are the responsibility of bclMC management.

Under the *Public Sector Pension Plans Act* and the *Pooled Investment Portfolios Regulation*, B.C. Reg. 447/99, bclMC 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 bclMC and invested by the Chief Investment Officer of bclMC.

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

Fund	Dates Established
Short Term Bond Fund	November 1, 1995
Canadian Universe Bond Fund	April 20, 2006
Canadian Real Return Bond Fund	April 9, 2010
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
Indexed Asian Equity Fund	October 18, 2010
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

The following Funds were established in the current year; therefore, no comparative balances have been presented in the respective financial statements:

- a) Canadian Real Return Bond Fund
- b) Indexed Asian Equity Fund

On inception, the initial capital for the Indexed Asian Equity Fund was financed through the transfer of assets from the Active Japan Equity Fund. The transfer took place at fair market value of the underlying assets. In return, the unitholders of the Active Japan Equity Fund received units in the Indexed Asian Equity Fund based on their proportionate interest in the Active Japan Equity Fund. It is intended that the remaining assets of the Active Japan Equity Fund will be distributed to unitholders in 2011.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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.

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 based on 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 currency 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.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

2. Significant Accounting Policies (continued)

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.

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

The Funds represent assets held by bcIMC, as trustee, and as bcIMC is an agent of the Crown, the Funds, which are trusts, are not subject to tax on income and gains realized from such assets. All income and net capital gains realized by the Funds are distributed or made payable by regulation to unitholders of the Funds prior to the end of each calendar year. Most subsidiary companies held by Funds are exempt from Canadian income tax under paragraph 149(1)(o.2) of the Income Tax Act (Canada) although some taxable subsidiary companies are held by Funds.

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. Future Accounting Changes

International Financial Reporting Standards (IFRS) will replace Canadian GAAP for all publicly accountable enterprises on January 1, 2011. The International Accounting Standards Board (IASB) has announced their intention to adopt standards that require investment companies to measure their investments at fair value without consolidation but the standard will not likely be issued until some time in 2012. The Accounting Standards Board of Canada (AcSB) amended Canadian GAAP to allow entities that are currently applying Accounting Guideline AcG-18, *Investment Companies* to apply pre-changeover standards until fiscal years beginning on or after the January 1, 2013.

As a result of these developments, the financial statements for the year ended December 31, 2011 and December 31, 2012 will be prepared in accordance with Canadian GAAP using either the pre-changeover standards or IFRS as amended for the consolidation exemption for investment companies, as applicable. The impact of adopting IFRS is expected to be mainly in presentation and additional disclosures in the financial statements of the Funds.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

4. 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 an 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, 2010 follow:

Fund	Net Asset Values			Net Asset Values per Unit		
	Transactional NAV (\$000s)	Bid Pricing Impact (\$000s)	GAAP NAV (\$000s)	Transactional NAV per Unit (\$000s)	Bid Pricing Impact (\$000s)	GAAP NAV per Unit (\$000s)
Short Term Bond Fund	805,957	(175)	805,782	2,302	(1)	2,301
Canadian Universe Bond Fund	15,441,591	(17,070)	15,424,521	1,336	(1)	1,335
Canadian Real Return Bond Fund	4,364,384	(3,377)	4,361,007	1,083	-	1,083
Fixed Term Mortgage Fund	2,780,362	-	2,780,362	3,172	-	3,172
Construction Mortgage Fund	975,306	-	975,306	2,682	-	2,682
Active Canadian Small Cap Equity Fund	566,246	(1,942)	564,324	1,216	(4)	1,212
Active U.S. Small Cap Equity Fund	478,958	(381)	478,577	1,178	(1)	1,117
Active Japan Equity Fund	2,454	-	2,454	824	-	824
Active Asian Ex-Japan Equity Fund	1,998,146	(1,183)	1,996,963	2,165	(2)	2,163
Indexed Asian Equity Fund	500,113	(99)	500,014	1,040	-	1,040
Active European Equity Fund	697,121	(48)	697,073	1,173	-	1,173
Enhanced Indexed European Equity Fund	239,808	(4)	239,804	685	-	685
Indexed European Equity Fund	783,854	(13)	783,841	1,196	-	1,196
Active EAFE Equity Fund	1,486,028	(355)	1,485,673	1,290	-	1,290
Enhanced Indexed EAFE Fund	349,267	11	349,278	751	-	751
Indexed EAFE Equity Fund	3,601,688	(281)	3,601,407	1,208	-	1,208
Active Global Equity Fund	476,218	(133)	476,085	1,046	-	1,046
Strategic Investment Public Equity Fund	1,025,067	(1,694)	1,023,373	1,745	(3)	1,742

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

4. Reconciliation of Net Asset Value (continued)

Reconciliations between the Transactional NAV and GAAP NAV as at December 31, 2009 follow:

Fund	Net Asset Values			Net Asset Values per Unit		
	Transactional NAV (\$000s)	Bid Pricing Impact (\$000s)	GAAP NAV (\$000s)	Transactional NAV per Unit (\$000s)	Bid Pricing Impact (\$000s)	GAAP NAV per Unit (\$000s)
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

5. Fair Value Hierarchy

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.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
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6. Financial Risk Management

Each Fund has its own investment objectives. The Funds' overall risk management program seeks to minimize the potentially adverse effect of risk on the Funds' financial performance in a manner consistent with the Funds' 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.

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, or 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 futures 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.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS
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6. Financial Risk Management (continued)

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 bcIMC, the fair values of the investment-related assets and liabilities approximate their carrying values given their short-term nature.

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 on a specified date in the future a specified amount of one currency to another currency at a specific 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.

On July 1, 2010 the Harmonized Sales Tax (HST) came into effect in British Columbia. Prior to July 1, 2010 the Funds were exempt from the Goods and Service Tax by virtue of being included on Schedule A of the Federal Provincial Reciprocal Taxation Agreement. bcIMC is engaged in discussions with the Provincial and Federal Governments to confirm the status of the Funds with regard to HST, and therefore no expenses related to the HST have been charged against the Funds. If HST was applicable to the Funds the amount owing as at December 31, 2010 would not be material to the NAV of any of the Funds.

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 under liquidity risk 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:

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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9. Units Outstanding (continued)

	SHORT TERM BOND FUND		CANADIAN UNIVERSE BOND FUND		CANADIAN REAL RETURN BOND FUND	
	2010	2009	2010	2009	2010 (note1)	
Outstanding, beginning of year	270.532	376.146	11,928.065	12,860.348	-	
Issued	531.047	227.617	217.466	2,298.603	4,153.692	
Redeemed	(451.397)	(333.232)	(588.504)	(3,230.885)	(121.939)	
Outstanding, end of year	<u>350.182</u>	<u>270.532</u>	<u>11,557.027</u>	<u>11,928.065</u>	<u>4,031.753</u>	
	FIXED TERM MORTGAGE FUND		CONSTRUCTION MORTGAGE FUND		ACTIVE CANADIAN SMALL CAP EQUITY FUND	
	2010	2009	2010	2009	2010	2009
Outstanding, beginning of year	984.790	1,029.656	253,743	286,369	81.081	147.049
Issued	1.745	72.423	148,565	40,545	529.605	0.201
Redeemed	(110.107)	(117.289)	(38,682)	(73,170)	(145.198)	(66.169)
Outstanding, end of year	<u>876.427</u>	<u>984.790</u>	<u>363,626</u>	<u>253,743</u>	<u>465.488</u>	<u>81.081</u>
	ACTIVE U.S. SMALL CAP EQUITY FUND		ACTIVE JAPAN EQUITY FUND		ACTIVE ASIAN EX-JAPAN EQUITY FUND	
	2010	2009	2010	2009	2010	2009
Outstanding, beginning of year	84.430	123.296	681.481	764.441	965.765	965.197
Issued	359.207	0.136	113.196	17.371	48.907	13.141
Redeemed	(36.910)	(39.002)	(791.699)	(100.331)	(91.576)	(12.573)
Outstanding, end of year	<u>406.727</u>	<u>84.430</u>	<u>2.978</u>	<u>681.481</u>	<u>923.097</u>	<u>965.765</u>

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

9. Units Outstanding (continued)

	INDEXED ASIAN EQUITY FUND		ACTIVE EUROPEAN EQUITY FUND		ENHANCED INDEXED EUROPEAN EQUITY FUND	
	2010		2010	2009	2010	2009
	(note 1)					
Outstanding, beginning of year	-		1,109.253	1,120.016	350.000	350.000
Issued	480.669		159.679	17.455	99.635	5.141
Redeemed	-		(674.706)	(28.218)	(99.635)	(5.141)
Outstanding, end of year	<u>480.669</u>		<u>594.226</u>	<u>1,109.253</u>	<u>350.000</u>	<u>350.000</u>
	INDEXED EUROPEAN EQUITY FUND		ACTIVE EAFE EQUITY FUND		ENHANCED INDEXED EAFE EQUITY FUND	
	2010	2009	2010	2009	2010	2009
Outstanding, beginning of year	895.343	895.343	1,403.050	1,761.020	942.924	1,039.687
Issued	468.772	15.527	55.076	39.008	15.372	29.389
Redeemed	(708.530)	(15.527)	(306.346)	(396.978)	(492.921)	(126.152)
Outstanding, end of year	<u>655.585</u>	<u>895.343</u>	<u>1,151.779</u>	<u>1,403.050</u>	<u>465.375</u>	<u>942.924</u>
	INDEXED EAFE EQUITY FUND		ACTIVE GLOBAL EQUITY FUND		STRATEGIC INVESTMENT PUBLIC EQUITY FUND	
	2010	2009	2010	2009	2010	2009
				(note 1)		
Outstanding, beginning of year	2,690.636	1,586.144	201.171	-	513.994	560.180
Issued	506.666	1,498.057	350.532	218.454	73.384	6.867
Redeemed	(216.900)	(393.566)	(96.358)	(17.283)	-	(53.053)
Outstanding, end of year	<u>2,980.402</u>	<u>2,690.635</u>	<u>455.345</u>	<u>201.171</u>	<u>587.378</u>	<u>513.994</u>