

British Columbia Investment Management Corp.

September 9, 2025

This report does not constitute a rating action.

Outlook

S&P Global Ratings' long-term issuer credit rating on [British Columbia Investment Management Corp.](#) (BCI) is 'AAA' with a negative outlook. The outlook mirrors the negative outlook on the fund's related government, the Province of British Columbia (B.C.; A+/Negative/A-1), because we limit our ratings on BCI to four notches above those on the related government. Nevertheless, we believe BCI is a sophisticated global investor with solid governance standards, sizable net assets, low debt levels, and strong liquidity. We expect BCI will continue to have good medium-term investment returns, liquidity levels will remain healthy, leverage will remain low and manageable, and risk management practices will remain sound in the next two years. In addition, we do not anticipate any change to our assessment of a moderate likelihood that B.C. would provide extraordinary support to the fund in the event of financial distress.

Downside scenario

Because we limit our ratings on BCI to four notches above those on the related government, a downgrade on the province would lead to a similar action on the fund. In addition, we could lower the rating if liabilities increased substantially, such that total liabilities exceeded 40% of total assets in the next two years. We could also lower the rating in the event of a large investment loss, a substantial drop in liquidity, or what we consider significant deterioration in the quality of management (including risk management). Although unlikely, we could also lower the rating if we expected the province to deviate from its hands-off approach through legislative changes that undermined BCI's operational or financial independence. In this instance, we could revise our assessment of the likelihood of extraordinary support of the fund, which could lead us to lower the rating.

Rationale

The rating on BCI, an investment manager that invests on behalf of pension plans and insurance funds, among other clients, in B.C., is based on a stand-alone credit profile (SACP) of 'aaa'. The SACP reflects the fund's operational independence from B.C.; high operational effectiveness; well-diversified portfolio; strong liquidity position, management, and governance; and low leverage. We believe difficult demographic and economic trends--such as geopolitical instability, market volatility, high inflation, slower economic growth, and increasing longevity--will be

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challenging for BCI and other pensions and pension investment managers in Canada. Nevertheless, we believe the fund will continue to realize good medium-term investment returns and that it has sufficient liquidity to meet existing and planned debt obligations. The rating also reflects our opinion of a moderate likelihood that the provincial government would provide extraordinary support in the event of financial distress.

BCI is a well-established organization that invests on behalf of more than 30 public-sector clients, including 10 pension plans and three insurance funds that provide coverage for B.C. workers and auto insurance policyholders. BCI also manages the funds of public trusts, endowments, and government bodies. It has no direct financial responsibility to fund the pension obligations of its pension clients or to fund the financial obligations of its non-pension clients.

We think the fund is operationally and financially independent of the provincial government. Although an agent of the province, the fund is a legally separate and autonomous entity with natural person powers and a largely independent board. BCI does not receive any financial support from the province. Legislation precludes the province from being involved in BCI's investment decisions and business operations. We believe the fund would be financially resilient to political intervention. BCI has not made any payments or paid dividends to the province.

We expect no significant changes to BCI's governance framework over the next few years. BCI's assets under management (AUM) can be used only for investment purposes. Other than as a client of BCI, the province has no claim on the AUM, and the assets cannot be used for any other purpose.

We believe BCI has strong management and a comprehensive risk management framework. Management maintains a clear and comprehensive set of operating principles, objectives, and strategies. This year, BCI launched its fiscal 2025-2027 business plan, which focuses on driving sustainable growth, accelerating innovation, and operating on a global scale.

BCI's risk management is strong with formal enterprise risk management policies in place. It has two risk committees: the enterprise risk management committee and the investment risk committee. The investment risk management framework covers several risks, like concentration, counterparty, credit, environmental, social and governance, funding and contribution, leverage, liquidity, and market risk. As part of the fund's risk management practices, BCI diversifies its investment portfolio geographically, and by asset class, credit quality, and sector.

BCI's goal is to generate long-term returns that meet its clients' actuarial return objectives, currently 4.7%-7.0%, and that exceed appropriate benchmarks. It also aims to provide cost-efficient investment management services.

BCI has high operational effectiveness. The fund's annual combined pension net return was 10% as of March 31, 2025, lower than its benchmark of 12.3%, but higher than the 7.5% return recorded a year earlier. This reflects the investments of BCI's six largest pension clients (representing 77.5% of total net AUM) and is its main indicator of operating effectively. The best performing asset classes were global public equities and private equities, with returns of 14.3% and 13.4%, respectively. Real estate equity generated a negative return of 1.8%, mainly owing to valuations remaining under pressure despite modest interest rate cuts. The five- and 10-year net annualized returns were 8.9% and 7.4%, respectively. The five-year net annualized return was similar to its benchmark while the 10-year net annualized return exceeded its benchmark.

The combined pension net AUM increased 9.4% to C\$195 billion in fiscal 2025 from C\$178.2 billion in fiscal 2024. BCI's total net AUM increased 9.6% to C\$251.6 billion from C\$229.5 billion during the same period.

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As part of the fund's operating structure, most AUM are held in pooled investment portfolios (pooled funds) established by BCI, which are similar to mutual funds. BCI legally owns the assets of the pooled funds. As of Dec. 31, 2024, 86% of total net AUM was held in pooled funds: 15% managed by BCI's owned real estate company, QuadReal, and 71% that serve as recourse to BCI's unsecured debt issuances (recourse pooled funds). Recourse pooled funds' net AUM increased 12.5% to C\$176.4 billion as of Dec. 31, 2024, from C\$156.8 billion in the previous year.

Some investments are held by clients, and managed by BCI, outside of the pooled fund structure, because of tax, regulatory, and other structuring considerations. BCI has custody of these funds, which it would not relinquish if a relevant client was not current with all direct and indirect obligations.

BCI has low leverage, in our view. Its total liabilities represented 11.1% of total assets as of Dec. 31, 2024, slightly higher than the 10.1% posted in the previous year. Debt totaled C\$5.8 billion, or 2.3% of net assets, higher than the 1.6% posted the year before, as the fund continued to build up its senior unsecured notes program.

British Columbia Investment Management Corp. -- leverage

(%)	2024	2023	2022	2021	2020
Total liabilities/total assets	11.1	10.1	10.4	8.7	8.5
Secured funding*/total assets	8.7	7.9	9.0	7.9	7.3
Unsecured debt/net assets	2.3	1.6	0.8	0.7	0.6

*Secured funding includes repos and amounts related to derivatives positions.

The recourse pooled funds' total liabilities increased to 13.5% of total assets as of Dec. 31, 2024, from 12.3% the year before. Debt increased to 2.2% of net assets from 0.9% in the same period. BCI estimates unsecured debt could total C\$16.8 billion by 2028.

British Columbia Investment Management Corp. recourse pooled funds -- leverage

(%)	2024	2023	2022	2021	2020
Total liabilities/total assets	13.5	12.3	11.4	9.5	9.7
Secured funding*/total assets	11.1	10.8	10.6	9.3	8.8
Unsecured debt/net assets	2.2	0.9	0.0	0.0	0.0

*Secured funding includes repos and amounts related to derivatives positions.

In accordance with our criteria for rating government-related entities, we view the likelihood of BCI receiving extraordinary government support as moderate. We think BCI has an important role for the government because it invests on behalf of more than 30 public-sector clients, including 10 pension plans and three insurance funds that provide coverage for B.C. workers and auto insurance policyholders. BCI also manages the funds of public trusts, endowments, and government bodies. We believe BCI's link to the province is limited given the government's record of not interfering in its operations and independent governance.

We rate BCI above the province, based on our belief that its SACP is stronger than that of the province. We believe the fund has solid governance standards, sizable net assets, low debt, and strong liquidity. We also think that the province's willingness and ability to materially impair BCI's credit standing in periods of stress are limited, and, ultimately, if the province were to default, it's likely that the fund would not.

Nevertheless, under our government-related entities analysis, we have capped BCI's maximum upward rating potential at four notches above our rating on B.C. This reflects our view of the inherent connection between the fund and the province, the latter of which created BCI through legislation and whose client base includes the province and its jointly trustee public sector pension plans (College Pension Plan, Municipal Pension Plan, Public Service Pension Plan, and Teachers' Pension Plan). The cap is higher than the three-notch rating cap we apply to pension funds above their sponsoring governments. Our decision to apply a higher cap reflects our opinion that the fund's relationship with B.C. is clearly less direct than what exists between pension funds and their related sponsors. Unlike pension funds, BCI does not administer, nor is it liable for, its depositors' diverse array of funding obligations.

We apply a ratings to principles approach, using our "Principles Of Credit Ratings" in conjunction with "U.S. Public Finance: Public Pension Funds," and "Rating Government-Related Entities: Methodology And Assumptions," as our criteria foundation for our analysis of BCI's creditworthiness. In our view, the fund's qualitative credit factors, like management (including operational effectiveness and financial risk management) and independence, are similar to those of rated pension funds and pension fund investment boards.

Liquidity

We think the fund has strong liquidity owing to its redemption risk management, large pool of liquid assets, and low debt. The fund monitors liquidity through a liquidity coverage ratio.

Clients are not mandated to use BCI. Nevertheless, it has a funds management agreement with each client that acknowledges that investments cannot always be liquidated quickly and efficiently. As a result, withdrawals are subject to delay on terms over which BCI has broad discretion. Historically, this has been to avoid forced sales of illiquid investments (real estate, private equity, and infrastructure, primarily). However, commitments to debt issuance also apply. The fund maintains a sizable pool of liquid assets to meet its funding requirements.

As of Dec. 31, 2024, BCI had C\$425 million in cash, which covered 7% of total borrowings outstanding of C\$5.8 billion. In addition, C\$131.5 billion, or 48% of investments, consisted of fixed-income securities (excluding privately held debt) and public equities, which the fund could sell in public markets. These well exceeded BCI's total liabilities of C\$31.2 billion.

The recourse pooled funds had C\$335 million in cash, which covered 9% of total borrowings outstanding of C\$3.9 billion. Of the recourse pooled funds' investments, C\$126.4 billion, or 63%, consisted of fixed-income securities (excluding privately held debt) and public equities. These were well in excess of the recourse pooled funds' total liabilities of C\$27.5 billion.

Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011
- [Criteria | Governments | U.S. Public Finance: Public Pension Funds](#), June 27, 2007

Related Research

- [S&P Global Ratings Definitions](#), Dec. 2, 2024

Ratings Detail (as of September 09, 2025)*

[British Columbia Investment Management Corporation](#)

Issuer Credit Rating	AAA/Negative/--
Senior Unsecured	AAA

Issuer Credit Ratings History

03-Apr-2025	AAA/Negative/--
10-Oct-2023	AAA/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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